

**AN EXAMINATION OF FACEBOOK AND
ITS IMPACT ON THE FINANCIAL
SERVICES AND HOUSING SECTORS**

HEARING
BEFORE THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS
FIRST SESSION

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AN EXAMINATION OF FACEBOOK AND ITS IMPACT ON THE FINANCIAL SERVICES AND HOUSING SECTORS

Wednesday, October 23, 2019

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10:07 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the committee] presiding.

Members present: Representatives Waters, Maloney, Velazquez, Sherman, Meeks, Clay, Scott, Green, Cleaver, Perlmutter, Himes, Foster, Beatty, Heck, Vargas, Gottheimer, Gonzalez of Texas, Lawson, Nicolas, Tlaib, Porter, Axne, Casten, Pressley, McAdams, Ocasio-Cortez, Wexton, Lynch, Gabbard, Adams, Dean, Garcia of Illinois, Garcia of Texas, Phillips; McHenry, King, Lucas, Posey, Luetkemeyer, Huizenga, Duffy, Stivers, Wagner, Barr, Tipton, Williams, Hill, Emmer, Zeldin, Loudermilk, Mooney, Davidson, Budd, Kustoff, Hollingsworth, Gonzalez of Ohio, Rose, Steil, Gooden, and Riggleman.

Chairwoman WATERS. The Committee on Financial Services will come to order. Without objection, the Chair is authorized to declare a recess of the committee at any time.

Today's hearing is entitled, "An Examination of Facebook and its Impact on the Financial Services and Housing Sectors."

I now recognize myself for 5 minutes to give an opening statement.

Today, we are here to examine the impact of Facebook on the financial services and housing sectors. Our sole witness is Facebook's chairman and CEO, Mark Zuckerberg.

Facebook's plans to create a digital currency, Libra, and a digital wallet, Calibra, raise many concerns relating to privacy, trading risk, discrimination, opportunities for diverse-owned financial firms, national security, monetary policy, and the stability of the global financial system. I and other Democrats have called for a moratorium on Facebook's development of its digital currency, Libra, and digital wallet, Calibra, until Congress can examine the issues associated with a big tech company developing these digital products, and take action.

As I have examined Facebook's various problems, I have come to the conclusion that it would be beneficial for all if Facebook concentrates on addressing its many existing deficiencies and failures

before proceeding any further on the Libra project. Let us review the record.

First, on diversity and inclusion, Facebook has utterly failed. Facebook's executive ranks and workforce continue to be mostly white and male. Since Reverend Jesse Jackson and the Rainbow PUSH Coalition called upon Silicon Valley companies, including Facebook, to release their diversity statistics more than 5 years ago, the representation of African Americans and Hispanics has increased by less than 2 percent. Facebook also told us that they have zero dollars managed by diverse firms.

On fair housing, Facebook has been sued by the National Fair Housing Alliance for enabling advertisers to engage in discrimination on its advertising platforms. The U.S. Department of Housing and Urban Development (HUD) has also filed an official charge of discrimination against Facebook for its advertising practices, including the company's own ad delivery algorithms, which were found to have a discriminatory impact when advertisers did not target their audience in discriminatory ways.

I understand that Facebook has refused to cooperate with HUD's fair housing investigation by refusing to provide relevant data.

On competition and fairness, Facebook is the subject of an anti-trust investigation by the attorneys general of 47 States and the District of Columbia.

On protecting consumers, Facebook was fined \$5 billion by the Federal Trade Commission for deceiving consumers and failing to keep their data private.

On elections, Facebook enabled the Russian government to interfere with our election in 2016, with ads designed to pit Americans against each other, suppress the vote, and boost Trump. For example, Facebook allowed a counterfeit Black Lives Matter website to operate with the goal of discouraging African Americans from voting.

Three years later, these activities are still continuing on Facebook. We learned just this week that Russia and Iran are using the same tactics to meddle in our next election.

Now on political speech, last week they announced that Facebook would not be doing fact-checking on political ads, giving anyone that Facebook labels a politician, a platform to lie, mislead, and misinform the American people, which will also allow Facebook to sell more ads. The impact of this will be a massive voter suppression effort that will move at the speed of a click.

Your claim to promote freedom of speech does not ring true, Mr. Zuckerberg. Each month, 2.7 billion people use your products. That is over a third of the world's population. That is huge. That is so big that it is clear to me and to anyone who hears this list that perhaps you believe that you are above the law, and it appears that you are aggressively increasing the size of your company and are willing to step on or over anyone, including your competitors, women, people of color, your own users, and even our Democracy, to get what you want.

With all of these problems I have outlined, and given the company's size and reach, it should be clear why we have serious concerns about your plans to establish a global digital currency that

would challenge the U.S. dollar. In fact, you have opened up a serious discussion about whether Facebook should be broken up.

The Chair now recognizes the ranking member of the committee, the gentleman from North Carolina, Mr. McHenry, for 5 minutes for an opening statement.

Mr. MCHENRY. Thank you, Chairwoman Waters.

And thank you, Mr. Zuckerberg, for your appearance.

Today is a trial on American innovation. There is a growing concern about the role that technology plays in our lives. That is warranted. That is necessary.

Yes, technology has led to greater prosperity, more freedom of expression, and the ability to transcend the limits of space and time to connect us with one another. It is a powerful tool for our society, developed here in the United States, and gone global.

But we know there is also a downside to all of this. The vitriol on social media is frightening. The growing inequality between those who have access to the latest tech gadgets remain on the coasts, while folks living in rural America are still trying to get the same connectivity necessary to compete in a global marketplace.

Not to mention the anxiety of the age. That is a deep cultural moment for us, not as politicians, but as Americans. That nervous feeling that you need to check your phone throughout the day, is something that is now a cultural occurrence for all of us, especially Members of Congress, most of whom in this room are doing that right now.

There is a lot of anger out there, and now it is being directed at the architects of this system. That is why you are here, Mr. Zuckerberg. That is why you are here today. You are one of the titans of what we call the digital age. It is an enormous amount of responsibility and an enormous weight based off the innovation that you have wrought.

And maybe it is not about Libra, and it is not just about some housing ads, no, and maybe it is not really even about Facebook at all. It is that larger question. And fair or not fair, you are here today to answer for the digital age.

But of course, you are not America's first innovator, and we hope you are not America's last. This is not the first time that America has faced difficult questions about technology. Sadly, throughout the history of innovation, a major theme is the exploitation of fear.

Politicians, enabled by special interests and a lack of understanding of new technology, use fear to justify what is ultimately a power grab. New laws, new regulation, but ultimately, old and tired ways to centralize power here in Washington or other systems of government.

Some of this has led in the past to comical results, and we hope to avoid that now. But just as one example, there was a time when legislators pushed for what was then called, "red flag laws," which required vehicles—so-called horseless carriages—of that age to immediately stop on the side of the road and disassemble the automobile until equestrians or livestock were sufficiently pacified.

But other times in history, the use of fear was not so funny. Our last hearing on Libra, for example, was a moment when Members of Congress on this dais actually compared the technology, that technology of Libra to the terrorist attacks of September 11th.

Mr. SHERMAN. Will the gentleman yield?

Mr. MCHENRY. Look, I have my own qualms about Facebook and Libra—

Mr. SHERMAN. You are making a reference to my comments. Will the gentleman yield?

Chairwoman WATERS. The time belongs to the gentleman from North Carolina.

Mr. MCHENRY. Thank you for taking the bait.

Look, I have my qualms about Facebook and Libra, I do, and the shortcomings of big tech. There are many. Yes, there are. But if history has taught us anything, it is that it's better to be on the side of American innovation, competition, and most importantly, the freedom to build a better future for all of us.

Progress is not preordained, and American progress and American domination of free speech and global rights is not preordained. Let us not forget that the wave of innovation is spreading across the world, with or without us.

So that is why I believe that American innovation is on trial today in this hearing, and the question is, are we going to spend our time trying to devise ways for government planners to centralize and control as to who, when, and how innovators can innovate?

Or will we spend time contemplating and leading the way on the question of whether or not it will be American innovation that leads the next century, being led by American values, the notion that we have of the rule of law and free speech rights and American-driven jobs and innovation? Are we going to spend our time building a brighter future for Americans or trying to tear each other apart?

I yield back.

Chairwoman WATERS. I would like to welcome today's witness, Mr. Mark Zuckerberg, chairman and chief executive officer of Facebook. This is Mr. Zuckerberg's first appearance before this committee, but I believe that Mr. Zuckerberg needs no introduction.

Mr. Zuckerberg, without objection, your written statement will be made a part of the record. And you will have 5 minutes to summarize your testimony. When you have 1 minute remaining, a yellow light will appear. At that time, I would ask you to wrap up your testimony so we can be respectful of the committee members' time.

Mr. Zuckerberg, you are now recognized for 5 minutes to present your oral testimony.

STATEMENT OF MARK ZUCKERBERG, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FACEBOOK

Mr. ZUCKERBERG. Thank you. Chairwoman Waters, Ranking Member McHenry, and members of the committee, thank you for the opportunity to testify today.

As we sit here, there are more than a billion people around the world who don't have access to a bank account but could through mobile phones if the right system existed, and that includes more than 14 million people right here in the United States.

Being shut out of the financial system has real consequences for people's lives, and it is often the most disadvantaged people who

pay the highest price. People pay far too high a cost and have to wait far too long to send money home to their families abroad. The current system is failing them.

The financial industry is stagnant, and there is no digital financial architecture to support the innovation that we need. I believe that this problem can be solved, and Libra can help.

The idea behind Libra is that sending money should be as easy and secure as sending a message. Libra will be a global payment system, fully backed by a reserve of cash and highly liquid assets.

I believe this is something that needs to get built, but I get that I am not the ideal messenger for this right now. We have faced a lot of issues over the past few years, and I am sure there are a lot of people who wish it were anyone but Facebook who was helping to propose this.

But there is a reason that we care about this, and that is because Facebook is about putting power in people's hands. Our services already give people a voice to express what matters to them and to build businesses that create opportunity. Giving people control of their money is important, too, and a simple, secure, and stable way to transfer money is empowering.

Over the long term, this means that more people will transact on our platforms, and that will be good for our business. But even if it isn't, I still think this could help people everywhere.

Before we move forward, there are important risks that need to be addressed. There are questions about financial stability, fighting terrorism, and more, and I am here today to discuss those risks and how we plan to address them. But I also hope that we get a chance to talk about the risks of not innovating, because while we debate these issues, the rest of the world isn't waiting.

China is moving quickly to launch a similar idea in the coming months. Libra is going to be backed mostly by dollars, and I believe that it will extend America's financial leadership around the world, as well as our democratic values and oversight. But if America doesn't innovate, our financial leadership is not guaranteed.

I actually don't know if Libra is going to work, but I believe that it is important to try new things as long as you are doing so responsibly. That is what has made America successful, and it is why our tech industry has led the world.

We co-wrote a White Paper to put this idea out into the world and to start a conversation with regulators and experts and governments, and today's hearing is an important part of that process. But what we are discussing today is too important for any single company to undertake on its own, and that is why we helped to found the Libra Association. It is a coalition of 21 companies and nonprofits that are working to give everyone access to financial tools.

Even though the Libra Association is independent and we don't control it, I want to be clear: Facebook will not be a part of launching the Libra payment system anywhere in the world, even outside the U.S., until the U.S. regulators approve.

The last time I testified before Congress, I talked about taking a broader view of our responsibility, and that includes making sure our services are used for good and preventing harm. And I want to discuss that across other aspects of work today as well.

People shouldn't be discriminated against on any of our services. We have policies in place to prevent hate speech and remove harmful content. But discrimination can also show up in how ads are targeted and shown, too. As part of a settlement with civil rights groups, we have banned advertisers from using age, gender, or ZIP Codes to target housing, employment, or credit opportunities, and we have limited interest-based targeting for these ads, too. This is part of our commitment to support civil rights and prevent discrimination.

I also know that we need more diverse perspectives in our company. Diversity leads to better decisions and better services for our community. We have made diversity a priority in hiring, and we have also made a commitment that within 5 years, more than 50 percent of our workforce will be women, people of color, and other underrepresented groups.

We have made some progress here. There are more people of color and women in technical and business roles, and underrepresented people in leadership at Facebook now, but I know that we still have a long way to go.

Chairwoman Waters, Ranking Member McHenry, and members of the committee, this has been a challenging few years for Facebook. I recognize that we play an important role in society and have unique responsibilities because of that, and I feel blessed to be in a position where we can make a difference in people's lives. And for as long as I am here, I am committed to using our position to push for big ideas that I believe can help empower people.

Thank you, and I am looking forward to answering your questions.

[The prepared statement of Mr. Zuckerberg can be found on page 98 of the appendix.]

Chairwoman WATERS. Thank you very much.

I now recognize myself for 5 minutes for questions.

It is no secret that Facebook allowed Russia to undermine and divide our country through divisive online ads. The Senate's investigation discovered that African Americans were targeted the most by Russia, specifically in places where Black Lives Matter groups were the most active.

Despite all of your technological expertise, Russia and Iran are at it again for the upcoming election. Then last week, you announced a new ad policy that gives politicians a license to lie so you can earn more money off of this division, I suppose.

Facebook changes the rules when it can benefit itself. Last year, Facebook banned all cryptocurrency ads on its platform because, "They are frequently associated with misleading or deceptive promotional practices." Seems fair.

Then, earlier this year, Facebook rolled back the cryptocurrency ad ban, bought a blockchain company, and announced its own cryptocurrency. So, tell us what changed? How did cryptocurrency go from being misleading and deceptive last year to becoming a means for financial inclusion this year?

It seems to me that you shifted your stance because you realized that you can use your size and your users' data to dominate the cryptocurrency market. You change your policy when it benefits

you. You reinstated cryptocurrency ads because you had plans to start your own cryptocurrency.

This brings me back to your new policy on political speech. My question to you is, how does this new policy benefit you? Because it seems that a policy that allows politicians to lie, mislead, and deceive would also allow Facebook to sell more ads to those politicians, thus making your company more money. But tell me, how does Facebook benefit?

Mr. ZUCKERBERG. Chairwoman, thanks for those questions. I would like to address all of the things that you mentioned in there.

On elections, you are right that in 2016, we were on our back foot in terms of preventing Russia from attempting to interfere in our elections. We have spent a lot of the last few years building systems that are more sophisticated than any other company has at this point and, frankly, a lot of governments, too, for defending against foreign interference.

This Monday, we announced that we had proactively identified a network of fake Russian accounts and a few networks of Iranian fake accounts that we proactively took down, which certainly, as you say, signals that these nation-states are still attempting to interfere, but I hope will also give us some confidence that our systems are now more sophisticated to proactively identify and address these things.

On your question about political ads, from a business perspective, the very small percent of our business that is made up of political ads does not come anywhere close to justifying the controversy that this incurs for our company. So, this really is not about money.

This is, on principle, I believe in giving people a voice. I believe that ads can be an important part of that voice. I think especially in the political process for challenger candidates, and for local candidates or advocacy groups whose message might not otherwise be covered by the media, having ads can be an important way to inject your message into the global debate.

Chairwoman WATERS. Let me interrupt you for a minute. Are you telling me—I think as you said to me before, you plan on doing no fact-checking on political ads?

Mr. ZUCKERBERG. Chairwoman, our policy is that we do not fact-check politicians' speech, and the reason for that is that we believe that in a democracy, it is important that people can see for themselves what politicians are saying. Political speech is some of the most scrutinized speech already in the world—

Chairwoman WATERS. Do you fact-check on any ads at all?

Mr. ZUCKERBERG. Yes.

Chairwoman WATERS. Describe what you fact-check on.

Mr. ZUCKERBERG. Thank you for the opportunity to clarify. Facebook itself actually does not fact-check. What we do is, we have feedback that people in our community don't want to see viral hoaxes or kind of widespread—

Chairwoman WATERS. So, let me be clear, you do no fact-checking on any ads. Is that correct?

Mr. ZUCKERBERG. Chairwoman, what we do is we work with a set of independent fact-checkers who—

Chairwoman WATERS. Somebody fact-checks on ads? You contract with someone to do that, is that right?

Mr. ZUCKERBERG. Chairwoman, yes.

Chairwoman WATERS. And tell me who is it that they fact-check on?

Mr. ZUCKERBERG. Chairwoman, what we do is when content is getting a lot of distribution and is flagged by members of our community or by our technical systems, it can go into a queue to be reviewed by a set of independent fact-checkers. They can't fact-check everything, but the things that they get to—and if they mark something as false, then we—

Chairwoman WATERS. Okay. My time has expired, and someone else will continue with this line of questioning.

I now recognize the gentleman from North Carolina, the ranking member, Mr. McHenry, for 5 minutes.

Mr. MCHENRY. As I mentioned in my opening statement, I think there are bigger challenges and opportunities facing America than your ad model, or even the question of Libra. So let us start with your speech last week. Have you changed your view in terms of technology in China from before your speech on Friday to what we read and heard from your speech on Friday?

Mr. ZUCKERBERG. Congressman, no, I have not changed my views in the last week.

Mr. MCHENRY. No, no. Ten years ago versus today, on your view of China and technology versus your speech on Friday.

Mr. ZUCKERBERG. Congressman, I think it is fair to say that my views have evolved. I probably, 10 years ago, would have been more optimistic that trying to work in China could have contributed to making a more open society. And today, it seems that in some cases, working in China not only does not do that but compromises American companies' ability to promote our values abroad and around the world. And I think we have seen that in the last few weeks in a number of cases.

Mr. MCHENRY. You mentioned in your speech that a decade ago, 10 of 10 of the top companies on the internet were American. Now, 6 of 10 are Chinese. So the question I have for you is why are we seeing emerging technologies driven by blockchain projects and digital currencies being developed elsewhere, such as is the case of Libra?

Mr. ZUCKERBERG. Congressman, we have a lot of competition around the world. And you are right that over the last decade, pretty much all of the major internet platforms have been American companies with strong free expression values, and I just think that there is no guarantee that that is the state of the world going forward. Today, 6 of the top 10 companies are coming out of China and certainly do not share our values on things like expression.

Mr. MCHENRY. So, on that, why Switzerland for Libra? Why not the United States?

Mr. ZUCKERBERG. The Libra Association is an independent association. We are trying to set up a global payment system. Switzerland is where a lot of the international organizations are.

Mr. MCHENRY. Is there greater regulatory certainty in Switzerland than here in the United States for this type of technology?

Mr. ZUCKERBERG. I think Switzerland has certainly been forward-leaning on wanting to work through systems like this, but I don't want this to come across as if—

Mr. MCHENRY. And the United States has not?

Mr. ZUCKERBERG. Congressman, one of the things that I just want to be clear on is that the independent Libra Association is—it is independent. We are a part of it. We helped stand it up, but we don't control it.

But I just want to make sure it is 100 percent clear to everyone today that my commitment in running Facebook is that we are not going to launch anything that is a product or a part of this until we have full support from U.S. regulators, regardless of what the international regulators—

Mr. MCHENRY. So the project of Libra internally, before you handed this technology, this idea over to the association, let us think of this. Why would you have a project like that? Is it about competition with your peers globally? Is that a component?

Mr. ZUCKERBERG. Sorry, I didn't hear that.

Mr. MCHENRY. So, you have no payments platform on Facebook. Facebook is not a payments platform. Is that correct?

Mr. ZUCKERBERG. Yes.

Mr. MCHENRY. Okay. So in seeking to develop a payments platform internally, before you handed the technology over to the association for Libra, was that because of examples globally of competitors creating payments platforms?

Mr. ZUCKERBERG. Congressman, it was partially that, and it is partially because I view the financial structure in the United States as outdated. There are two sets of work that we do on payments.

One is building payment systems that allow people to send money on top of the existing financial system that exists. That work is relatively less controversial. We are doing it around the world in different countries on top of existing payment systems.

There is another set of work, which is what we are trying to do with Libra, which is trying to help rethink what a modern infrastructure for the financial system would be if you started it today rather than 50 years ago on a lot of outdated systems.

I just look at the fact that you can send a text message to someone around the world—

Mr. MCHENRY. Okay. But let me just drill down on this. Alipay has 900 million users. That is a global competitor, in my view, to Facebook. You see Alipay and WeChat Pay working. Why not just do a Facebook version of Alipay in order to level this?

Mr. ZUCKERBERG. Congressman, I think you are right that they are certainly competing not just with us, but all of the American companies on this. Part of the infrastructure that they are building on is a lot more modern than some of what we would have to build on here.

As soon as we put forward the White Paper around the Libra project, China immediately announced a public-private partnership working with companies like that to extend the work that they had already done with Alipay into a digital renminbi as part of the belt-and-road initiative that they have. And they are planning on launching that in the next few months.

Mr. MCHENRY. Thank you.

Chairwoman WATERS. The gentlewoman from New York, Mrs. Maloney, who is also the Chair of our Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, is recognized for 5 minutes.

Mrs. MALONEY. Thank you.

Mr. Zuckerberg, you said on page 3 in your testimony that Facebook will not be part of launching Libra anywhere in the world until all the U.S. regulators approve. So which U.S. regulators are you talking about? There are actually many financial regulators, such as the Fed, the FDIC, the OCC, the SEC, the CFTC, the CFPB, FINSA, FHFA, and many, many more. And to be clear, Libra would affect all of those regulators.

So which of those regulators do you believe need to approve Libra before you will support the launch, and what kind of approval do you believe is necessary? Do you need to see written approval from each regulator? Will those approvals be public?

Mr. ZUCKERBERG. Congresswoman, thanks for the question.

My understanding is probably all of them for different things. Different of regulators focus on different areas, whether it is financial stability or fighting crimes and fraud and terrorism. Different areas of the work need to get done and are overseen by different regulators.

I think the processes with each of them might be a little bit different, but we are committed to getting all of the appropriate U.S. approvals before launching the Libra payment system in any country in the world, even where those approvals might not be strictly required.

Mrs. MALONEY. Just to be clear, will you commit to waiting until you get approval from every U.S. regulator that Libra affects before you will support launching Libra? Yes or no?

Mr. ZUCKERBERG. Congresswoman, all of the regulators that have jurisdiction over a part of what we are doing, we are working with them and will seek approval from.

Mrs. MALONEY. A bill of mine passed the House yesterday which would crack down on anonymous shell companies in the United States, which has become a nightmare for law enforcement. They are the perfect vehicle for laundering money and for terrorism financing and criminal activity.

With the creation of various digital currencies, we face a new challenge with financial transactions being anonymous. That is why I am concerned that the use of anonymous wallets would make Libra attractive to those that are looking to launder money.

It is my understanding that the Calibra wallet won't be anonymous, but I haven't heard anything about competing wallets. So will you commit to not supporting any other anonymous wallets on Libra? I consider this a national security issue.

Mr. ZUCKERBERG. Congresswoman, thank you for this question. I think it builds on a question that the chairwoman was asking before as well about our position on cryptocurrencies overall.

We see a range of different cryptocurrency projects out there, from completely decentralized and deregulated things to what we are trying to do is trying to build a safe and secure and a regulated alternative. We think that the digital payment space needs that. Of

course, as a big company, we are not going to do something that is unregulated or decentralized. We are going to work with the government to build something that gets to the same standard on anti-money-laundering and CFT that all of the other world-class payment systems have or exceed those standards.

Sorry, I forgot the actual question.

Mrs. MALONEY. Yes.

Mr. ZUCKERBERG. I was caught up in answering the chairwoman's question.

[laughter]

Mrs. MALONEY. I don't think you can have strong anti-money-laundering controls and anonymous wallets.

Mr. ZUCKERBERG. Right.

Mrs. MALONEY. I see this as a new loophole for criminals looking to hide and launder money. So, what is your position on anonymous wallets, that it will be transparent? Otherwise, we will face the problems that we have with the LLCs, where they are hiding trafficking money, terrorism financing, criminal activity of all kinds. It is a huge problem for safety for Americans and is a huge problem for law enforcement.

This is their number-one concern with this bill we passed yesterday with bipartisan support. But you are creating a whole new currency that could potentially be anonymous and could hide all types of criminal activity, which is a huge concern to the safety of Americans and national security.

Mr. ZUCKERBERG. Yes, Congresswoman, I will commit that Facebook will do what you are saying. Our version of this, our wallet is going to have strong identity, is going to work with all of the regulators to make sure that we are at the standard of AML and CFT that people expect or exceed it.

I can't sit here and speak for the whole independent Libra Association, but you have my commitment from Facebook.

Mrs. MALONEY. Thank you very much, and I yield back.

Chairwoman WATERS. The gentlewoman from Missouri, Mrs. Wagner, is recognized for 5 minutes.

Mrs. WAGNER. Thank you, Madam Chairwoman, and thank you, Mr. Zuckerberg, for being here.

When Libra was announced, 28 companies joined as founding members by signing a nonbinding letter of intent to join the association. But in recent weeks, many of these founding members have dropped out of the association. Perhaps, they are not so sure it is going to work either.

PayPal, Visa, Mastercard, Stripe, Bookings Holdings, eBay, and Mercado Pago have lost these—you have lost these stable partners, I would say, and I find it highly concerning. Very briefly, what do you make of these sudden departures from the association, and why do a number of these founding members have concerns whether you are up to the task of meeting our money laundering and regulatory standards?

Mr. ZUCKERBERG. Congresswoman, thanks for the question.

This project is too big for any one company to do on its own, which is why we set up this independent Libra Association with a

number of other companies and nonprofits. It is a very complex project, and as you say, it is risky.

Mrs. WAGNER. Why have they departed? Just scores of stable partners have dropped out. Why?

Mr. ZUCKERBERG. Congresswoman, I think you would have to ask them specifically for their—

Mrs. WAGNER. Why do you think they dropped out?

Mr. ZUCKERBERG. I think because it is a risky project and that there has been a lot of scrutiny.

Mrs. WAGNER. Yes, it is a risky project. So, let me move on to something that is near and dear to my heart. As you may know, I wrote and passed H.R. 1865, the Fight Online Sex Trafficking Act. Together with the Senate's Stop Enabling Sex Traffickers Act, the package is widely known as FOSTA-SESTA. I am committed to rooting out online sex trafficking, and I believe that what is illegal offline should, indeed, be illegal online.

Three weeks ago, the New York Times ran a report entitled, "The Internet is Overrun with Images of Child Sex Abuse." And I would like this submitted for the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mrs. WAGNER. Sixteen-point-eight million—16.8 million, as confirmed by the Department of Justice, of the 18.4 million worldwide reports of child sexual abuse material are on Facebook, 16.8 of the 18.4 million. These 18.4 million reports from last year included a record 45 million photos and videos.

These are absolutely shocking numbers. Moreover, it is estimated that 70 percent of Facebook's valuable reporting to NCMEC, the National Center on Missing and Exploited Children, would be lost if Facebook implements its end-to-end encryption proposal.

Mr. Zuckerberg, how much is this figure growing year after year, and if you enact end-to-end encryption, what will become of the children who will be harmed as a result that they are not reported?

Mr. ZUCKERBERG. Congresswoman, thanks. Child exploitation is one of the most serious threats that we focus on.

Mrs. WAGNER. What is Facebook doing? Sixteen-point-eight of the 18.4 million.

Mr. ZUCKERBERG. Congresswoman, those reports come from Facebook. The reason why the vast majority come from Facebook is because I think we work harder than any other company to identify this behavior and report it to NCMEC and the FBI.

Mrs. WAGNER. What are you doing to shut this down? These accounts peddle horrific illegal content that exploits women and children. What are you doing, Mr. Zuckerberg, to shut this down?

Mr. ZUCKERBERG. Congresswoman, we build sophisticated systems to find this behavior.

Mrs. WAGNER. Sixteen-point-eight million and growing of the 18.4 images?

Mr. ZUCKERBERG. Absolutely. Congresswoman, I don't think Facebook is the only place on the internet where this behavior is happening. I think the fact that the vast majority of those reports come from us reflects the fact that we actually do a better job than everyone else at finding it and acting on it.

And you are right that in an end-to-end encrypted world, one of the risks that I am worried about, among others, to safety is that it will be harder to find some of this behavior.

Mrs. WAGNER. But you have said you want end-to-end encryption. What is going to happen to these children? They won't be reported then. And you are responsible, Facebook is responsible for 16.8 million of the 18.4 million that are out there last year alone.

Mr. ZUCKERBERG. Congresswoman, again, I believe that there are probably a lot more than 18 million out there, and I think we are doing a good job of finding this. But I think you are right that an end to—

Mrs. WAGNER. What are you going to do to shut it down, Mr. Zuckerberg?

Mr. ZUCKERBERG. We are working with law enforcement and building technical systems to identify and report this harm before it—

Mrs. WAGNER. Well, you are not working hard enough, sir, and end-to-end encryption is not going to help the reporting process.

I am over my time. I have many more questions for you that I will submit for the record, but we are going to talk about this.

And I yield back. Thank you.

Chairwoman WATERS. The gentlewoman from New York, Ms. Velazquez, is recognized for 5 minutes.

Ms. VELAZQUEZ. Thank you, Madam Chairwoman.

Mr. Zuckerberg, Calibra has pledged it will not share account information or financial data with Facebook or any third party without customer consent. However, Facebook has had a history of problems safeguarding users' data. In July, Facebook was forced to pay a \$5 billion fine to the FTC, by far the largest penalty ever imposed to a company for violating consumers' privacy rights, as part of a settlement related to the 2018 Cambridge Analytica scandal.

So let me start off by asking you a very simple question. Why should we believe what you and Calibra are saying about protecting customer privacy and financial data?

Mr. ZUCKERBERG. Congresswoman, I think that this is an important question for us in all of the new services that we build. We certainly have work to do to build trust. I think that the settlement and order that we entered into with the FTC will help us set a new standard for our industry in terms of the rigor for the privacy program that we are building.

We are now basically building out a privacy program for people's data that is parallel to what the Sarbanes-Oxley requirements would be for a public company on people's financial data. In terms of audits internally, any manager who is overseeing a team that handles people's data has to certify quarterly that they are meeting their commitments, and that goes all the way up to me, and I will have to certify that on—

Ms. VELAZQUEZ. Thank you for your answer.

It has been publicly reported that when you acquired WhatsApp, Facebook officials coached the company's founder to tell European Union regulators that it will be, "really difficult," to merge or blend data between Facebook and WhatsApp, and that there was no desire to integrate the two systems. Mr. Zuckerberg, 18 months later,

the platforms were linked. The European Union fined Facebook for providing incorrect or misleading information.

So let me ask you, do you understand why this record makes us concerned with Facebook entering the cryptocurrency space? Do you realize that you and Facebook have a credibility issue here?

Mr. ZUCKERBERG. Congresswoman, I understand that we have work to do to build trust on this. And that means making commitments, and even if we learn new things in the future that could change our mind on how we should operate, that I think we are going to need to make sure that the commitments that we make—

Ms. VELAZQUEZ. So have you learned that you should not lie?

Mr. ZUCKERBERG. Congresswoman, I would disagree with the characterization that I was lying.

Ms. VELAZQUEZ. Well, you went to the European regulators and you said that it will not be linked, that it will be impossible, and yet, 18 months later, it happened. And you were fined for that. So, let us continue. I hope that you learned something about that, about not lying.

Facebook's internal motto was for a long time, "Move fast and break things." Mr. Zuckerberg, we do not want to break the international monetary system. Last week, the G-7 released a report stating that global stablecoins could have significant adverse effects both domestically and internationally on the transmission of monetary policy, as well as financial stability.

Given the G-7's concern and the concerns voiced by us here today, would you commit to a moratorium on launching Libra until Congress can develop—not the regulators—you said before that you will not move until all the regulators sign into and support for you to move forward.

Congress, the people's house, needs to have the opportunity to work on a legal framework so that we can provide the guidance to the regulators. Would you commit to that, yes or no?

Mr. ZUCKERBERG. Congresswoman, my understanding is that Congress exercises significant oversight over the regulators through these committees. So that would seem to me like the appropriate way for that to happen.

Ms. VELAZQUEZ. So, that is a "no." Thank you.

Chairwoman WATERS. The gentleman from Oklahoma, Mr. Lucas, is recognized for 5 minutes.

Mr. LUCAS. Thank you, Madam Chairwoman.

Mr. Zuckerberg, the problem of addressing underbanked and unbanked individuals is both real and important, and I know the Libra project is intended to reach this population. However, a significant portion of the underbanked simply do not trust banks. I suspect they may not trust captains of industry or Members of Congress either, for that matter.

Do you see this as being a major hurdle in the wide adoption of Libra? How do you persuade those people that you are trustworthy and to use the system?

Mr. ZUCKERBERG. Congressman, we have certainly had a lot of issues over the last few years, but I think it is worth remembering that every day billions of people come to our services because they trust that they can share content—messages, photos, comments—with the people they care about, and more than 100 billion times

a day, people do that. They share something with a set of people because they know that that content is just going to reach the people that they want it to.

So I think that if we are able to move forward with this project, there may be some people who don't want to use it because they don't trust us or don't like us, and that is one of the values of having an independent association where there will be other competitor wallets and other approaches, too. But I think that this is an area where being able to put ideas out into the world and letting the market work and letting people choose for themselves what they trust and what services they want to use is probably the right approach.

Mr. LUCAS. I would just suggest that it will take a lot of energy and effort to reach that group, the underbanked, the unbanked. And it is real, and it is growing more substantially.

But let us shift focus for just a moment. I also serve, along with Congressman Posey, on the Science, Space, and Technology Committee, and those of us who have worked on that committee know, as all of us do, that digital images can be altered to make it nearly impossible to distinguish between what is real and what is not.

Facebook recently launched the Deepfake Detection Challenge in collaboration with Microsoft and others to address this problem. Now, this seems like a step in the right direction on behalf of the technology companies involved. From your perspective, how great a threat is the deceptive use of deepfake technology, and in what ways do you anticipate that the detection challenge will be successful?

Mr. ZUCKERBERG. Thank you, Congressman.

I think deepfakes are clearly one of the emerging threats that we need to get in front of and develop policy around to address. We are currently working on what the policy should be to differentiate between media that has been manipulated by AI tools like deepfakes with the intent to mislead people and compare that to just normal content that might have been—an interview that might have just been cut differently, and someone might not like the way that it is cut, but it is not a deepfake and is not kind of misleading, manipulated content in that way.

So, we are working on that policy. I think that this is a very important area. The Deepfake Challenge to technically figure out how to identify these things will certainly help inform the policy, and this is one of the areas that I do think is quite important going forward.

Mr. LUCAS. One final question. Many experts have suggested that we need to educate the public on how to consume trusted information. Facebook recently announced an initiative to support projects on media literacy. Would you elaborate on these projects and what you see as Facebook's role, given your critical position within the industry?

Mr. ZUCKERBERG. Yes, Congressman. This question may be premature to ask, although later in this week, we actually have a big announcement coming up on launching a big initiative around news and journalism, where we are partnering with a lot of folks to build a new product that is supporting high-quality journalism.

I think if there is an opportunity within Facebook and our services to build a dedicated surface—a tab within the apps, for example—where people who really want to see high-quality, curated news, not just social content, but from high-quality publishers, can go and consume that content, and that could create a place where we can form new business partnerships to help fund high-quality journalism as well.

I am looking forward to discussing that at more length in the coming days.

Mr. LUCAS. I yield back the balance of my time, Madam Chairwoman.

Chairwoman WATERS. Thank you. The gentleman from New York, Mr. Meeks, who is also the Chair of our Subcommittee on Consumer Protection and Financial Institutions, is recognized for 5 minutes.

Mr. MEEKS. Thank you, Madam Chairwoman.

Mr. Zuckerberg, you came in, and your opening statement sounded great. I think that your advisers advised you as to what we wanted to hear on interests that you think that Members of Congress on various sides wanted. But words are different than actions, sir.

One of the first things that I heard you saying when you were testifying was that you were interested in the unbanked and the underbanked. As the chairwoman said, I chair the Consumer Protection and Financial Institutions Subcommittee, and had a hearing yesterday dealing with what we call minority depository institutions (MDIs).

Facebook is a multibillion, trillion dollar company. You are concerned about the underbanked and unbanked. How much of Facebook's money is in MDIs that would provide services and help the unbanked and the underbanked? Have you invested in any of the minority development depository institutions in America or anyplace else in the world? Is any of your money sitting in those banks?

Mr. ZUCKERBERG. Congressman, I am not sure of the answer to that question. But what I do know is a lot of the people that we serve around the world are underbanked, and this is beyond the U.S. as well.

Mr. MEEKS. I understand it is beyond the U.S., but we are here right now. And you have just indicated that you want to work and you would not move anyplace else unless you were in compliance with the U.S. regulators, et cetera. And what I am saying is that, for example, I don't even know when you talk about internationally, going after the unbanked and underbanked, whether or not you intend to have Calibra and your digital wallet registered in each of those countries so that there would be regulatory oversight.

Because what we have found is a lot of individuals—we have payday lenders who say they are interested in the underbanked, that they are interested in those who are not banked. And those individuals who are supposed to be helped, pay more than anybody else.

We have institutions here, minority depository institutions, and if you want to show that you are doing the right thing, then with all of the money that you have, you can do it here in the United

States and other places also. So that is an answer that you should know, and I would urge you to go back and find out. And I would almost guess that there are zero dollars there.

You should thereby look at your policy and change it because action speaks much louder than words, and you do have a trust factor. I met with a lot of your investors who are pulling out of Libra. Let us just look at the news because the other thing that is most important to me is our democracy and democracies around the world.

When you look at around the world, it seems to me that Facebook was an accelerant in many of the destructive politics of today. For example, in 2016, Russia interfered with the U.S. elections. You have admitted that you were caught on your heels. The question is, what has been and what will be done for 2020?

Brexit, another big issue around the world, misinformation and divisions, attempts at division and misinformation across North America and Europe. Facebook has been systemically found at the scene of the crime. Do you think that is just a coincidence, sir?

Mr. ZUCKERBERG. Congressman, we operate in almost every country in the world except for China and North Korea. So I think we would be in almost every country where different activities are happening.

One thing that you mentioned before that I agree with is there are a lot of predatory financial organizations. We ban payday lenders and a lot of folks like that from using our platform for ads as well, and we certainly are not interested in people like that.

Mr. MEEKS. But what I am talking about is not only banning. You have the wherewithal, because if these MDIs had the money, then they would be able to put out the product, because these folks need access to capital and financial institutions.

I am out of time.

Chairwoman WATERS. Thank you. The gentleman from Florida, Mr. Posey, is recognized for 5 minutes.

Mr. POSEY. Thank you, Madam Chairwoman, and Ranking Member McHenry, for holding for this very informative hearing.

Now for many of us, Facebook is a reality in our business and our personal lives. I communicate with my constituents as well as my friends through the platform daily. Many benefits accrue from the service, yet in the midst of these great benefits, great challenges have emerged, and I want to welcome you to this hearing, Mr. Zuckerberg.

I believe Facebook is a great innovation that has much potential for good, that we welcomed an innovation together with the controversies that it spawned. Unfortunately, some in politics and the media see their role as cajoling Facebook to censor its users' speech.

In April, I wrote you that I was disappointed that Facebook would consider restricting free speech rights that communicate the risks associated with vaccinations. Now, I support vaccinations of children and adults, but I also support open and frank communication of the risks of vaccination. Every person should make vaccination decisions with full information.

In recognition of the uncertainties, the risk of vaccinations, the Federal Government has created a vaccination trust fund that has

paid out over \$4 billion to compensate those who have been injured by vaccinations. There is no more clear or persuasive statement about the risk associated with vaccinations than the existence and the payment record of that fund.

From time to time, medical research has established case and context of specific risk associated with vaccinations. I wrote to you when another Member of the House made claims that the risk of vaccinations should not exist and that Facebook should police communications related to the vaccination risk.

Today, you testified that you believe in giving people a voice, and Mr. Zuckerberg, is Facebook able to assure us that it will support users' fair and open discussions and communications related to the risk as well as the benefits of vaccinations?

Mr. ZUCKERBERG. Congressman, thanks for the question.

We do care deeply about giving people a voice and freedom of expression. Those are some of the founding values of the company. At the same time, we also hear consistently from our community that people want us to stop the spread of misinformation.

So what we do is we try to focus on misinformation that has the potential to lead to physical harm or imminent harm, and that can include especially misleading health advice. There was a hoax that was going viral a number of months back that was saying—

Mr. POSEY. Let us kind of stick to this subject because our time is very limited. Are you 100 percent confident that vaccines pose no injury to any person on this planet?

Mr. ZUCKERBERG. Congressman, I don't think it would be possible for anyone to be 100 percent confident. But my understanding of the scientific consensus is that it is important that people get their vaccines.

Mr. POSEY. But you have said, your platform, you believe in giving people a voice. Shouldn't somebody have the opportunity to express an opinion different from yours? Over \$4 billion has been paid out by the fund for thousands of people. Don't you think people should be able to have the information to make an informed choice?

Mr. ZUCKERBERG. Congressman, I do, and that is why we don't stop people from posting on their page something that is wrong. If someone wants to post anti-vaccination content, or if they want to join a group where people are discussing that content, we don't prevent them from doing that. But what we do is we don't go out of our way to make sure that our group recommendation systems try to show people or encourage people to join those groups. We discourage that.

Mr. POSEY. Okay. How do you discourage it?

Mr. ZUCKERBERG. There are a number of different tactics. For example, if someone is typing into the search results, into the search box something that might lead to anti-vax content, we don't recommend anti-vax searches to them.

If you type in the name of a group exactly, you can get the group. We are not going to hide it. We are not going to prevent you from joining it. But we are not going to recommend or go out of our way to show people content that would encourage people to join those groups. But people can share that content to whom they want.

Mr. POSEY. Many of the people harmed by this policy are, in fact, parents with disabled children, and I don't think we or you should be so quick to turn our backs on them. If you look at the statistics, I think you are making a bad mistake.

My time has expired. I yield back. Thank you.

Chairwoman WATERS. Thank you very much.

The next gentleman from California is Mr. Sherman, and today is his birthday. Happy Birthday, Mr. Sherman. You are recognized for 5 minutes.

Mr. SHERMAN. Thank you.

Chairwoman WATERS. You don't get any more time just because it is your birthday.

[laughter]

Mr. SHERMAN. Donald Trump said crypto assets can facilitate unlawful behavior, including the drug trade. I ask unanimous consent to put in the record a report by RAND talking about cryptocurrency's use by terrorists, hopefully without objection.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. SHERMAN. I am not here to be anti-Facebook. I was anti-cryptocurrency back when you were anti-cryptocurrency. Cryptocurrency either doesn't work, in which case investors lose a lot of money, or it does achieve its objectives perhaps and displaces the U.S. dollar, or interferes with the U.S. dollar being the sole reserve currency, or virtually the sole reserve currency in the world.

That role of the U.S. dollar saves the average American family \$1,000 in interest costs, because money pours into the United States because of the role of the dollar. The Federal Reserve can turn over up to \$100 billion in profits to the U.S. Treasury that we, in Congress, spend because of the power of the U.S. dollar.

The U.S. dollar is an excellent currency as a means of account. It serves all the needs, except it is really bad for tax evaders, drug dealers, and terrorists, and that unmet need can be met by a new currency. If we make drug dealers just 10 percent more effective, how many American deaths is that over the next decade? Does it compare to the deaths we experience from terrorism? We will have to see.

But those who are introducing cryptocurrency have to pause and wonder what effect they will have on the power of the United States to impose sanctions. Right now, Turkey is stopping at 20 miles into Syria, not because of U.S. troops—we are out—but because of U.S. sanctions because of the role of the U.S. dollar. We stand to lose all that, because cryptocurrency is the currency of the crypto patriot.

Ms. Velazquez pointed out that you are going to wait for regulators to sign off. Regulators are working with old statutes. Your lawyers are going to show that there is a loophole in the 1940 Investment Company Act that gets you where you want to go, and the regulators can't stop you, and you are going to call that regulatory approval, as if the people in 1940 knew what you had in mind.

What you have made clear is that you will go forward unless Donald Trump's appointed regulators stop you, and you will go for-

ward if you can just find loopholes in statutes, but you will deploy a horde of lobbyists to prevent us from writing a new statute.

Mrs. Maloney asked you a question that you forgot, and you still forgot to answer it, but let's be clear. You are going to be making powerful burglary tools and letting your business partners commit the burglary. You are going to, with all the power of Facebook, try to create a new currency. You are going to call it the Libra, but you are the person behind it. That is why I call it the "Zuck Buck." You are going to create it and then say, "Oh, it is our business partners." Your White Paper says your business partners are going to use your tool to have anonymous accounts, and then you have the gall to come here and say you are going to follow all the Know Your Customer regulations. How do you know your customer with an anonymous account?

Then, Mr. Meeks calls your bluff on this idea that you are going to create a payment system for the poor and unbanked. The poor and unbanked need pesos. They need dollars so that they can buy something at a local store. You have made no effort to help the unbanked anywhere else, at any other time. And you should. You should create a payment system with a close to zero fee. But the real money is in the tax evaders, and to some extent, the drug dealers.

I know you have at least 100 lawyers who will tell you that what you are doing is legal and that you will be safe, but given the harm that this can do, they could be very wrong. And if this explodes the way it might, you will not be able to hide behind the idea that you didn't create the Libra organization, that it is just your business partners that have wallets designed for drug dealers and terrorists.

I have a few more things to say, but for the richest man in the world to come here and hide behind the poorest people in the world, and say that is who you are really trying to help, you are trying to help those for whom the dollar is not a good currency—drug dealers, terrorists, and tax evaders.

Chairwoman WATERS. Thank you. The gentleman from Missouri, Mr. Luetkemeyer, is recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Madam Chairwoman, and welcome, Mr. Zuckerberg. I certainly admire you as an innovator and as an entrepreneur. You have taken advantage of the economic freedom of this country and I admire that. I think that is fantastic. But you are trying to get into a different world here with your Libra experience.

In the past, you have been dealing with communication systems where people have been able to exchange everything from retail information to personal information, and it was kind of buyer-beware in the retail world. In the financial world, people transact business because they can trust that the transactions are going to be secure, from the standpoint of the stability of the dollar or whatever they are exchanging their money in, the secrecy of the activity, there are consumer protections as well as not being able to do things in an illegal fashion.

That takes a lot of regulation, and as you are finding out, regulation is an important part of the financial services world, to be able to give people those kinds of protections and earn that trust.

You have indicated already that you want to conform to the regulation, to be able to do this and earn that trust. My first question is, can you continue to innovate and be able to make the changes to this product as it needs to be, to be able to conform to the regulation and still be able to make this work? Do you believe that can happen?

Mr. ZUCKERBERG. Congressman, I currently do. I think we will have to see how this process plays out. But I do, sitting here today.

Mr. LUETKEMEYER. Are you willing to stop this project if you see that it can't go forward anymore?

Mr. ZUCKERBERG. Congressman, I will certainly stop Facebook's part of it. The independent Libra Association is a separate thing that exists at this point, and if I feel like Facebook can't be a part of it, in keeping with the principles that I have laid out, then Facebook won't be a part of it.

Mr. LUETKEMEYER. On a follow-up on Mr. Sherman's line of questioning with regard to the reserve currency, what effect do you think, if you get Libra implemented here, that would have on the reserve status of the U.S. dollar?

Mr. ZUCKERBERG. Congressman, because the reserve will be primarily U.S. dollars, I actually think that a project like this could be important for extending America's financial leadership, to the contrary of the risks that are being pointed out.

We have to be careful about all of the risks around financial stability, and there are certain regulators who oversee that, and we are also mindful of that. We want to do something that strengthens America's leadership. But I just think that we can't sit here and assume that because America is today the leader, that it will always get to be the leader if we don't innovate, and innovation means doing new things. New things have risks, and we need to address the risks, and we need to be careful in doing that. I personally worry that if we don't do things like this, whether it is this project or others like this, then eventually, we will lose our leadership.

Mr. LUETKEMEYER. I appreciate the fact that you are pointing out that China is already doing this. That means if we are going to allow them to play in this area, we need to be looking at it as well. I think right now Calibra says that, what, 50 percent of the currencies that are in the basket here that they use to set the value of this is the dollar, is that correct?

Mr. ZUCKERBERG. Congressman, I don't know if that has been fully finalized, but I think the principle is that it will be primarily those dollars.

Mr. LUETKEMEYER. My concern, though, is that right now that is good for the United States, but what happens whenever the board of Calibra decides that the Chinese yuan suddenly is, because of the economy, looks to be a very stable currency and a growing currency and importance in the world. And suddenly they diminish our amount down to one-third of the value of the basket of currencies, and now the yuan is one-third.

Then, we have a real big problem from the standpoint that the currency that is being utilized most around the world is the Libra, and we are only one-third of that. That, to me, is concerning. Does that concern you at all, that the association could set this and we

would have nothing to do about it, and it would have a negative effect on our position?

Mr. ZUCKERBERG. Congressman, that is certainly something that I think we should look at up front. I can't speak for the independent association on this, but I think it would be completely reasonable for our regulators to try to impose a restriction that it has to be primarily U.S. dollars.

Mr. LUETKEMEYER. Okay. One more quick question, and I don't know if the chairwoman will give me enough time for you to answer this, but what is the advantage of Facebook to be involved in Libra?

Mr. ZUCKERBERG. Sorry. What is the advantage of having Facebook be involved?

Mr. LUETKEMEYER. What is the advantage of your company, Facebook, to be involved in Libra? What is the end game for you to be able to realize a benefit from this?

Mr. ZUCKERBERG. Congressman, we build some of the most widely used messaging services around the world, WhatsApp and Facebook Messenger, and the vision here is to make it so that people can send money to each other as easily and securely and cheaply as it is to send a text message. So I think that sending money would be a very useful utility to add for people around the world, in addition to the messaging products that we have.

Mr. LUETKEMEYER. Thank you very much.

Chairwoman WATERS. The gentleman from Missouri, Mr. Clay, who is also the Chair of our Subcommittee on Housing, Community Development, and Insurance, is recognized for 5 minutes.

Mr. CLAY. Thank you, Madam Chairwoman. Mr. Zuckerberg, the Housing Rights Initiative, a D.C.-based watchdog group, and an aggrieved D.C. woman, have recently filed human rights complaints in D.C. and Maryland against seven major housing companies who are accused of using Facebook's ad targeting tools to deny prospective tenants the ability to see housing ads based on their age, which is a protected class under local fair housing laws. The lawsuit also alleges that Facebook's algorithm disproportionately showed the ads to younger users.

Mr. Zuckerberg, do you agree to comply with any potential subpoenas and document requests Facebook might receive seeking information about how housing companies have discriminated?

Mr. ZUCKERBERG. Congressman, I imagine that if it is a valid subpoena, we will certainly comply with it; our legal team will.

Mr. CLAY. Will Facebook agree to produce information about the algorithm it uses to decide which ads users receive?

Mr. ZUCKERBERG. Congressman, for a bit of background here, it has always been against our policies for people to use any of our products, and especially our ad products, to discriminate. We recently, as you know, entered into a settlement with the ACLU and other civil rights groups to remove certain targeting features from advertising, so that way if you are doing targeting for housing, employment, or credit opportunities, you can't target based on age or gender or ZIP Code. And we also limited the number of interest-based targeting options that were available there as well.

Mr. CLAY. Yes, but for so many years, your company engaged in that kind of conduct. Was that because it was a lack of awareness,

as far as your employees are concerned, of any sensitivity to inclusion, diversity, and nondiscrimination?

Mr. ZUCKERBERG. Congressman, it has always been against our policies for anyone to use the ad systems to discriminate, and we enforce those policies through a mix of technical systems and human review. When this complaint was filed by the ACLU and others, we were able to reach a settlement that we thought would strengthen our policies and our products and help them uphold the principles that we care about and have always been committed to on this.

Part of this is also agreeing to study further the effects of how the algorithm works and what it shows. One of the challenges that we have here, that I think is worth calling out, is that we don't collect data on the race or ethnicity of people who use Facebook. So that is somewhat of a challenge in trying to study whether there are disparate impacts or issues. And it is an open question, from my perspective, whether one would want us to collect race data on the people who use our services, but that is one of the questions we will need to figure out as we are studying this further.

Mr. CLAY. And let me follow up with that and ask you why, despite Facebook's commitments to address civil rights, there is no one in Facebook's senior leadership with substantial civil rights experience?

Mr. ZUCKERBERG. Congressman, this is certainly something we care about a lot. We have people at the company who have worked on civil rights. Recently, we started this civil rights audit that is being led by very established folks in the civil rights movement, and Sheryl Sandberg, our COO, is personally leading a civil rights task force that we formalized inside the company to make sure that we implement suggestions from the audit and to make sure that this receives senior attention at the company.

Mr. CLAY. Is the audit independent? Is it independent or is it from within the company?

Mr. ZUCKERBERG. Congressman, yes, the audit is independent. It is being done by Laura Murphy, whom I think is an established leader in this space.

Mr. CLAY. I am familiar with Laura Murphy. Are they allowed to publicly report whatever problems they find?

Mr. ZUCKERBERG. Congressman, yes. The reports that they are making as part of the audit will be public, and I think they have already also published some things.

Mr. CLAY. Do you have a right to limit what is said publicly about the audit?

Mr. ZUCKERBERG. Congressman, I am not sure the answer to that. I think at a high level the answer would be no, but there may be some specific things around if there is individuals' private data or business confidential data or something like that, where they might not publish it. But broadly speaking, they are going to be able to publish what they believe and what they find.

Mr. CLAY. Thank you so much. I yield back.

Chairwoman WATERS. The gentleman from Michigan, Mr. Huizenga, is recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Madam Chairwoman. Mr. Zuckerberg, you have accomplished something that nobody, and I

mean nobody, thought was possible. Brad Sherman, Chairwoman Waters, and many on the other side of the aisle actually agree with and, in fact, use tweets by the President to support their position. I never thought I would see the day, but here we are.

You have taken the puzzle pieces of politics, shaken up the box, thrown them out on the table, and everybody is trying to figure out where they fit when it comes to Facebook, and when it comes to this technology use. I don't fault you for what your tool has become, because I do believe it is a tool.

I want to explore that a little bit, but first my question is, what share of Libra is Facebook? It is an association that you have referenced. Do you own half of it? Is it equal shares among all the partners? David Marcus, who had been at Facebook, is now heading up Calibra. Is it one and the same? Is Calibra Facebook?

Mr. ZUCKERBERG. Okay, Congressman, there are two organizations here. There is the independent Libra Association—

Mr. HUIZENGA. Yes, that is what I want to know.

Mr. ZUCKERBERG. —which is a nonprofit. So, it is not a for-profit entity—

Mr. HUIZENGA. Yes.

Mr. ZUCKERBERG. —that there is ownership.

Mr. HUIZENGA. Here is what I am trying to get at. How does the voting go? Is it what David Marcus says, is it what Facebook says, or is it that you can be overruled by others in the association?

Mr. ZUCKERBERG. That is correct. Right now, there are 21 companies and nonprofits. There are a lot more that want to join. Each company and nonprofit organization that is a member has one vote in electing the board. Right now, there are five board members. David Marcus is one of the board members, but he is not running Calibra.

Mr. HUIZENGA. Well, he has been here. In fact, he sat where you are sitting.

Mr. ZUCKERBERG. Sorry. I just misspoke. He is not running Libra. He is running Calibra, which is Facebook's payment subsidiary. But we are looking for—the Libra Association is recruiting an independent director, and David is not even on the search committee for that.

Mr. HUIZENGA. Okay. I asked him the question, because it had been forwarded that Switzerland was where you were going to domicile this, or the association was going to domicile it. He said that he had been talking to the Swiss regulators. The Swiss regulators said that he had not been talking to them and that the association hadn't been talking to them. So, I would like you to clarify that. Have you been talking to the Swiss regulators?

Mr. ZUCKERBERG. Congressman, yes, and the misunderstanding there was that I believe that he and the team had been working with the primary Swiss financial regulator, FINMA, and now we are also working with the data regulator which is going to be relevant to this project.

Mr. HUIZENGA. You said that you have worked with 30 different jurisdictions in examining this. Can you provide us with a list of the regulators that you have talked to?

Mr. ZUCKERBERG. Congressman, I can get back to you with the full list if that would be helpful.

Mr. HUIZENGA. Okay. That would be great. That is all I want to—it is not a trick question. I just want to know that. I would also like to know which U.S. regulators you have been talking to.

Mr. ZUCKERBERG. Congressman, are you asking about me personally or our team?

Mr. HUIZENGA. Well, you used the royal “we” on page three of your testimony. I am assuming it is not you specifically. I am assuming it is you and your team. But I want to know who Facebook and Calibra and Libra have all been talking to in the U.S., because I think one of the questions that I have is why Switzerland, why not the U.S., a little bit about, as the ranking member had started to go down. And I want to move quickly on that, but will you get me a list of those U.S. regulators?

Mr. ZUCKERBERG. Yes.

Mr. HUIZENGA. Okay. Great. Thank you.

Here is the real crux. You said that you won’t launch without U.S. regulator approval. What happens if the association decides to launch despite that?

Mr. ZUCKERBERG. Congressman, then I believe we would be forced to leave the association. I would hope that the association will weigh our recommendation and what we say publicly that we think should happen, but if, at the end of the day, we don’t receive the clearances that we feel like we need to move forward, and the association chooses to move forward without us, then we will be in a position where we will not be a part of the association.

Mr. HUIZENGA. In my remaining 30 seconds here, as I said, I believe Facebook is a tool. I believe cryptocurrency and Libra is a tool. I believe all technology is a tool. It is a neutral tool, just like a car or a plane, a gun, a knife, all of which have been used as weapons, for nefarious things at times, and all things that have been used to benefit. These various tools are in society, though, regulated, and whether it is Mrs. Wagner’s concern, and all of our concern about child sexual exploitation or others, you need to help us understand where the line between people’s First Amendment rights—yours, mine, all of society’s—lie, and the safety of our society, regardless of the platform or tool. So, I would like to continue that conversation at some point.

Chairwoman WATERS. The gentleman from Georgia, Mr. Scott, is recognized for 5 minutes.

Mr. SCOTT. Mr. Zuckerberg, thank you for joining us today. Back during the 1960s and 1970s, Congress passed a series of laws intended to stamp out discrimination in lending and housing, and both Republicans and Democrats in Congress worked together and passed legislation like the Community Reinvestment Act, the Fair Housing Act, and the Equal Credit Opportunity Act.

All of these laws were designed to target and stop discrimination in the sale and advertising of housing, and in, particular, redlining. Redlining is a series of practices, of cordoning off certain groups of people by race, by geographic area, and systematically refusing to lend to those communities. And we are suffering, right now, from the aftershock of these practices.

Now it is my understanding, Mr. Zuckerberg, that Facebook allows advertisers to target their messages to certain users, to groups of users, both directly, by identifying their race, their gender, or

age, but also by indirectly targeting their education, their interests, their location, and their income. And in its investigation, HUD, our Federal housing agency, found that your platform allowed advertisers to restrict certain users from viewing ads on your platform. And you have even enabled the practice of this dreaded redlining of certain communities, restricting them from housing and employment opportunities.

You were charged with this by our Federal agency that protects our housing and lending laws. Mr. Zuckerberg, we in Congress have worked hard, for the past 50 years, to eliminate the very racial discrimination practices that your platform is guilty of.

On your platform you screen for and you prevent also criminal activities such as sex trafficking, drug trafficking, even as you mentioned a few minutes ago, you outlaw payday lending, terrorism, illegal drugs. Why don't you prevent redlining, which is also illegal and criminal as well?

Mr. ZUCKERBERG. Congressman, we do now. Our policies have always been that discrimination is not allowed. We recently entered into a settlement with civil rights groups, the ACLU and others, and FHA, to remove certain categories from our targeting, including age, gender, and ZIP Code.

Mr. SCOTT. You say, "to remove."

Mr. ZUCKERBERG. It is implemented.

Mr. SCOTT. You haven't said, "we have removed." There is a difference.

Mr. ZUCKERBERG. My understanding is that this is already implemented. If I am incorrect on that, I will get back to you quickly and update you. But my understanding is that is already in effect.

Mr. SCOTT. But Mr. Zuckerman, I have here HUD's report, and it clearly says that your platform allows advertisers to restrict certain users from viewing ads on your platform, and you have even enabled the practice of redlining certain communities. What is your answer? What was your response to HUD? Have you put things in practice to eliminate this?

Mr. ZUCKERBERG. Congressman, I think at the beginning of the discussion with HUD and some of these groups that I just referenced, we entered into a settlement with the civil rights groups to create a new standard where we block that kind of targeting. And I think it is worth noting that the standard that we set is industry-leading. I don't think any of the other internet platforms restrict the kind of targeting that we do for these categories. But I think that doing so helps us uphold the principles around preventing discrimination. So I am happy and supportive of that, and glad that we are doing that.

Mr. SCOTT. Thank you, Mr. Zuckerberg.

Chairwoman WATERS. The gentleman from Ohio, Mr. Stivers, is recognized for 5 minutes.

Mr. STIVERS. Thank you, Madam Chairwoman. I appreciate you holding this hearing. Mr. Zuckerberg, good morning. How are you?

Mr. ZUCKERBERG. I am doing okay.

Mr. STIVERS. I understand.

[laughter]

Mr. STIVERS. That was honest. Thank you.

First, I want to say I appreciate innovation, and we need innovation in America. No innovation is going to be perfect, and to the questions that the gentleman was just asking, I want to let you maybe clarify a little bit. If I want to advertise housing on Facebook today, can I use age, sex, and ZIP Code to target people today, as we sit here?

Mr. ZUCKERBERG. Congress, I believe the answer to that is no.

Mr. STIVERS. Thank you.

Mr. ZUCKERBERG. Am I right on this? All right. I just confirmed with my team as well, that that is fully implemented.

Mr. STIVERS. So you cannot do that today?

Mr. ZUCKERBERG. Yes. Those options are no longer in the system for housing, employment, or credit opportunities advertising.

Mr. STIVERS. Nobody wants to redline, and I am sure that was accidental.

But I want to talk about Calibra a little bit, because I am concerned about the establishment of a private currency which is used for transactions, because I think it does undermine other currencies in the world. There are 195 countries, 2 of them are sovereign countries, 2 don't have currencies, so 193 countries that you are opening yourselves up to regulation from. Why not just pick another currency?

Facebook is going to make money through the transmission of whatever it is. It is not about what currency. Why did you think you had to create a private currency? And I guess I would ask you to maybe go back to your folks and think about whether the pain you are going to have in creating a private currency is worth it. But why create a private currency? Why not just pick a currency and use that as part of your payment system?

Mr. ZUCKERBERG. Sure. Thanks, Congressman. The goal of Libra is to build a global payment system rather than a currency. Because it is global in nature, we figured that it might be better to not solely rely on one country's currency. But because we are an American company, and because the American economy is the strongest in the world, it makes sense for any reserve to be primarily U.S. dollars and extend America's financial leadership in that way.

But like you are saying, we clearly have not locked down exactly how this is going to work yet. I personally am much more focused on being able to help innovate and build a global payment system than I am in any specific makeup of what a currency or reserve might look like. And I think that there is already some discussion about whether it might make sense to build the kind of digital payment system that we are talking about, based on individual sovereign currencies rather than a kind of combination of these currencies into some new one.

So, that is something that is already being considered.

Mr. STIVERS. Great. And I think you will find that the Bank Secrecy Act, anti-money-laundering, all of those things are going to be really hard with the digital currency. And ultimately, you may find a sovereign country that creates a digital currency that you could then use, or you could do it based on several stable currencies around the world. If you are in Europe you can pick one, and in the Americas, you can pick one, or whatever.

But there are a lot of people around the world who need what you are talking about, this cross-border opportunity to efficiently send money back and forth in countries where there is no stable currency. Think about Venezuela, for a second. The Venezuela bolivar is worth nothing, and it is worth less now than it was just a second ago.

There are countries where there is no stable currency, and there are millions of people in the world who are hoping that your innovation works. But I think you may have bitten off more than you can chew by trying to create a private currency.

I would ask you—and I know you are already relooking at it, but I hope you will think about that, because you can make a difference, and, frankly, you can have a payment system without creating that private currency, and I think that you will find that the compliance with the individuals laws, whether it is anti-money-laundering, Bank Secrecy Act, sanctions, all of those things will be easier to do if you use an existing sovereign currency. So I would just ask you to think about that. You can comment if you want to, but I wanted to use my time to ask you to think about those things.

Mr. ZUCKERBERG. Congressman, thank you. I think that those discussions, to my understanding, are already happening. Some of them are happening publicly. I think that there have been some public comments on this. And I just want to reaffirm what you are saying about how this could be valuable to people around the world. We serve more than two billion people around the world. We serve a lot of people in the United States, but there aren't two billion people here, so most of the people we serve are in countries that have developing economies that I think could really benefit from this.

Mr. STIVERS. Thank you. I yield back.

Chairwoman WATERS. The gentleman from Texas, Mr. Green, who is also the Chair of our Subcommittee on Oversight and Investigations, is recognized for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman. I thank the ranking member as well. And I thank the witness for being here today.

Sir, is it true that the Libra Association oversees the Libra project?

Mr. ZUCKERBERG. Congressman, yes.

Mr. GREEN. And is it true that global corporations make up the association?

Mr. ZUCKERBERG. Congressman, the association is made of, to date, 21 companies and nonprofit organizations as well.

Mr. GREEN. Of the 21, how many are headed by women?

Mr. ZUCKERBERG. Congressman, I do not know the answer to that, off the top of my head, but I can get it for you.

Mr. GREEN. I believe you can get it, Mr. Zuckerberg, but one would assume that you would know who heads these corporations that are going to be running this global company.

How many of them are minorities, Mr. Zuckerberg?

Mr. ZUCKERBERG. Congressman, I do not know, off the top of my head.

Mr. GREEN. Are there any members of the LGBTQ+ community associated with this association, Mr. Zuckerberg?

Mr. ZUCKERBERG. Congressman, I don't know the answer.

Mr. GREEN. How many people who acknowledge that they are part of a community? You do not know. Mr. Zuckerberg, is it true that the overwhelming majority of persons associated with this endeavor are white men?

Mr. ZUCKERBERG. Congressman, I don't know, off the top of my head, the list of the people who are running the organizations in the association.

Mr. GREEN. Is it true that one would have to have \$10 million, aside from other qualities, to become a part of the association?

Mr. ZUCKERBERG. Congressman, I believe that was the initial idea, but I don't think that that has been locked down yet.

Mr. GREEN. Isn't it true that persons have already bought into the association and paid \$10 million?

Mr. ZUCKERBERG. Congressman, I do not believe that has happened yet.

Mr. GREEN. I spoke to your person who manages Calibra, and he indicated that he is one of the holders of a post with the association. Is he incorrect?

Mr. ZUCKERBERG. Congressman, you are right that David Marcus, who runs the Calibra subsidiary for Facebook, is Facebook's delegate to this independent association. The question I was answering is, I don't know if the organizations that are members of the association have yet contributed any financial support for the organization.

Mr. GREEN. I must say that I would assume that you would have the answers, but I would greatly appreciate it if you would share them with me, because I plan to share them with the public. The public needs to know whether this is an organization that is truly diverse or whether it is an organization that is owned and operated by a small group of persons, all of whom have similar characteristics, for want of a better terminology.

Now, let me share this with you quickly. This does not apply to you, Mr. Zuckerberg, but you need to know why there is a good deal of consternation.

There was a man whose name was Bernie Madoff. Mr. Bernie Madoff was the Chair of the NASDAQ. He had all of the trappings of being a successful, responsible person. He is now serving 150 years in prison. His Ponzi scheme involved some \$64.8 billion. The people who are for free markets bought into this Ponzi scheme. They had a laissez-faire attitude. But once they lost their money, they made their way to us, and they wanted us to make them whole.

This is why we have to be concerned, not because you are a Bernie Madoff, I want the press to clearly understand that I am not saying that you are, but because things can happen. Things can go wrong. And when they do, we are the people who have to make them right.

I yield back the balance of my time, Madam Chairwoman. Thank you.

Chairwoman WATERS. The gentleman from Kentucky, Mr. Barr, is recognized for 5 minutes.

Mr. BARR. Mr. Zuckerberg, welcome to the Financial Services Committee. Criticism is cheap. Anybody can criticize. As you can

see here today, politicians in Washington are pretty good at lobbying criticism. But creating something of value is significantly more difficult, and I would commend you for being an innovator and trying to create something of value.

It seems like, in Washington, whenever the private sector produces some type of innovation or new advancement, politicians and bureaucrats rush in to criticize or regulate it. In an era when some politicians in Washington, and even some politicians on this committee, are openly embracing socialism and central planning, it seems like the presumption is always that private-sector innovation is a bad thing.

I think that presumption should be reversed. We, in Congress, should view innovation for its potential opportunities of promoting financial inclusion, reducing friction in transactions, aiding small business, and bringing the financial system to unbanked and underbanked communities. That is not to say we shouldn't ask questions, which is, of course, what we are doing here today, but in America, a country built on free enterprise and capitalism, it is always better to be on the side of innovation, and we should always place the burden on the government to justify regulation and intervention.

Now, I was very interested in your testimony, Mr. Zuckerberg, when you alluded to the risks of not innovating and the danger of the U.S. falling behind some other countries or foreign companies who are creating similar platforms. Will you elaborate on the initiatives in those other countries?

Mr. ZUCKERBERG. Yes, Congressman. Thanks for the opportunity.

Today, as soon as we put out this White Paper on Libra, what we saw was, in China especially, they immediately kicked off this public-private partnership with some of their biggest companies in order to race to try to build a system like this quickly, a digital renminbi, that they could use as part of their Belt and Road Initiative, their kind of foreign and economic policy to grow influence throughout Asia and Africa and other areas. And they are planning on launching this in the next few months.

Mr. BARR. I would say that I think AML/BSA issues are important when we are talking about Libra and Calibra, but I think that the American competitiveness angle and the competition with China is a national security issue, and the fact that Facebook and the Libra Association is launching into innovation, I think, is positive for our national security.

Mr. Zuckerberg, I do want to commend you on statements you made recently at Georgetown University about free speech and the First Amendment. I was particularly happy to hear you say that you will, "continue to stand for free expression, understanding its messiness, but believing that the long journey towards greater progress requires confronting ideas that challenge us."

I am reminded of what John Stuart Mill wrote on liberty, and I would commend it to my colleagues and my friend, the chairwoman. Mr. Mill wrote that, "If all mankind minus one were of one opinion, and only one person of the contrary opinion, mankind would be no more justified in silencing that one person than he, if he had the power, would be justified in silencing mankind." This sentiment is important and relevant to Facebook, especially in to-

day's age of political correctness, accusations of offensive speech, safe places, and the dramatic polarization of our political discourse.

I do find it highly troubling that politicians are trying to bully you into being a fact-checker, and to be the speech police, especially in politics, which is at the core of the First Amendment. And so along those lines, I want to ask you a question about censorship and whatever fact-checking board you are delegating these responsibilities to.

Will you commit that Facebook will not censor any political ad placed on your platform or in support of President Donald Trump?

Mr. ZUCKERBERG. Congressman, my commitment on this is that, or the principle, at least, here, is that we believe that people should be able to see for themselves what politicians are saying. That doesn't just go for Trump. That goes for any of the candidates, for any of our national offices. People need to be able to see for themselves and be able to make judgments on what the candidates are saying and their character.

Mr. BARR. Well, I applaud you for that, and I don't want you to be bullied by politicians to relinquish our treasured free speech under the First Amendment. Protect it, and don't be bullied by politicians who want to censor politically incorrect speech.

I yield back.

Chairwoman WATERS. The gentleman from Missouri, Mr. Cleaver, who is also the Chair of our Subcommittee on National Security, International Development and Monetary Policy, is recognized for 5 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman. And thank you, Mr. Zuckerberg, for being here today.

In response to a letter that I sent to FSOC, I was told that it is unclear whether U.S. and foreign regulators will have the ability to monitor Libra, and require any kind of corrective action. And then, at the same time, if U.S. and international regulators are, as they said in the letter to me, unaware if they have the ability to monitor your network and then protect against money laundering and terror financing, how are you going to get over the regulatory hurdles, if they are already saying that, and what happens if regulators just throw up their hands and say that they cannot guarantee the soundness of this product?

Mr. ZUCKERBERG. Thank you, Congressman. There are two parts of the process here: the first is what we and the rest of the association are trying to do to design the system so that it eliminates those risks; and the second is the process of working with the regulator on their concerns and questions, to make sure it meets approval.

On the former, the key part of this is that the system will be fully backed, one-to-one, in the reserve, by a mix of cash and highly liquid assets. So that sets it in contrast to the way that most banks work, with a fractional reserve, where there could be a run on the bank if a lot of people want to withdraw from that system. Here, everything will be backed one-to-one, so, in theory, that shouldn't be possible.

Now in practice, I get that sometimes there are additional risks beyond what the theory says should be possible, so we need to work with the regulator to work through their questions and concerns,

and make sure that we are operating at the highest level of rigor for financial stability. And that is why my commitment is that we are not going to launch the Libra payment system, here or anywhere else around the world, until we get the approval from FSOC and the other relevant U.S. financial regulators.

Mr. CLEAVER. I was pleased to hear you say that. Now, there is a mechanism that you have talked about that you wanted to roll out, or I guess you already have begun to do that, which would be some kind of a review mechanism. Can you share that review mechanism that would, in some ways, tell you, an independent group would tell you what they believe to be violations of human rights that end up on Facebook, and so forth?

Mr. ZUCKERBERG. Thank you, Congressman. I believe you are talking about the issues around content and hate speech and areas like that. Yes. This has been an area—our principle is we want to give people as much voice and as wide a definition of freedom of expression as possible, but, of course, there are going to be some things that infringe on others' rights or can cause harm. And one of the things that we have struggled with is, how do you develop a nuanced set of policies that can identify all of the different types of harms? We have talked about a number today, including terrorism and child exploitation and aspects of hate speech or health misinformation. There are about 20 different categories that we track all in, and we develop policies. We now have more than 35,000 people at the company who work on safety and security overall. We spend billions of dollars a year on this. Our budget on safety and security is now greater than the whole revenue of our company was at the time that we went public in 2012, so it is a big effort.

But nonetheless, I believe that it should not sit on any one company's shoulders to make so many important decisions about speech. So one of the things that I have tried to focus on doing is building an independent oversight board that will consist of people with diverse backgrounds and views, and is global, but who all value freedom of expression. And this group will be able to make final, binding decisions on what content stays up and comes down on Facebook that even I or our team won't be able to overrule. So, it will create a check and balance and oversight of our company's operations—

Mr. CLEAVER. How do you extricate yourself from that, from that body that you would be creating?

Mr. ZUCKERBERG. Congressman, the way we are setting this up is so that we will appoint the first set of co-Chairs for the body, and we hope to do that in the next few months, and then they will nominate a set of other members, and we will jointly agree on them. Once the board is up and running, it will nominate and refill itself. So we will not be involved in the selection process after that.

Mr. CLEAVER. Thank you. Thank you, Madam Chairwoman.

Chairwoman WATERS. The gentleman from Colorado, Mr. Tipton, is recognized for 5 minutes.

Mr. TIPTON. Thank you, Madam Chairwoman. Mr. Zuckerberg, a number of my colleagues have have expressed some consideration that needs to be taken in regard to the prospective payments industry within the Libra Association. As you are well aware, a num-

ber of businesses have had extensive experience in international payments. MasterCard and Visa have pulled out of that association. Would you view Facebook as an expert in the payments industry?

Mr. ZUCKERBERG. Congressman, we are not traditionally primarily a payments company, but the person who is running the Calibra subsidiary for us, David Marcus, was president of PayPal before, which is one of the great payments companies, and we certainly have other financial experts on the management team and board of the company.

Mr. TIPTON. You also noted in your testimony today that you are going to be looking for U.S. regulatory approval, in terms of AML/BSA, to be able to make sure that Facebook, for its part within the association, will continue to participate. If the Libra Association can't satisfy those regulations with the U.S. regulations that are in place, will Calibra pull out of the association?

Mr. ZUCKERBERG. Congressman, the short answer would be yes. If we don't come up with a solution that gets the U.S. regulatory approval, then presumably we will continue working on the proposal until we can, but we are not going to launch anything that doesn't have U.S. regulatory approval.

Mr. TIPTON. So, the wallet portion of this you would pull out?

Mr. ZUCKERBERG. Sorry. I didn't hear that.

Mr. TIPTON. You would pull out on the wallet portion of this, with the Calibra?

Mr. ZUCKERBERG. The case that I was referring to before, where we might be required to pull out, is if the association independently decides to move forward on something that we are not comfortable with. But right now, my understanding is that everyone is aligned on making sure that we have U.S. regulatory approval to launch anywhere in the world, and that is the goal and that is the plan.

Mr. TIPTON. From what you know currently of how it is being structured, is there an internal monitor in place? Could you describe that, in regard to AML/BSA?

Mr. ZUCKERBERG. Congressman, sure. There are multiple levels of the work here. There is going to be some work at the network level, so at the Libra Association level, the architecture of the system itself, that supersedes all of the individual work that the companies are doing to implement this.

And then, of course, the companies that are members of the association, or are transacting using this payment system, will be responsible for themselves implementing and following those rules. Within Facebook, we have a big effort to make sure that we can verify people's identities and authenticate them, this predates Calibra, and we do this today, if someone wants to run political ads or run a large page where we require—

Mr. TIPTON. I do appreciate that, but one of the concerns with Facebook, and then perhaps potential participation with Libra, Calibra, that is going to be going in, you have had major hacks, losing personal information for millions of users, that had gotten through. What assurances are actually going to be in place to make sure that the users with the most sensitive information that you could have, in terms of finances, are going to be protected, and then, also, again, including BSA and anti-money-laundering?

Mr. ZUCKERBERG. Thanks, Congressman. The payment information that people share is stored separately from other information in our services, and all of our information is stored securely, and we work hard on security. This is especially secure, and I don't think we have had an issue with this to date. Even though we haven't launched Calibra as a product yet, we do take payments for a number of things today, ranging from fundraisers to people buying ads, and we have a secure tier in our data center focused on payment information, and that has worked well so far.

But we also, as part of—

Mr. TIPTON. You have had no data breaches in that field?

Mr. ZUCKERBERG. My understanding is that we haven't had any issues on that, in the payment area.

Mr. TIPTON. Okay. Thank you.

One of the issues that I am concerned about is, if Libra comes into place, can we use it to buy anything that is legal in this country? Would you support that?

Mr. ZUCKERBERG. Congressman, I think the intent would certainly be to have give people as much control over what they want to do as possible. Of course, there are certain types of goods that are regulated and that require additional processes to allow that, and then there are certain content policies that I just think we haven't developed yet. That is much further downstream of where we are now, of basically just trying to make sure that we can architect a system that work and that gets the appropriate regulatory approvals.

Mr. TIPTON. Thank you.

Chairwoman WATERS. The committee will now take a 5-minute recess.

[brief recess]

Chairwoman WATERS. The committee will come to order.

The gentleman from Colorado, Mr. Perlmutter, is recognized for 5 minutes.

Mr. PERLMUTTER. The other Coloradan. Thank you for appearing today, Mr. Zuckerberg, and thanks for your testimony. I just want to lock one thing down where I heard two answers from you earlier. Mrs. Maloney was kind of going through a list of regulators and wanted to know if you would wait for their approval, and she went through a whole laundry list of them. And your answer was, for the parts that apply, yes, we are going to go seek their approval. You used the words, "seek their approval." Other times you have said, "We will get their approval." So just from a Facebook standpoint, are you willing to seek the approval, or are you going to wait for the approval before anything is launched?

Mr. ZUCKERBERG. Congressman, it is the latter. Thank you for the opportunity to clarify that. We are not going to launch anything until we get the approval. I also, if it is okay, want to take a moment to correct and add some context on one of the other questions asked before. In catching up with my team—

Mr. PERLMUTTER. As long as it doesn't take too long. You have 30 seconds.

Mr. ZUCKERBERG. The question before was around whether we had implemented the changes to ads targeting to make it so that people can no longer target age, gender, and ZIP Codes, and a

bunch of interest categories in housing employment and credit opportunity ads. And the answer is we have implemented that change in the primary surface for buying ads on Facebook that covers 80 percent of the ads. And as part of the agreement and the settlement, we have agreed to a time frame to implement it for the other 20 percent by the end of the year, which we are on track to do, but have not done yet.

Mr. PERLMUTTER. Okay. Thank you for that answer. The reason you are here before our committee is while we may have issues about the ads that you have allowed, whether Russians were involved, the disinformation, you are here because of Libra and Calibra. Mr. Marcus was here to testify, and really we want to understand what this is. Is it a currency? Are you a bank? What is this association? And so, I appreciated Mr. McHenry's questions and Mr. Huizenga's.

We all like innovation, but it seems like this innovation is going to be housed in an association in Switzerland, not in America. And the Constitution is the one that starts all of this with Article 1, §8.5. We are given, the country is given the obligation to coin money and regulate the value thereof. So do you consider Libra to be money?

Mr. ZUCKERBERG. Congressman, I consider Libra to be a payment system, and I think those are two ideas that it can sometimes be hard to tease out. The U.S. dollar is certainly very strong, as we have talked about today, in a number of places. We certainly do not seek to undercut that. We want to extend American financial leadership across the world.

Mr. PERLMUTTER. All right. So you don't consider it to be money?

Mr. ZUCKERBERG. Congressman, I consider it to be a payment system, which is an area where I view the industry that we have here as relatively stagnant and not delivering—

Mr. PERLMUTTER. And I appreciate that. I am just starting with the Constitution here, okay, which puts the responsibility on us to coin money. So I am just trying to figure out, and I was trying to figure out with Mr. Marcus, too. So let's go to the next step, which is Calibra, the wallet, which, in my opinion, is the bank, because Libra is in the Calibra. Is that not right?

Mr. ZUCKERBERG. Sorry? I didn't understand.

Mr. PERLMUTTER. Libra, the currency, is in the wallet, Calibra.

Mr. ZUCKERBERG. Yes, Calibra is our—

Mr. PERLMUTTER. So it is like me having my money in Wells Fargo Bank.

Mr. ZUCKERBERG. You could think about it that way, although we are not a bank. We are not applying for a bank charter. I think the right analogy—

Mr. PERLMUTTER. But that is the problem.

Mr. ZUCKERBERG. —is that this is a payment—

Mr. PERLMUTTER. Mr. Zuckerberg, that is the problem. That is what we are facing here, and this was the same place where I ran into kind of trying to understand what this thing is that you all are creating, and I appreciate creation. I would like it to stay in America and not go to Switzerland. But you are putting an association together, and as I have been thinking about this, it reminds me of two movies, *Dune*, and *The President's Analyst*, and if you

want to talk about either one of them, I am happy to do it. But The President's Analyst was where the phone company had information on everybody and wanted to take over the world. So we need to know what this is. We have to regulate this. And I am not sure you guys understand what it is.

Chairwoman WATERS. Thank you. The gentleman from Texas, Mr. Williams, is recognized for 5 minutes.

Mr. WILLIAMS. Thank you, Madam Chairwoman, and thank you for coming before our committee today, Mr. Zuckerberg. Your biography is a textbook example of the power of capitalism. I have been a small business owner for 50 years, and I am amazed at what you have done. You were a college student, and you had an entrepreneurial spirit to create a company in your free time. And after years of hard work, you transformed what started as a simple idea into one of the largest and most powerful technology companies in the world. I don't agree with everything that Facebook has done in the past, but that does not diminish what you have built, and it makes me proud to live in a country where this type of hard work is rewarded. And my colleague, Mr. Barr, even talked a little bit about that. So before I continue, I want to ask you a very simple question. Mr. Zuckerberg, are you a capitalist or are you a socialist?

Mr. ZUCKERBERG. Congressman, I would definitely consider myself a capitalist.

Mr. WILLIAMS. Thank you for that, and it is always great to hear that. Now, you have received lots of scrutiny for taking on something as bold as the Libra initiative. This project has understandably drawn the attention of pretty much every banking regulator in the world, and I don't think there is anything wrong with asking questions to ensure this product will be not used for illegal activities. However, I said this when David Marcus came before this committee back in July, and it still rings true today. We should not discourage the private sector from investing their own time and money to research these new technologies. The private sector seems to get it right most of the time. There could undeniably be benefits in bringing this product to market. No matter what policies we enact up here in Congress, the private sector will be the engine that brings game-changing technologies into existence.

So, Mr. Zuckerberg, can you explain why the private sector is better equipped to develop a digital currency, like Libra, than the Federal Reserve or another government entity?

Mr. ZUCKERBERG. Congressman, I am not sure I am here to say that others shouldn't try to put their own ideas forward. I just think that as part of the American system, we should encourage more people and companies, small businesses, large companies, even efforts from the government, to try new things. I think that this is an area where our financial system has been stagnant and isn't serving a lot of the people that it needs to, and I think when that is the case, this is an important area.

There are always going to be risks to any project that comes forward, and we need to make sure we diligently address those risks, and that is why the regulations are in place. But I do think that there are risks to not trying new things, too, and not having a lot of different approaches towards that. So I am not here saying that

my idea or this approach is absolutely the very best one. I wish that other people were trying to do different things, too. I think that would be important for helping to serve people both here and around the world.

Mr. WILLIAMS. Okay. Now, several of my colleagues on the other side of the aisle, whom you have heard from today, have come up with legislation that would prevent technology companies from offering digital currencies. I personally feel like this is an extremely shortsighted approach to this issue, and that it would put a self-imposed handicap on American companies and entrepreneurship, like we talked about, which make this country great, compared to our counterparts around the world. You have only touched a little bit on this with Congressman Barr, but I think we need to repeat it. Mr. Zuckerberg, what are other countries, primarily China, doing in the digital currency space?

Mr. ZUCKERBERG. Congressman, I think right now, especially related to Libra and this idea, Chinese companies would be the primary competitors. There is an ongoing public/private partnership in China where they are very focused on building this and exporting it around the world, which I know that there are a lot of questions that, I think, are completely valid questions about how a project like this would impact America's financial leadership, our ability to impose sanctions around the world, our oversight of the financial system in a lot of places.

I just think that we need to trade off and think about and weigh any risks of a new system against what I think are surely risks if a Chinese financial system becomes the standard in more countries, because then it would be very difficult, if not impossible, for us to impose our sanctions or the kinds of protections that I think we are right to want to have oversight around the world on all these different countries. And that is something that I worry about.

Mr. WILLIAMS. On the first page your testimony, you state, "We have faced a lot of issues over the past few years, and I am sure people wish it were anyone but Facebook." I appreciate that you address this issue head on, and I am probably running out of time, so I will stop right there. I do want to yield my time back and also say I am really glad you are a capitalist. Thank you for being here.

Mr. ZUCKERBERG. Thank you.

Chairwoman WATERS. The gentleman from Connecticut, Mr. Himes, is recognized for 5 minutes.

Mr. HIMES. Thank you, Madam Chairwoman, and, Mr. Zuckerberg, thank you for being here. I want to take it slightly off topic today because I sit on the Intelligence Committee. And I will never forget looking at the thousands of Facebook ads and Twitter posts that the Russians had purchased in order to attack our democracy. Those posts, as you know, played on the painful and often explosive divisions in our society—race, gender, and religion. I will never forget, in particular, a post that was in Spanish that urged people, presumably Latino people, to vote on their cellphones, and I wonder how many actually did.

I read your recent speech at Georgetown a couple of times actually on freedom of expression, and I really celebrate your commitment to freedom of expression. But if you don't mind my saying, it also came across as one-sided. It spoke about Martin Luther

King, and civil rights, and the importance of Black Lives Matter having a voice. But it didn't say anything about Indian Muslims killed because somebody used a Facebook post to organize a mob, or Rohingyas in Myanmar because the authorities used posts to organize a mob.

And my point is obviously that what your Georgetown speech missed, in my opinion, is that like all of our rights, freedom of expression is really hard. At least, it is really hard if it means anything. It means that the government will defend the rights of Nazis to march through a Jewish neighborhood in Illinois. It means we will spend our taxpayer dollars to defend the right of a Black football player to take a knee during the National Anthem. It will defend the right of an American to burn the American flag with all of the passion and anger and emotion that that would generate.

Back in 1788, we didn't just naively say freedom of expression is a good thing. We put in place, and committed the resources, and invested in those things that would make us worthy to live in a context of freedom of expression. We established regulation through a democratic and transparent process. We spent a lot of resources to regulate commercial speech. And, most importantly, we invested trillions over the years in educating Americans so that when they see something that they hate, instead of picking up a gun or a knife, they actually formulate a rebuttal. The town I live in invested about half of its tax revenue in education.

So my question is really simple. Facebook—and I am a user—today is more like a country, in my opinion, than like a company. You have global reach. Apparently half of Americans get their news from Facebook. So my question is really simple. Given the investment that we made in establishing the context for freedom of expression, what commitment will you make, what investment will Facebook make? You have almost \$50 billion in cash on your books. Tell us what investment you are making so that this freedom of expression, which you enable, is a good thing rather than a bad thing, so that the good side of freedom of expression overwhelms the Rohingyas, and the Indian Muslims, and all that can be bad coming out of freedom of expression.

Mr. ZUCKERBERG. Congressman, thank you for the opportunity to address this. I talked about a number of these risks in the speech that you referenced, but at a high level, I think you are right. When you serve billions of people, even if only a very small percent of them use our services to do harm, that can still be a lot of harm. And we certainly have a big responsibility to make sure that we address all of the new threats that come from the internet and as well as existing threats that have been there all along.

This is something that, in terms of our resources and what we are doing, since 2016, we have built much more sophisticated AI systems to proactively identify harmful content. Now, 99 percent of the terrorist content that we take down, our AI systems identify and remove before anyone sees it. And that is the kind of thing that we want to be doing for all of the categories of harmful content.

Mr. HIMES. Let me stop you there because I get that, and that is important. But what I am really looking for is, what is the parallel commitment that Facebook will make with its half a trillion

dollars of market cap and \$50 billion in cash? What investment will you make in education, in good public discourse, in basic decency? I am looking for a commitment for what you will do to help make the society worthy of free expression.

Mr. ZUCKERBERG. I think it is two things. One is on the safety side. It is a major investment in proactively eliminating harm. And then on the proactive side, we are going to be investing a lot more in partnerships with high-quality journalists and publications to foster that kind of content. But as I mentioned earlier, we have more than 35,000 people at the company who work on safety and security. We spend billions of dollars a year on it. It is a very significant portion of our budget and expenses. We spend more money now on safety and security in a year than the whole revenue of our company was at the time that we went public just earlier this decade.

A lot of the things that we are doing now simply just would not have been possible even 6 or 7 years ago for us to do. But now, we are a big company. I feel like we have a responsibility to do this, and you have my commitment—

Mr. HIMES. My time has expired. I think you have a responsibility to do more than police. I think you have a responsibility to actually invest. But thank you, and my time has expired.

Chairwoman WATERS. The gentleman from Arkansas, Mr. Hill, is recognized for 5 minutes.

Mr. HILL. Thank you, Madam Chairwoman. Thanks for holding this hearing. Mr. Zuckerberg, we are glad to have you in the House Financial Services Committee. As a former start-up investor, and entrepreneur, and banker over many years, I congratulate you, like so many of my colleagues, on an extraordinary investment and entrepreneurial success in creating Facebook. And I do also admire people in our capitalist system here who are disruptors, who find a gap, find a weakness, and try to exploit it with a new product that is better for consumers. If we hadn't done that over the past 50 years in finance, we wouldn't have ATMs. We wouldn't have credit cards. We wouldn't have debit cards. We wouldn't have free checking, or securitization, or 401(k) plans, or mobile apps. So, of course, this committee is keen to embrace innovation, and working with my friend, Dr. Foster, down there on our Financial Technology Task Force and our Artificial Intelligence Task Force, this is important, and it is supported bipartisanly that we support innovation on this committee.

And I certainly don't want to punish the Libra Association for a product that doesn't even exist yet, but I was reading the G-7 report that Mr. Marcus participated in, and the G-7 says, "The G-7 believes that no global stable coin project should begin operations until the legislative, regulatory, and oversight challenges and risks outlined above are adequately addressed through appropriate designs, adhering to regulations that are clear and proportionate to those risks." Is that a statement that you agree with?

Mr. ZUCKERBERG. Congressman, I haven't reviewed that report in detail. But in general, we understand that working in financial services and payments is an area that is very sensitive. People's money is obviously extremely important to them, and there are good regulations that are in place to make sure that all services ba-

sically protect people. And I want to make sure that we do the same and are at the same standard or higher in everything that we do.

Mr. HILL. I appreciate that. That is good. I think you have made it clear to Mr. Huizenga, Mr. Luetkemeyer, and others that Libra will not go forward in the world in any country unless it meets an adequate standard here in the United States. And I think that what I am saying is this G-7 announcement last week, I would say, mirrors that exactly, that the G-7 countries beyond the United States agree with that view as well.

Let's talk about privacy for a minute. George Gilder has written a great book called, "Life After Google." I am sure you have read it. If not, I commend it to you. In a quote in there that I am paraphrasing, "Private keys are held by human beings, not by governments, not by Google," and I would say parenthetically, not by Facebook. Do you support the idea that in a future digital world, we as individuals each control our data, and that we exchange it only when relevant at the time necessary to conduct a particular transaction? Is that a world that you acknowledge is the future?

Mr. ZUCKERBERG. Congressman, I think it might be a little more nuanced. I certainly think that there should be private tools that people can use to exchange messages and information privately. That is why WhatsApp is end-to-end encrypted. That is why we are moving our private messaging tools to be end-to-end encrypted. At the same time, I think that as content gets to be broader and more publicly visible, there the equities and values, and the balance there shifts towards upholding public safety in addition to privacy. And I think if someone is sharing something very broadly, we need to make sure it is not broadly inciting violence or—

Mr. HILL. Right. No, I understand that. I'm not talking about—

Mr. ZUCKERBERG. And there I think—

Mr. HILL. I am talking about people's personal data, the privacy of people's personal data, that is theirs is to share as they deem fit under some authentication.

Mr. ZUCKERBERG. Absolutely.

Mr. HILL. But let me move on. Let's talk about digital currency. Dr. Foster and I also sent a letter to Chairman Powell at the Federal Reserve about the idea of a digital dollar. My interest in that was actually raised by Mr. Marcus in his testimony. Wouldn't it be easier if there was a digital token that was a U.S. dollar for that to simply be the digital token you are looking for, and, as noted here, that you don't go and try to create something separate?

Mr. ZUCKERBERG. My understanding, Congressman, is that—

Mr. HILL. Wouldn't that meet all the standards you need? You want to help remittances. You want to lower costs. You want to create a different rail for payments. Wouldn't that be successful in doing that?

Mr. ZUCKERBERG. My understanding, Congressman, is that the community is fairly split on this point. I think from a U.S. regulatory perspective, it would probably be significantly simpler, but because we are trying to build something that can also be a global payment system that works in other places, it may be less welcome in other places if it is only 100 percent based on the dollar.

Mr. HILL. I yield back. Thank you, Madam Chairwoman.

Chairwoman WATERS. The gentleman from Illinois, Mr. Foster, is recognized for 5 minutes.

Mr. FOSTER. Thank you, and I am proud to join Representative Hill as the other half of the chairmen of the AI Task Force that we are working on. I may be the only AI programmer in the U.S. Congress, so I have to admit that I play around more with TensorFlow than with pie charts. Sorry about that.

Mr. ZUCKERBERG. We'll get you there over time.

Mr. FOSTER. Okay. And as you may know, I am introducing with Senators Warner and Hawley the Dashboard Act, which provides transparency to consumers and regulators about what data is being collected and also how it is monetized. It also provides limited rights of deletion. And I was wondering if you would be willing to comment for the record on what you think is the technical feasibility of that as well as any policy concerns you might have.

Mr. ZUCKERBERG. Congressman, can you clarify which part you want to—

Mr. FOSTER. The feasibility of the data specification, the collection, delivery to consumers. There are lots of details that have to be filled out in any project like this. How would a consumer authenticate himself to make sure that he is actually looking at his data and so on? And also, if you have the right to delete, you also have to authenticate yourself appropriately. And that is a whole bag of snakes, as you are aware. Have your staff take a look at that, and if you would get back to us for the record if you see any technical problems in the implementation of it, because I think it is a good step forward.

Now, you have been asked, and I don't think we received a clear answer, as to whether or not Libra will allow truly untraceable, anonymous transactions. Can we have a clear statement on that? Will it be possible to conduct an anonymous transaction using Libra?

Mr. ZUCKERBERG. Calibra—

Mr. FOSTER. No, Libra. Libra. Libra.

Mr. ZUCKERBERG. I think this is—

Mr. FOSTER. If you are an onramp to an anonymous platform, one that allows anonymous transactions, then there is a whole host of problems. So will Libra allow anonymous transactions?

Mr. ZUCKERBERG. I think that it is an open question whether we allow—

Mr. FOSTER. But you have published your code, right? To look at your code, it seems to me, from my looking at the description of the code, that if you have the private key, you have control of that Libra balance, period, full stop, and that makes it pretty hard. It is equivalent to self-custody, and if you allow self-custody, it is pretty hard to stop anonymous trading. Have I missed something there?

Mr. ZUCKERBERG. Congressman, I think this is probably more of a policy issue and question that—

Mr. FOSTER. But as your code currently exists, can you transact anonymously with Libra?

Mr. ZUCKERBERG. Congressman, it certainly would be possible to build a system that would allow that. I think that there is a policy question about what the restrictions are that need to be placed on

that, and there are equities on both sides. If the goal is to enable inclusion, especially in countries where there might not be—

Mr. FOSTER. I understand the arguments. I am just asking as you currently plan, as it currently exists, it seems to me that anonymous transactions are allowed. If there is something wrong with that, I understand you can change the way it operates. But as it is currently exists and the code currently exists, I believe it is not possible. If I am wrong about that, please get back to us for the record.

The second thing that you have to come up with an answer to is under what conditions fraudulent or mistaken transactions can be reversed. Now, you mention in your testimony that Calibra intends to refund unauthorized transactions, okay? But now, what are the limits to that? For example, if there is, I don't know, a \$1 million ransomware payment that is made through Calibra, is that something you are going to then refund? What are the limits to that, or are there no limits?

Mr. ZUCKERBERG. Congressman, I don't know if we have worked out all those policies yet, but our intent in principle here is to be at the level of or exceeding the level that people expect from other payment instruments, whether it is credit cards or other things like that, in terms of fraud protection and consumer protection.

Mr. FOSTER. Yes, but you have to charge something. Depending on what class of fraud you are actually insuring against, then you are going to have to charge someone for it, or it is not going to be a profitable product. You haven't thought about the details? There is nothing you can give us in writing on what your current plans are for when you can reverse fraudulent or mistaken transactions?

Mr. ZUCKERBERG. Congressman, I am not saying that we haven't thought about it. What I am saying is that we haven't nailed down the policy yet.

Mr. FOSTER. Okay.

Mr. ZUCKERBERG. The specific product policies in Calibra, I think, are downstream to working out an architecture for the overall project that is acceptable to regulators.

Mr. FOSTER. But at the very start, you have to understand, is there a mechanism to reverse transactions? All of these bitcoin billionaires go around with big security details because if someone puts a gun on their head and says give me your bitcoin, it is not a reversible transaction. I don't think people want to live in that kind of situation, and so I'm trying to understand who will provide what guarantees to allow you to reverse a fraudulent or mistaken transaction.

Mr. ZUCKERBERG. Congressman, Facebook is committed to reimbursing people and figuring out the right policy on that. There may be restrictions like you are asking. We haven't nailed down all of those policies exactly, but the goal is just like when you are using a credit card, you expect the credit card company to pay if there is—

Mr. FOSTER. Correct, and there are limits on that. There are well-defined legal limits, and that is why the credit card agreements are so long and no one reads them. All right. Thank you. My time has expired.

Chairwoman WATERS. The gentleman from Georgia, Mr. Loudermilk, is recognized for 5 minutes.

Mr. LOUDERMILK. Thank you, Madam Chairwoman. And thank you, Mr. Zuckerberg, for being here today. Madam Chairwoman, last evening I was reading the Washington Post website because they had leaked some information that was interesting. And right below their headline was a caption of their motto that says, "Democracy Dies in Darkness." And I want to thank you for holding this hearing today in this hearing room in the light of the public, not in the basement of the Capitol complex behind locked doors as some other hearings are being held today. And I thank you for that because I think it is important that the American people be able to see what we are doing here in Congress.

Mr. Zuckerberg, you have faced a lot of criticism here today and in a lot of what you are doing. I was in the information technology sector for 30 years. I have seen it. When people shake up the status quo, they get criticized, but even some of your harshest critics here today, I will venture to say, if they haven't already, will post their comments and maybe even the videos of their questioning on Facebook, which is a testimony to the impact that your vision, your innovation has had not only on American culture, but on business, on technology. And it doesn't come easy, and much of the criticism that I have seen in my tenure, because I am one of those who loves innovation. I love finding the place that technology can fit, and I think you share that as well.

I remember back when Bill Gates was attacked because he challenged Linux. These are the types of things that innovators face, and I hope that you take this in the complimentary way that I mean it. But there is another gentleman in this town that I think you share a lot with, and that is President Trump. You are both very successful businessmen. You are both capitalists. You are both billionaires. You have done very well. But I think really what you share in common is you both challenge the status quo. He calls it, "draining the swamp." You see it as innovation.

Now, this town is intolerant to shaking up the status quo. Bureaucrats, politicians learn to manipulate the system to their advantage, and when you bring in new ideas, it is really hard for them to understand them. Some of the questions in here today have been indicative of, everyone wants to put what you are doing in a box, and quite often when you are thinking outside the box, there isn't a box to put it in. I think we should advance. I think we should seek innovation. I am not opposed to some of the things that you are trying to do. I am gravely concerned about the implications they have, the operation of it, but I think we need to give it due consideration.

So my questions are really around how this thing is going to operate, how do you see it operating, because I don't see it fitting in a box. Now, the Federal Reserve Chairman told our committees earlier this year that if Libra causes problems related to money laundering, terrorism, financing, privacy, or consumer protection, they would rise to systemically important levels simply due to the size of the Facebook network. David Marcus has said if Libra is not done right, it could present systemic risk.

Do you believe Libra is systemically important, especially since you are calling it a payment system, which is really done by central banks? Do you compare what you are doing with Libra to central banks, and should be you be regulated as such?

Mr. ZUCKERBERG. Congressman, the distinction on what is systemically important, my understanding is that a big part of that is scale. And I think it is worth noting that just because Facebook serves a lot of people around the world doesn't mean that if we rolled out a product, that on day one all of those people would be using it. Like any of the things that we do, we would probably have to experiment and make the product work over time, and that would be risky. We are talking about a long public period—we were discussing this before—before actually getting any approvals and shipping stuff. But I actually think that there is also quite a risk that we ship something, and it takes a long time to even make that work.

I think that if the plan works over time, it certainly could rise to the level that someone might determine as systemically important. I will defer to the regulators' judgment on when that is, but I don't think it is automatically the case that if something launches and it is a small subset of the people who use our services, that it has to be that on day one.

Mr. LOUDERMILK. If it does get to that, that it is deemed systemically important, based on your previous statements that you are going to work with regulators, are you prepared to meet the requirements and the regulations that come with this systemically important financial service?

Mr. ZUCKERBERG. Congressman, we would be, and that is why we are working on this project because we believe that, in addition to the other ideas for digital currencies and cryptocurrencies that are out there, having a payment system that is based on some of those technologies, but is regulated at the highest levels and upholds the highest standards on all of the areas around safety and security, whether it is financial stability, or fighting terrorism, or fighting crime, or fighting fraud, we think that that can exist with a digital currency, too. And that is what we are trying to help create here.

Mr. LOUDERMILK. Thank you. I have several other questions I will submit for the record, but I see that I am out of time, and I yield back. And thank you for being here.

Chairwoman WATERS. Thank you. The gentlewoman from Ohio, Mrs. Beatty, who is also the Chair of our Subcommittee on Diversity and Inclusion, is recognized for 5 minutes.

Mrs. BEATTY. Thank you, Chairwoman Waters. Mr. Zuckerberg, I want to get through a number of questions—diverse asset management, fair housing issues, diversity and inclusion in privacy and security. Diversity and inclusion is very important to me and it is personal for me. I have been here before with Facebook about the lack of diversity and inclusion. I have discussed this repeatedly with your company over the past years. I am Vice Chair of the Congressional Black Caucus, and the Congressional Black Caucus, for the record, has had multiple meetings with your company, and here we are again.

Let me get into asset management. Certainly, that is a large industry, as we know, something like a \$70 trillion industry. Facebook has more than \$46 billion on record in cash or cash equivalents and marketable securities. Are any of these funds managed by diverse-owned companies? Yes or no?

Mr. ZUCKERBERG. Congresswoman, I don't believe—

Mrs. BEATTY. I will take that as a "no." You have a stable of big law firms that work on your legal cases around the country. How many diverse-owned or women-owned law firms are contracted by Facebook? Just give me a number or a range?

Mr. ZUCKERBERG. Congresswoman, I don't know off—

Mrs. BEATTY. I will take that as, "I don't know." How many women or minority partners work on these cases?

Mr. ZUCKERBERG. Congresswoman, I don't know the answer to that but I am happy to get back to you—

Mrs. BEATTY. It is my time. Did you review the packet that went out in a notification to you and your team about what was included today? Diverse asset management was in it. Did you read that?

Mr. ZUCKERBERG. Congresswoman, I certainly—

Mrs. BEATTY. There is a piece of legislation that I am working on that was in the package. Did you or your team review it? Everybody has talked about your scholarly resume. Did you review the packet that was sent to you from this committee? Obviously, that is a, "no." Let me go to someone you introduced. You introduced Laura Murphy. So you know who Laura Murphy is because you said her name, right?

Mr. ZUCKERBERG. Yes.

Mrs. BEATTY. Okay. So you hired her as a consultant, and in your opening statement, you talked a lot about civil rights. I think we should probably phrase it a little differently, that your work with civil rights is a result of the number of lawsuits that you have had. The NAACP, and even Secretary Ben Carson filed a fair housing lawsuit against you for violations. So let me ask you this, do you know what redlining is?

Mr. ZUCKERBERG. Yes.

Mrs. BEATTY. Okay. Then you should have known better, and maybe if you had real diversity or inclusion on your team, somebody in that room would have said what you were doing when you looked at what you were doing in housing, how you were redlining or using ZIP Codes to eliminate people from getting information. Now, have you read the report that Laura Murphy sent to you? You have said a lot about diversity, and you introduced her name, about this great study and her work. Have you read it? Do you know what the recommendations were? Do you know when she issued the report? Yes or no?

Mr. ZUCKERBERG. I have seen the report.

Mrs. BEATTY. Okay. Tell me what the top 3 things were, because I have it right here. What were the top 3 things in her report? Somebody talked about lying in this committee, I'm just saying.

Mr. ZUCKERBERG. One of them was around housing, which we have talked about. The other was around setting up a civil rights task force.

Mrs. BEATTY. And who is on the civil rights task force?

Mr. ZUCKERBERG. Sheryl Sandberg is the person who is a—

Mrs. BEATTY. Okay. Well, we know Sheryl is not really civil rights, so I am trying to help you here. She is your COO, and I don't think there is anything, and I know Sheryl well, about civil rights in her background, so you have to do better than that for me if we are going to talk civil rights.

Mr. ZUCKERBERG. It is an internal task force—

Mrs. BEATTY. Do you know who the firm that you employ for civil rights is?

Mr. ZUCKERBERG. Congresswoman, I don't—

Mrs. BEATTY. How could you not know when you have employed the most historical, the largest civil rights firm to deal with issues that are major? And this is what is so frustrating to me. It is almost like you think this is a joke when you have ruined the lives of many people, discriminated against them. Do you know what percentage of African Americans are on Facebook in comparison to majority folks? Do you know what the percentages are?

Mr. ZUCKERBERG. People using the Facebook—

Mrs. BEATTY. Yes. Do you know what the percentages are for African Americans?

Mr. ZUCKERBERG. I don't, because we don't collect the races of people—

Mrs. BEATTY. It came out in a report by the Pew Research Center that was sent to you. Maybe you just don't read a lot of things that deal with civil rights or African Americans. I have a lot of questions I am going to send to you that I am not going to be able to get through, and I would like an answer, because this is appalling and disgusting to me. And I yield back.

Chairwoman WATERS. The gentleman from Ohio, Mr. Davidson, is recognized for 5 minutes.

Mr. DAVIDSON. Mr. Zuckerberg, thanks for coming and talking with our committee. I appreciate your presence here and your testimony. And frankly, I go back to when I first saw Facebook, and I said, why would anyone put this on the internet? And obviously, you had a vision for this company that frankly, some early stage venture capital companies took a pass on, and they missed it. I am sure they are kicking themselves today. But you have pulled off a truly innovative company that, while we haven't yet captured all of the possible innovation on the internet, you really hit a spot. And as a capitalist, as a guy who launched a successful company, scaled it up, and, as a founder, you are still, in large measure, in control of that organization, though it is publicly traded. So, congratulations. It is a rare feat.

And I just wanted to get your insight about where the technology is headed. Prior to Facebook talking about Libra or a digital wallet, Calibra, there were people saying well, bitcoin is this niche thing. Listening to how some of my colleagues have addressed you, I suspect you may actually envy whomever Satoshi Yakamoto is because he is very anonymous. It is hard to subpoena Satoshi Yakamoto or ridicule him, but then again, no more control over bitcoin. There is no headquarters or anything else.

You clearly made blockchain synonymous with bitcoin early on, but blockchain itself and distributed ledger technology, I believe, is going to be substantially bigger. And I think a lot of people took Facebook's entry into this space as a sign that you and others view

this as a much larger space for emerging technology. Could you tell us a little bit about your views on that?

Mr. ZUCKERBERG. Sure. I think that there needs to be a number of approaches here. I think some of the innovation in cryptocurrencies and the decentralized nature of that can be very valuable. I just think that is not what a big company like Facebook can add to the industry. I know once we are in the position that we are in, we are not going to create something that is decentralized, that can't hold up the highest standards of protecting against all the risks that we are talking about today, whether it is financial stability, or fighting terrorism, or crime, or fraud. We want to work with regulators to make sure that we can build something that is at that highest standard.

I am generally in favor of ideas and innovation all across the space. I think that the U.S. financial industry, and especially the infrastructure on top of which to build financial services, is just, frankly, behind where it needs to be to innovate and continue American financial leadership going forward.

Mr. DAVIDSON. Yes, thank you for that. And I will say that when you talk about Calibra, I get your idea of that to stay in control of that, because as a company the size and scale of Facebook, you would certainly have Know Your Customer provisions, Bank Secrecy Act requirements, and have appropriately proposed to regulate Calibra as a money service business, including talking to FinCEN, all the things that people have to do in compliance with that.

However, when you are proposing Libra, a cryptocurrency in the truest sense, you are really talking about creating money, the idea of money. And many of the things in this space that are proposed, we have been very sloppy with our language collectively to call everything in the space, "cryptocurrency," where many of these tokens don't aspire to be a currency at all. They just represent a good or a service and, in some cases, a commodity, and that they are not trying to be a security or a currency. And so that lack of clarity is driving a lot of the American innovators offshore, not because they are avoiding our laws, but because they do have regulatory certainty in other jurisdictions. Frankly, Switzerland is one of the leaders in this space for regulatory clarity.

But when we think about Libra, you are one-21st, which is a bigger number than one-435th, I would say, and I am weighing in here today. Do you believe that Libra has a role to be centralized, or could the money itself be decentralized?

Mr. ZUCKERBERG. Congressman, I think you are highlighting an important point, which is that there is a big difference between trying to create a new type of digital payment system and creating a new type of currency. What we are trying to do is a payment system that is based on a reserve of existing currencies.

Mr. DAVIDSON. Right, and I think centralization is the key. And I apologize, I would love to talk to you for about an hour, but I only have 10 seconds left. Centralization versus decentralization is the key because if you can distort or change the value, all of the effort in America securities law depends on the central actor, and in America currently, that would be regulated as a security, which has big implications. My time has expired.

Chairwoman WATERS. The gentleman from California, Mr. Vargas, is recognized for 5 minutes.

Mr. VARGAS. Welcome, Mr. Zuckerberg. It is great to have you here. I am sure you are very excited.

Mr. ZUCKERBERG. Thank you.

Mr. VARGAS. Still doing okay?

[laughter]

Mr. ZUCKERBERG. Yes.

Mr. VARGAS. I am almost tempted to ask you, since you can't lie to Congress, when you were compared to Mr. Trump, did you take that as a compliment? No, don't answer. That was a joke.

[laughter]

Mr. VARGAS. But I do want to compliment you. Don't answer that other question. Make sure you don't answer, not even with a smile. Okay, no. The question I was going to ask you is this. I have heard you, and since I am on this row, I have heard a lot of your testimony. You have said that you won't go forward with Libra unless you get approval from all of the regulatory agencies that are required in the United States. That is correct, right?

Mr. ZUCKERBERG. Yes.

Mr. VARGAS. Yes. Before you got here, you sent David Marcus to us, and I think that wasn't exactly the answer that he gave. I think that he was a little more aggressive in wanting to go forward, so certainly what you say supersedes what he says if there is any conflict in the two.

Mr. ZUCKERBERG. Yes. I also think that our views on what we should do have gotten clarified since then.

Mr. VARGAS. And how did they get clarified?

Mr. ZUCKERBERG. I think through the public discussion that is happening. I think we felt that he wasn't able to provide enough clarity to Congress when he was here, and we wanted to make sure that we came and had a clearer answer on this.

Mr. VARGAS. Okay. Thank you for doing that. One of the things I think that you are probably sensing from us is that the dollar is very important to us as a tool, a tool of American power and also a tool of American values. We would much prefer to put sanctions on a country than send our soldiers there. As you know, that power that we have because of the banking system is significant. You can see some of the outlaw states that we have today. We are able to work with our colleagues around the world to do something about what they are doing because of the power of the dollar. So when something threatens the dollar, we get very nervous, and I think we should be nervous, because that is something that, again, has been very useful for projecting American values and foreign power. Do you understand all that fairly well? I think you do. You have been hinting at that, but I want to make sure that you understand that, because you are playing in a space that is a delicate space for us.

Mr. ZUCKERBERG. Congressman, at a high level, I certainly understand it, and that is why part of what we are doing is trying to design the system from the ground up so it can enforce U.S. sanctions, travel rule, a number of the regulations that are important for creating stability and security around the world. And that is, I think, some of what is at stake here is that I just think that

if we don't innovate, there is no guarantee that we will be able to extend those same rules and project that kind of influence around the world going forward. I think we need to innovate as a country in order to keep on ensuring that we can do that.

Mr. VARGAS. And I think we want you to innovate, and obviously you are a disrupter in a positive way. But I think when we see that you want to go to Switzerland, it was said here that Switzerland gives you regulatory clarity. I would quote James Henry that Switzerland is, "the grandfather of the world's secretive tax havens," and also one of the leaders in places where you can hide your money and do all sorts of other notorious things. Now, they are starting to loosen up because of that history. So, I would give you some advice and ask you to think of staying here in the United States. Don't go to Switzerland. If you are going to follow all of our rules, why do you want to go to Switzerland?

Mr. ZUCKERBERG. The Independent Libra Association is—

Mr. VARGAS. It seems to be falling apart without you guys, frankly. They don't seem to exist without you. You are the big dog in this fight. Honestly, if you decide to bring it to the United States, it comes to the United States. You can hide behind that a little bit, but I won't believe it. I believed up to now, but that I don't believe. I think that if you wanted to bring it to the United States, you could.

Mr. ZUCKERBERG. Congressman, if you are trying to build a global payment system, I think that there is some value in housing the Independent Association in the country and in the place where a lot of the world's international institutions are based.

Mr. VARGAS. Which would be the United States.

Mr. ZUCKERBERG. A lot of them are in Switzerland, too, but a lot of them are in the U.S., so you are right. And certainly our work on this through Calibra and everything that we do for Facebook, we are an American company. We are doing it here. That technology is here, and that is an important part of why I am committing that no matter where we are working around the world, we are going to follow U.S. regulations.

Mr. VARGAS. But I hope you go and take a look at that once again because I think that it would relieve a lot of fears if you did, in fact, house it here in the United States and not in Switzerland. My time is almost up. Again, I appreciate it. I think for someone, an innovator like you, it is good to have someone who is sturdy and resilient. You are probably the right person at the right time to take this beating. Welcome.

Mr. ZUCKERBERG. Thank you.

Chairwoman WATERS. The gentleman from North Carolina, Mr. Budd, is recognized for 5 minutes.

Mr. BUDD. Thank you, Madam Chairwoman. And, Mr. Zuckerberg, again, welcome here. I appreciate your time, and I also appreciate your example as an entrepreneur. Just by chance, you are not a securities attorney, are you?

Mr. ZUCKERBERG. I am not.

Mr. BUDD. I didn't think so. We have several draft bills before this committee and as part of this hearing, which amend the securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. And before the committee takes any action

on these bills, I hope we can receive testimony from various experts in securities law to provide their views on whether these bills might have impacts which really reach beyond stable coins. It is crucial that members of this committee be able to differentiate between Libra, which is really not a cryptocurrency, and actual cryptocurrencies like bitcoin, ethereum, and XRP, before we discuss draft legislation. Many of the proposals would stifle financial innovation, and if we are to remain a world leader in financial technology, it is vital that this committee not embrace reactionary laws against cryptocurrencies.

Mr. ZUCKERBERG, Libra has been in the works within Facebook for the past year, and since the announcement of the potential members, PayPal, Stripe, Visa, Mastercard, and eBay have walked away from the association due to various regulatory and political concerns. Now, it is notable that every U.S. payment processor has exited the association. Unlike current Libra Association members like Uber, and Lyft, and various venture capital firms, payment processors were given one of the most difficult tasks when it comes to digital assets, and that is anti-money-laundering and Know Your Customer compliance.

So with no major U.S. payment processors left in the Libra Association, how do you see the Libra Association building a compliance regime that adheres to the AML/BSA, or the anti-money-laundering, Know-Your-Customer provisions that this body has worked hard to put into place?

Mr. ZUCKERBERG. Congressman, thank you. My understanding is there are there are still payment companies that are part of the association, and, of course, David Marcus, who runs the Calibra subsidiary for Facebook, has run large financial services companies. He was the president of PayPal before coming to Facebook, so I think we have the right expertise to work through these problems, and we will work with regulators to come up with solutions on them. We also have a big security effort at Facebook, so for Facebook's part of this work, this certainly isn't going to be the first time in our company's history where we need to fight against sophisticated threats, or people who are trying to defraud others, or other types of harm, and we have built quite sophisticated AI systems in order to be able to work on some of those things.

Mr. BUDD. But would you say it is almost more starting from scratch now that these members have left the Association?

Mr. ZUCKERBERG. Congressman, I don't believe that is the right characterization. Companies joined because they were interested in trying to explore what we were doing. A lot more companies are interested in joining in the future, and I would bet a lot more do join. The association was, I think, just officially incorporated, or I don't know what the right verb is, but it kind of was officially formed just in the last few weeks after months of planning, and there is certainly a lot of work ahead.

Mr. BUDD. Thank you. Given its centralized nature, how does Libra align with Facebook's earlier claims of building a pro-privacy future, and how will you guarantee privacy and data autonomy during the initial phase of Libra?

Mr. ZUCKERBERG. Congressman, thanks for the opportunity to talk about our privacy vision. At a high level, the way I think

about this is that in our lives, we have public spaces, like town squares, and we have private spaces, like our living rooms, and I think we need digital equivalents of both. We have digital equivalents of the town square. That is what Facebook, Instagram, Twitter, and YouTube try to be, but we don't today really have a digital equivalent of a living room where you can interact in all of the ways that you would want to in an intimate and secure space. Our text messaging apps today are still primarily just text messaging, but I think there is an opportunity to, just like we have done with Facebook, build in a lot of the different utilities and tools for how you would want to interact with people in a broader space, whether that is joining communities, starting fundraisers, starting businesses, finding people to date, all of these kind of broader utilities.

I think there needs to be something like that in private spaces, too. And one of the most important private ways that people interact is through payments. So, we are working on a number of different approaches here, some that work on top of the existing financial system that have the limitations of the existing financial system, but are easier to implement because we can build on top of everything that exists, and some that are more ambitious, like what we are trying to do here where we are trying to do a more thorough rethink of the system.

Mr. BUDD. Thank you. I yield back.

Chairwoman WATERS. The gentleman from New Jersey, Mr. Gottheimer, is recognized for 5 minutes.

Mr. GOTTHEIMER. Thank you, Madam Chairwoman. Mr. Zuckerberg, thank you for coming today to address our concerns. Yesterday, I wrote to Twitter about this letter that they had sent to me and to other Members of Congress allowing foreign terrorist organizations, Hamas and Hezbollah, to have a presence on their social media platform, drawing a distinction between good terrorist actors who have been elected and bad terrorist actors. I ask unanimous consent to enter this letter into the record, please.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. GOTTHEIMER. Thank you. This issue is particularly troubling to me since individuals connected to Hezbollah and Hamas terrorist groups were recently found in my home State of New Jersey. Mr. Zuckerberg, do you agree with Twitter that foreign terrorist organizations, as designated by the United States of America, belong on a social media platform, or should Twitter have to take down Hamas and Hezbollah's affiliated accounts and content?

Mr. ZUCKERBERG. Congressman, it is a little hard for me to comment on what Twitter should do, but I believe that we take down those accounts.

Mr. GOTTHEIMER. You are a leader on this issue, and your company, Facebook, currently Chairs the Global Internet Forum to Counter Terrorism, of which Twitter is also a founding member, so this is just pretty simple. Yes or no, should Twitter have to comply with U.S. law and take down Hezbollah and Hamas' official Twitter accounts? Do you think they should have Twitter accounts?

Mr. ZUCKERBERG. Congressman, as a principle, I think all American companies should comply with American laws.

Mr. GOTTHEIMER. Okay. It sounds like, yes, you believe Hamas, and Hezbollah, and other terrorist groups, as designated by the

United States of America, should have to take down their content, just like you have taken steps at Facebook to do so.

Mr. ZUCKERBERG. Congressman, it is really not for me to tell Twitter what to do, but certainly our policy, and I just confirmed with our team here, is that we do not allow them on our services.

Mr. GOTTHEIMER. Right, and I hope that Twitter will also follow suit as to the steps that you have taken, and Google has as well. And while I greatly appreciate that Facebook has taken steps to remove terrorist content from your platform, I am still concerned that extremist content still exists in parts of your platform. For example, today there are still videos circulating on Facebook of the horrific shootings at Christchurch in New Zealand. I assume that troubles you, sir?

Mr. ZUCKERBERG. Congressman, of course, that would trouble me. We build really advanced systems to detect all of these different types of harm and to take action very quickly. In general, this is an area where we have invested billions of dollars and have tens of thousands of people working on this. It is not that we are ever going to do a perfect job, but a lot of what I am committed to is, every 6 months now, we publish a transparency report on how we are doing, proactively identifying each of the categories of harm that exist, what the prevalence of them is on our services, what percent of that content our systems proactively identified versus someone had to report it to us. And our goal is to improve every period until we can drive that amount—

Mr. GOTTHEIMER. Right. You are taking all these steps, and some stuff, of course, it is hard to get everything is the point, but you are doing your best to try to get to everything. Is that—

Mr. ZUCKERBERG. Congressman, I think that is right.

Mr. GOTTHEIMER. —a fair characterization? Thanks. Given that it still exists on the platform, it is part of the concern that I have heard from some about Facebook's ability to prevent Libra from being used to launder money or fund terrorism. Do you feel that you will have appropriate measures in place to do so?

Mr. ZUCKERBERG. Congressman, I believe that we will be able to do so. We have built some of the most sophisticated systems in the world for addressing new threats. Election interference was brought up before. These are sophisticated nation-state actors from Russia, and Iran, and China now we see, too. They are very sophisticated, but we have been able to build systems that can proactively identify a lot of those efforts at this point, and I think if we can do that, that is a good example that suggests that we will be able to address some of these challenges, too.

Mr. GOTTHEIMER. I appreciate that Libra is part of a much broader ecosystem related to our leadership in the technology space. And, as we have all talked about, it is established in Switzerland rather than here where we have plenty of highly-educated, intelligent citizens ready to be employed. And I think we should do everything humanly possible, which I appreciate your comments today, to keep our jobs in the United States of America and to make sure that we grow this space here. How do you think we can maintain this competitive advantage in the FinTech space, and how do we keep technology jobs of the future, like you have kept, and run them here? How do we continue to do that here?

Mr. ZUCKERBERG. Congressman, most of the work, I think, is still to be done here in the United States. I think the biggest question for the future is competitiveness. There are clearly very real risks of building anything new in financial services. There are all the risks that we have talked about today. I just think that we need to make sure we balance making sure we get to very good answers on those things while still enabling American innovation.

Mr. GOTTHEIMER. Thank you, and thank you for your candid answers today. Thank you for being here.

Chairwoman WATERS. The gentleman from Tennessee, Mr. Kustoff, is recognized for 5 minutes.

Mr. KUSTOFF. Thank you, Madam Chairwoman. I appreciate you calling this important hearing today, and I appreciate Mr. Zuckerberg for appearing. I think we have all heard loud and clear what you said about the need for innovation in this area, especially highlighting the challenge that we have in regard to China and where we are in this space as we compete with China, or as China competes with us. If I could roll back the clock, though, when you came up with this idea and went to your board of directors, how did you tell them that Facebook could monetize or profit from the creation of the use of Libra and Calibra? How did you explain that to your board of directors?

Mr. ZUCKERBERG. Congressman, you may not believe this, but that is actually not the first thing that we talk about at the company. We focus on building services that are going to create value in people's lives, and we believe that if we do that, that we are able to get some of the value downstream.

Mr. KUSTOFF. It eventually came up, though. And how did you explain that?

Mr. ZUCKERBERG. We identified what we thought was a big need for financial inclusion and the ability to easily, and quickly, and affordably send money. The way that this will help Facebook over time, or our business, is that basically in our ads system, it is an auction, which means that if you are a small business, we don't have a rate that you have to pay. You bid and tell us what the ads are worth to you if you can get a new customer into your store or if you can complete a transaction. And what we basically see is that when we eliminate friction for a customer buying something from a business, then the value for that business of advertising on our system goes up, so they bid more in the ad system.

If we can make it so that now, in addition to finding businesses that people want to interact with, people can also transact with them directly, I would expect that over time that will be into higher prices for ads because it will be worth more to the businesses so they will bid more in the ad system. But in order for that to happen, there are a lot of steps between now and then. We have to build a system that passes all the regulatory approvals. It has to end up being successful and useful for people. And then as kind of a third step far down the line, if all that plays out, then we may see a positive business impact.

Mr. KUSTOFF. Facebook also becomes a marketplace where the currency is traded for the goods sold over Facebook?

Mr. ZUCKERBERG. Congressman, that is correct, and that is a separate area that we are working on already. We distinguish be-

tween services that we are trying to offer and payments. Like this and some of the other payment efforts that we have from commerce efforts, we already have Facebook Marketplace, which a lot of people use to buy and sell things that they have made. There are a lot of secondhand goods that are sold there. A lot of people use it, hundreds of millions of people a month. We are building Instagram Shopping, which is a new way for people to basically connect with the creators and influencers they care about, and any kind of brand to make it so they can buy things online. And I think that is going to end up being a useful product for people as well.

Mr. KUSTOFF. You mentioned, of course, one need is the underbanked or even the unbanked in our communities across the nation. Of course, another problem with that is that some of those people who are unbanked or underbanked also live in areas without broadband service or without sufficient broadband service to trade. Does Facebook have a plan to address those areas that lack the broadband access?

Mr. ZUCKERBERG. Congressman, we do. We work on this both in the U.S. and abroad, and we started working on this in 2013 when we launched the Internet.org Project. We now also have the Facebook Connectivity Project where we build technology. We build open source technology that mobile carriers can use to decrease their costs, which, in a competitive market, we hope some of those savings will be passed along to consumers. We have seen certain of these innovations when they get implemented in countries around the world because the cost of delivering broadband go down. Now some people can afford to access broadband who weren't able to before, and the amount of the population that gets connected goes up. Overall, the connectivity initiatives that we have had, we have measured that across the world, and we believe that they have helped more than 100 million people access the internet who weren't on the internet before.

Mr. KUSTOFF. All right. And very briefly, you have heard concerns from both sides of the aisle about the operation locating in Switzerland. You heard it even before today's hearing. With all that considered, will you consider, yes or no, locating in the United States versus Switzerland.

Mr. ZUCKERBERG. Congressman, at this point, we do not control the independent Libra Association, so I don't think we can make that decision. But Facebook's efforts—we are certainly an American company that is based here, and our investment will be largely here.

Mr. KUSTOFF. Thank you.

Chairwoman WATERS. The gentleman from Guam, Mr. San Nicolas, who is also the Vice Chair of the committee, is recognized for 5 minutes.

Mr. SAN NICHOLAS. Thank you, Madam Chairwoman. Good afternoon, Mr. Zuckerberg. Thank you for making the time to be with us here today.

I first wanted to commend you for the amazing platform that you have built with Facebook. I think that you are very right in stating earlier that allowing for Facebook to be the kind of platform that would enable challengers to get their messages out there versus relying on traditional media, I think is very sound. And I am an ex-

ample of that. I wouldn't be sitting here today if it wasn't for Facebook.

My community on Guam is small. We have a limited amount of local media. So, I was able to reach a vast majority of my residents just by going through Facebook, and very inexpensively, relative to how much a 30-second commercial would have cost me. So, I think Facebook has brought a lot of opportunities for change and opportunities for new people to be able to take advantage of the power behind the platform.

When you established Facebook, when you were first getting it started, did you ever imagine it would get this big?

Mr. ZUCKERBERG. Congressman, no. I was building a service for my community in college.

Mr. SAN NICHOLAS. Right.

Mr. ZUCKERBERG. I thought someone might build something like this. I just didn't think it was going to be us.

Mr. SAN NICHOLAS. Yes. I am sure, too, that when you were putting Facebook together you never imagined that you would have to be worrying about foreign election interference or human trafficking or child exploitation or privacy violations or housing discrimination on your platform. I am sure those things were not things that you thought about when you were putting Facebook together in the beginning, right?

Mr. ZUCKERBERG. Congressman, you are right that the scale has grown quickly, and there are certainly a lot of problems that we are handling now, and addressing proactively now, that before we might have addressed reactively.

And it is worth noting that we have had content policies since basically the beginning of the company. It is just that we used to enforce them reactively. Someone in our community had to flag a piece of content to us, and then we would handle it, which, of course, if you are starting in your dorm room, you can't have tens of thousands of people reviewing content. It is the only logical way to do it.

But at some point along the way, we became a big company that has the resources to have all of these folks doing content and security review, and to build the kind of AI technology that we have today.

Mr. SAN NICHOLAS. Right.

Mr. ZUCKERBERG. And now that we can, I feel like we have a responsibility to do that.

Mr. SAN NICHOLAS. And I think that you are going to do the best job that you can in order to make sure that gets addressed, and no doubt because your business model depends on it.

I think the reason why there is a lot of concern in this room with respect to Libra is because while Facebook started out as a communications and sharing platform, and while the idea behind it never really was imagined to grow to this scale, or imagined to have these types of problems, I think that is the concern of Libra. And while Facebook is a communications and sharing platform, Libra is a currency and payment settlement platform, and that takes it to a whole new level in terms of what we might not be able to foresee in the future. And that is where I am very concerned.

The key to my concern actually rests particularly in the fact that Libra is an asset-backed currency, and I heard you mention earlier today that you believe that you are going to have Libra be able to convert on a one-to-one basis, in terms of people being able to put a dollar in and being able to take a dollar out. But in listening to that and knowing how currency markets work and knowing that Libra is supposed to be backed by a basket of currencies, and that currencies fluctuate, it is virtually impossible to have a one-to-one ratio of money going in versus money going out when it is a single currency going in and a basket being invested that is going to have to come out. Has that been something that you have factored in?

Mr. ZUCKERBERG. Congressman, it is, and I think economists—there is not a clear consensus on that point. I think some would argue that it is more stable to use a combination of currencies rather than to rely on any single one.

Mr. SAN NICHOLAS. I think what you would have is less volatility. But if you were to have, for example, a basket of currencies that would include the euro, the yen, and the dollar, and someone were to put in a dollar today, because the euro, the yen, and the dollar all fluctuate differently, it is very unlikely you are going to be able to pull the exact amount out later. And that is why the currency markets use a lot of swaps and they use a lot of leverage to be able to have arbitrage and balance in order to be able to make sure things are able to settle in those ways.

But when it comes to Libra, there is no singular entity responsible for making sure that one-to-one ratio is accountable. Let's say, for example, the association were to strive for that. They would, perhaps, use leverage to be able to meet that one-to-one demand, and things were to grow to a point where it would no longer be sustainable. At the end of the day, who is going to be responsible if Libra fails?

Mr. ZUCKERBERG. Congressman, I think the point of the one-to-one reserve backing is to prevent the kind of leverage that you see in the traditional banking industry.

Mr. SAN NICHOLAS. But it just wouldn't be possible when you are using a basket of currencies.

I think the main question I really want to have answered is, if Libra fails, who is going to be responsible for that?

Mr. ZUCKERBERG. Congressman, the Libra Association will have the reserve, but I understand that this is an important question, and this is one of the things that we will be working on with FSOC and other regulators to make sure that we have a solution that meets their standard.

Chairwoman WATERS. The gentleman from Ohio, Mr. Gonzalez, is recognized for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Madam Chairwoman, and thank you, Mr. Zuckerberg, for being here today.

As I have said many times in this committee, I believe distributed, permission-less blockchain technologies have the opportunity to fundamentally change the digital world in very positive ways, and I absolutely want this country to lead. I believe that is an altogether different statement and different thing entirely from what Libra is and what we are talking about today, which I think has a number of contradictions inherent in the project itself.

When your colleague was here last, he mentioned, and the White Paper suggests, that the goal is to transition to a permission-less blockchain. Is that still the ambition, because it seems like it might not be anymore?

Mr. ZUCKERBERG. Congressman, I think that is the aspiration, over time.

Mr. GONZALEZ OF OHIO. So, that is a “yes,” over time?

Mr. ZUCKERBERG. It is the aspiration. In order to fulfill the financial inclusion mission, there are going to be some people who may not be—

Mr. GONZALEZ OF OHIO. Reclaiming my time, I appreciate that. So it is a goal, but it is not necessarily written in stone. As I told him, I don’t think you will ever get there, because I don’t think you have any incentive to, frankly.

But that being the case, in this current world, where it is controlled by the Libra Association, the claim has been made that we don’t have to trust Facebook, we don’t have to trust anybody, similar to a claim that would be made on cryptocurrency, which I think is a valid claim. But inherent in that is that we do, because it is controlled. It is controlled by a centralized organization, which is the Libra Association.

How can you make the claim that the Libra Association will adhere to all regulations in all places, but have one centralized organization that is going to enforce the law that way?

Mr. ZUCKERBERG. Sorry, Congressman. I am not sure I understand.

Mr. GONZALEZ OF OHIO. You have the Libra Association, correct? The Libra Association regulates Libra, correct? And that is going to be one uniform system, presumably.

Mr. ZUCKERBERG. Yes.

Mr. GONZALEZ OF OHIO. One uniform code of regulations. You also claim that Libra will adhere to all regulations in the countries of jurisdiction. How can you make that claim, because surely we can have two different sets of regulations in the U.S. versus the EU, in one central organizing structure?

Mr. ZUCKERBERG. Congressman, I need to clarify the distinction between Facebook’s efforts and the independent Libra Association. I am speaking for Facebook and what we are going to do, when I am committing that we are going to comply with U.S. regulations, and we are not going to launch anything anywhere in the world until we have those regulations.

Mr. GONZALEZ OF OHIO. And would you disassociate from the Libra project entirely if Libra is going on a path that goes against U.S. regulations?

Mr. ZUCKERBERG. Congressman, I have testified that we would.

Mr. GONZALEZ OF OHIO. Thank you. And then, the next thing that is a big concern for a lot of folks that I talk to is, you mentioned you are not going to mix social and payment data, right, and I think it is important to keep that distinction. I am a trust-but-verify kind of a person, so what regulatory oversight are you willing to sign up for to ensure that is the case, because I don’t necessarily just trust you to do that.

Mr. ZUCKERBERG. Congressman, my understanding is the FTC order that we just entered into means that we are going to have

to certify that, at each level of the company, every manager who is overseeing a team that involves people's personal data is going to have to certify, on a quarterly basis, that, to the best of their knowledge, their team is upholding the privacy commitments that we have made. So we have made public privacy commitments around this, and we will have to certify that. That will go throughout the company and up to me, and I will have to certify as well.

Mr. GONZALEZ OF OHIO. Thank you. And you are satisfied with that?

Mr. ZUCKERBERG. Congressman, I think that is a pretty robust framework.

Mr. GONZALEZ OF OHIO. I wasn't meaning to criticize; I was sincerely asking.

And so the final point I guess I would make is, we are painting this as sort of, if we don't it, China will do it. I think you will be hard-pressed to find somebody who is more of a hawk on China in this committee, so I agree with that. What I don't think is the right frame is if Mark Zuckerberg and Facebook don't do it, then Xi Jinping will do it. Like, this isn't Mark Zuckerberg versus Xi Jinping. I think that is a totally different thing.

And so framing it that way, I believe, is somewhat misleading to me. I want us to innovate in this space and I want us to own the future of this space, but as you rightly point out, I believe that having a centralized organization, i.e., Facebook, doing this, frankly, I don't trust it, and I don't believe the American people trust it. And so, I would encourage you to work on ways to decentralize so that there is no control whatsoever.

With that, I yield back.

Chairwoman WATERS. Thank you. The gentlewoman from Michigan, Ms. Tlaib, is recognized for 5 minutes.

Ms. TLAIB. Thank you so much, Madam Chairwoman. And thank you so much for being here, Mr. Zuckerberg.. I know this is going to be really hard in this setting, but try to see me as not just a Congresswoman, but also as a mother who is raising two Muslim boys in this pretty dark time in our world, as I ask you these questions, as well.

For years, advocacy organizations, as you already know, have been pleading with you and your team to prohibit hate groups from using the Events page, which fuels violence against African Americans, Muslims, Jews, immigrants, and the LGBTQ+ community. And you claim you are very serious about addressing it. In 2018, before Congress, you stated, "We do not allow hate groups on Facebook. If there is a group that their primary purpose or a large part of what they are doing is spreading hate, we will ban them from the platform overall."

Mr. Zuckerberg, yes or no, is it still your policy to ban hate groups?

Mr. ZUCKERBERG. My understanding is yes.

Ms. TLAIB. Okay. Facebook's community standard, right now, as it reads, says, "We are committed to making Facebook a safe place." Very good. "Expression that threatens people or has the potential to intimidate or exclude or silence others isn't going to be allowed on Facebook."

I want to refer to a photo up on the monitor right now, showing a man holding a rifle outside of a mosque, intimidating fellow Americans. Mr. Zuckerberg, yes or no, does this meet your community standards?

Mr. ZUCKERBERG. Congresswoman, I am not sure I am in a position right now to evaluate any given post against all of the different standards that we have.

Ms. TLAIB. White supremacist hate groups still regularly use the Events pages to organize threatening protests in front of mosques, and these protestors are often armed. The hateful rally in this picture was planned on a Facebook Events page.

And I do want to submit for the record, Madam Chairwoman, a press release and statement from Muslim Advocates, a Muslim civil rights group, to Mr. Zuckerberg, "Reported hate groups are still on Facebook," and then also a Newsweek article that says, "Facebook Has Failed to Stop Anti-Muslim Hate Groups, Despite Mark Zuckerberg's Pledge."

Chairwoman WATERS. Without objection, it is so ordered.

Ms. TLAIB. Thank you, Madam Chairwoman. Why haven't you stopped hate groups from using your Events page, and are you endorsing these groups by leaving their Events page up?

Mr. ZUCKERBERG. Congresswoman, thanks for raising this. This is an area that I think is very important and that I take very seriously. It is very hard to police every instance of this, and a lot of the content in the stories that you are talking about I would personally condemn. And I don't think that this is the type of thing that I want on any of our platforms, and I am committed to making sure that we continue to invest more and do a better job here.

We are not perfect. We make a lot of mistakes. People share across our services more than 100 billion pieces of content a day. So even if we make mistakes on a relatively small percent, that is still a lot of mistakes, in both directions—things that we take down that shouldn't be taken down and things that we missed that we leave up that we should have gotten to. And this is a constant effort to do better.

As the state of the art and the technology improves, certainly, the state of AI today, to be able to identify different things is so much better than it was 5 years ago. But this is really hard stuff. Even if you assume, for example, that the photo that you are saying would have been against the policies, even within that, we have nuances in the policies. Like, you might be allowed to share it if you are condemning it, which, of course, seems important. If there is some sort of racist attack, you would want people to be able to share a video condemning it, but you wouldn't want people to be able to share a video of that same attack, glorifying it and trying to encourage others to copy it. And that ends up being nuanced, kind of linguistic analysis.

We operate in more than 100 countries around the world. This has been one of the areas that has been hard for us to execute as well, as I think you and I would like us to. But we are improving, and I think this is an area that I take very seriously.

Ms. TLAIB. Thank you. Recently, Facebook has taken it a step further by permitting politicians to violate their community standards. Mr. Zuckerberg, why should the very politicians who lead our

country be held to a lower standard for truthfulness and decency than the average American?

Mr. ZUCKERBERG. Congresswoman, this isn't about helping the politicians. This is about making sure that people can see for themselves—

Ms. TLAIB. I know, but, Mr. Zuckerberg—

Mr. ZUCKERBERG. —what politicians are saying.

Ms. TLAIB. —it is hate speech. It is hate, and it is leading to violence and death threats in my office. It is untruthful. And I understand that folks are working on it, right, on your team, but if it is leading to actual real violence towards people who are innocent, these are untruthful statements but also those that it is a pretty dark time in our country and we need to be able to play a part in reducing that violence.

Mr. ZUCKERBERG. Chairwoman, do you mind if I add some context on that question?

Chairwoman WATERS. I'm sorry. The time has expired. We have people waiting. Thank you. We would like for you to answer in writing, though, any questions that you have not answered.

The gentleman from Tennessee, Mr. Rose, is recognized for 5 minutes.

Mr. ROSE. Thank you, Chairwoman Waters, and Mr. Zuckerberg, thank you for being here with us today.

As I have listened to the questions and testimony today, I am reminded of a quote from one of the great entrepreneurs back in my home State of Tennessee, a guy by the name of Cal Turner, Sr., who once said, "People will forgive you for anything before they'll forgive you for being successful." And I know you have faced a lot of criticism because of the great platform that you have built and the success that you have had.

Facebook today is still a brand that is synonymous with social media, and not necessarily known for its financial instruments. Mr. Zuckerberg, I think there are still many unanswered questions about the Libra project, and I can appreciate how you and your team have tried to convey your intent to work with regulators before fully launching Calibra. And I applaud you for releasing the Libra White Paper back in June, but I am trained as a lawyer, and so it does raise a bit of concern to me that that White Paper still, to this day, is not dated or versioned in anyway.

Before I get into my deeper comments, I wonder if that is something you all might address, so that as time goes forward we might be able to have that as a reference point, as we look back.

Mr. ZUCKERBERG. Congressman, I think that is good feedback. Of course, as I have said a number of times today, I don't control the Libra Association, but I would personally agree that what you just suggested would be a good addition.

Mr. ROSE. Thank you. Today, Facebook carries with it some tremendous reputational risk. From your testimony here today, I know you recognize that. Between the risk Facebook carries itself, and some of the distrust many Americans, and even some of my colleagues here today have in our financial services industry, how do you plan to launch Calibra and Libra in a way that consumers will trust the technology? Because, although it has been documented that Calibra will be a regulated subsidiary, it is still just

that, a subsidiary of Facebook. And for better or worse, even though there is a consortium of several players working to launch Libra, Facebook is still the name most people associate with this new financial instrument.

Again, how do you plan to launch Calibra and Libra in a way that consumers will trust the technology?

Mr. ZUCKERBERG. Congressman, a big part of this is the regulatory framework that is in place. Earlier this year, I wrote an op-ed calling for clear rules for the internet outside of this area, where there are already quite clear rules. But in a number of the other areas that we have talked about today, including, what more guidance on electoral advertising and some of the things we have to do there, as well as privacy and data portability.

And I just think we are in a moment where too many important decisions, I think, are being made by these big internet companies, and I certainly feel this myself. I feel like we are making too many important decisions about speech, and I think that we would be better off if we had a clearer democratic process and clearer rules around some of these things.

In the area of financial services, this is an area where there are already some quite clear regulations, and that means that people don't just need to trust what any given company is doing. They know that the government and the clear rules that have been democratically established are being followed.

Mr. ROSE. Thank you. There is tremendous work left to do, from a reputational standpoint, I would say to you, and I do wonder how successful Libra and Calibra can be while Facebook is still trying to regain its reputational footing. I think you have your work cut out for you, frankly.

Like many of my colleagues here today, I have security concerns about cryptocurrency, especially how bad actors, like terrorist groups and networks, will use these products. I would like to ask you about some cyber risks with the Libra project and what you would do if things go wrong. And we don't have much time. But if, somehow, hackers find a way to hack the technology, who will be liable?

Mr. ZUCKERBERG. Congressman, I think that depends on where exactly the security vulnerability is. And if it is within our services, then I would assume that we will be liable. If it is in another part of the independent Libra Association, then it might be someone else.

But this is going to be something that I would imagine the regulators will review. This would create either financial stability or other types of concerns, that we have talked about today, and this is part of why I am committed to making sure that we don't ship anything, any service here, until we have clearance from all of the appropriate U.S. regulators.

Mr. ROSE. Thank you, Mr. Zuckerberg, and I hope as that process continues, you won't exclude Congress, where and when it is appropriate, for us to perhaps revisit some of the regulatory framework.

Thank you, and I yield back.

Chairwoman WATERS. The gentlelady from California, Ms. Porter, is recognized for 5 minutes.

Mr. ZUCKERBERG. Madam Chairwoman, could we have a break after this round, after this next 5 minutes, maybe? I am drinking a lot of water.

[laughter]

Chairwoman WATERS. Thank you very much. If we will start the clock over, we are going to allow Ms. Porter to start her questioning, and then we will break right after that. I understand there is a vote, so I want to know what is happening with the vote issues. Thank you.

Ms. PORTER. Mr. Zuckerberg, as you know, Facebook can be sometimes an unkind place, both toward my personal appearance, and today apparently, toward your haircut. But as the mother of a teenage boy, I just want to say, thanks for modeling the short cut.

You have said, "We have a responsibility to protect our data, and if we can't, then we don't deserve to serve you." Do you remember making that statement?

Mr. ZUCKERBERG. Congresswoman, yes.

Ms. PORTER. And Facebook's privacy principles say: one, we give you control of your privacy; two, you own and can delete your information; and three, we are accountable.

Today, can you affirm that Facebook cares about user privacy and still holds itself to the standards it articulates in its public policies?

Mr. ZUCKERBERG. Congresswoman, we certainly care about privacy. It is incredibly important to people.

Ms. PORTER. Super. If that is true that you care about privacy and you are hewing to these principles, why are you arguing, Facebook, in Federal court, that consumers can't hold you liable for any of these promises, because, "as plaintiffs submit, they and every Facebook user are bound by Facebook's terms of service, which release Facebook from liability for users' contract and common law claims?"

Mr. ZUCKERBERG. Congresswoman, I am not familiar with that specific legal argument.

Ms. PORTER. It is right there for you. You are arguing, in Federal court, that in a consumer data privacy lawsuit, in which your own lawyers admit that users' information was stolen, that the plaintiffs failed to articulate any injury. In other words, no harm, no foul. Facebook messed up, but it doesn't matter. Is that your position?

Mr. ZUCKERBERG. Congresswoman, I am not familiar with all the context here, and I am not a lawyer, so it is a little bit hard for me to weigh in on the specifics.

Ms. PORTER. Mr. Zuckerberg, as CEO and the tremendously proportional shareholder of Facebook, you are responsible for the legal arguments that your company makes. You hire these lawyers. Will you commit to withdrawing this argument and this pleading and never again plead that there is no liability on Facebook when data breaches occur?

Mr. ZUCKERBERG. Congresswoman, you are certainly right that I am CEO and I am responsible for everything that happens in the company. All that I am saying is that I imagine that there are more pages to this document, and—

Ms. PORTER. Okay. I am going to take that as a “no” for right now, but I would like you to consider it.

Mr. ZUCKERBERG. I will.

Ms. PORTER. I think your pleading is inconsistent with your privacy principles, and I think that the American people are tired of this hypocrisy. I have been in Congress for 10 months, and I have already lost count of how many people have sat in exactly that chair and said one thing to me and to this Congress and then done another thing in Federal court.

I want to turn to a different issue. Facebook is known as a great place to work—free food, ping pong tables, great employee benefits—but Facebook doesn’t use its employees for the hardest jobs in the company. You have about 15,000 contractors watching murders, stabbings, suicides, and other gruesome, disgusting videos for content moderation, correct?

Mr. ZUCKERBERG. Congresswoman, yes, I believe that is correct.

Ms. PORTER. You pay many of those workers under \$30,000 a year, and you have cut them off from mental health care when they leave the company, even if they have PTSD because of their work for your company. Is that correct?

Mr. ZUCKERBERG. Congresswoman, my understanding is we pay everyone, including the contractors associated with the company, at least a \$15-an-hour minimum wage, and in markets and cities where there is a high cost of living, that is a \$20 minimum wage. We go out of our way to offer a lot of—

Ms. PORTER. Thank you. I will take your word on the wage. Reclaiming my time, according to one report I have—and this is straight out of an episode of Black Mirror, these workers get 9 minutes of supervised wellness time per day. That means 9 minutes to cry in the stairwell while somebody watches them. Would you be willing to commit to spending one hour a day for the next year watching these videos, and acting as a content monitor, and only accessing the same benefits available to your workers?

Mr. ZUCKERBERG. Congresswoman, we work hard to make sure that we give good benefits to all the folks who are doing this.

Ms. PORTER. Mr. Zuckerberg, reclaiming my time, I would appreciate a yes or a no. Would you be willing to act as a content monitor to have that life experience?

Mr. ZUCKERBERG. I am not sure that it would best serve our community for me to spend that much time, but I have spent a lot of time looking at this content.

Ms. PORTER. Mr. Zuckerberg, are you saying you are not qualified to be a content monitor?

Mr. ZUCKERBERG. No, Congresswoman. That is not what I am saying.

Ms. PORTER. Okay. Then you are saying that you are not willing to do it.

How many lobbyists are on your payroll?

Mr. ZUCKERBERG. Congresswoman, I don’t know the answer to that.

Ms. PORTER. Sixty, so, 5 dozen lobbyists. I wanted to ask about the timing of your announcement this week to invest \$1 billion into housing charity on the day before your testimony before this committee. You may respond in writing. My time has expired.

Chairwoman WATERS. The committee will recess for 5 minutes.
[brief recess]

Chairwoman WATERS. The committee will come to order.

The gentleman from Texas, Mr. Gooden, is recognized for 5 minutes.

Mr. GOODEN. Thank you. Mr. Zuckerberg, thanks so much for being here today.

And I also want to thank the chairwoman for having this hearing. You have said a lot of things today that I don't think could have been said in the last hearing. It was important to have you here, and your responses to questions have been very direct and very helpful. So, thank you for that, and thank you very much for being here.

I just had a few quick questions about the Libra Association. On the website, one of the benefits before Mr. Marcus appeared before our committee was that those who joined the association could derive dividends from Libra investment tokens, and that has since been taken off. Could you elaborate on that?

Mr. ZUCKERBERG. Sure, Congressman.

I think that there had been an idea that in order to encourage marketing of the payment service, there might be some investment that other companies could make into this and some return that they could make. But I think that idea has either morphed or been abandoned at this point.

I am not sure exactly what the current state of it is, but is that what you are referring to?

Mr. GOODEN. Yes, that is. Do you think that is a reason some of these bigger name players pulled out of the association, or do you have a theory on that?

Mr. ZUCKERBERG. Congressman, I don't think that is related, would be my guess. Those companies could have invested if they wanted to under that program, but I am not sure that they were planning to.

Mr. GOODEN. I kind of want to close on this line of Switzerland. I traveled with the chairwoman to Switzerland, and we found an environment there that seemed to be very pro bringing the association to Switzerland. And one of the things that was troubling to me was this idea that we have a great American company like Facebook and a great American success story like yourself who is pushing this idea on foreign soil.

In your written testimony, one of the things you said is, "I believe this will extend America's financial leadership, as well as our democratic values and oversight, around the world. If America doesn't innovate, our financial leadership is not guaranteed."

Those are your words, and I agree with you. But why not bring this to the United States? Even if it means saying we tried this, we couldn't get our fellow Americans, we couldn't get Congress onboard, but we think we will have more success here at home. Why not give that a shot?

Mr. ZUCKERBERG. Congressman, our subsidiary, Calibra, as well as a lot of the other independent—a lot of the other organizations are American. A lot of the work that we are doing is happening in America. The platforms that we are building, like WhatsApp and Facebook Messenger where people might be able to use Libra if the

project moves forward, those are American products that carry our values, and it is contemplated that the reserve of the independent Libra Association be primarily American dollars.

We have talked at length today about some of the reasons why it might make sense to headquarter an international association in a place that a lot of other international associations are headquartered. But I wouldn't take away from that that this isn't still going to be an American innovation that is extending America's financial leadership around the world.

Mr. GOODEN. I will just say this. Before this hearing, I kind of had two issues. One was some of the issues Facebook has had over the last few years. A lot of them have been voiced in this hearing today. And the other was the whole issue of moving this to Switzerland, and I just would say that I think you have done a good job answering our questions today.

Any company as large as yours is going to have problems and will continue to have problems, and so I am not so much against the idea of Facebook pursuing an innovative idea like perhaps I was in the past, but it is difficult for me to get onboard with something that is so big being in another country. And I would implore you to consider bringing this home, perhaps as things move forward.

You have said that you will pull out of the association if it goes in a direction you don't want it to go. I would argue that you have enough influence to bring this home and keep this American, and I would ask that you consider that.

And I yield back.

Chairwoman WATERS. The gentlewoman from Iowa, Mrs. Axne, is recognized for 5 minutes.

Mrs. AXNE. Thank you, Madam Chairwoman, and thank you for being here, Mr. Zuckerberg.

I asked my constituents what they would like me to ask you, and Madam Chairwoman, I would like to enter those questions into the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mrs. AXNE. Thank you.

I am going to talk about privacy in a second, but I want to start by reminding everybody here of Facebook's mission. It says your mission is to give people the power to build community and bring the world closer together.

If your goal is to bring the world closer together, I believe that requires you taking your responsibility for our elections very seriously. I know yesterday you revealed new attacks from Russia and Iran, many of them targeting swing States, and I take those very personally because those are my constituents, and I would like you to keep that in mind when you are thinking about the people who are being targeted.

I don't want to spend too long on this, but Facebook's size makes it a target for those kinds of attacks. And if Facebook is going to remain essential to how Americans communicate, I need you to work harder to prevent these kinds of attacks.

But moving on, let us start with a couple of basics. How many American adults have a Facebook account?

Mr. ZUCKERBERG. Congresswoman, actually, I don't know the exact breakdown off the top of my head. I can get back to you on that.

Mrs. AXNE. I believe U.S. and Canada combined is about 240 million, or 85 percent of the adults. And the second question would be, I know substantially all of Facebook's \$55 billion in revenue last year came from advertising, is that correct?

Mr. ZUCKERBERG. Congresswoman, the vast majority comes from advertising. That is right.

Mrs. AXNE. Okay. So, \$50 billion at least do you think comes from advertising?

Mr. ZUCKERBERG. Yes.

Mrs. AXNE. And I believe this year you said you want to make sure that folks have an opportunity to control their data privacy. I believe you said this last year that you are going to make sure that folks have that opportunity even when they are not logged in to Facebook. Is that correct?

Mr. ZUCKERBERG. Congresswoman, I am not sure what you are referring to. But in general, yes, I think people should have control over all of their information in all forms.

Mrs. AXNE. Do you collect data on people who don't even have an account with Facebook?

Mr. ZUCKERBERG. Congresswoman, there are a number of cases where a website or app might send us signals from things that they are seeing, and we might match that to somebody who is on our services. But someone might also send us information about someone who is not on our services, in which case we likely wouldn't use that.

Mrs. AXNE. So you collect data on people who don't even have an account, correct?

Mr. ZUCKERBERG. Congresswoman, I am not sure that is what I just said, but—

Mrs. AXNE. If you are loading up somebody's contacts and you are able to access that information, that is information about somebody who might not have a Facebook account, is that correct?

Mr. ZUCKERBERG. Congresswoman, if you are referring to a person uploading their own contact list and saying that the information on their contact list might include people who are not on Facebook, then, sure. Yes, in that case, their information—

Mrs. AXNE. So, Facebook then has a profile of virtually every American, and your business model is to sell ads based on harvesting as much data as possible from as many people as possible. You said last year that you believed it was a reasonable principle that consumers should be able to easily place limits on the personal data that companies collect and retain.

I know Facebook users have a setting to opt out of data collection and that they can download their information. But I want to remind you of what you said in your testimony, "Facebook is about putting power in people's hands."

If one of my constituents doesn't have a Facebook account, how are they supposed to place limits on what information your company has about them when they collect information about them, but they don't have the opportunity to opt out because they are not on Facebook?

Mr. ZUCKERBERG. Congresswoman, respectfully, I don't agree with the characterization saying that if someone uploads their contacts—

Mrs. AXNE. That is just one example. I know that there are multiple ways that you are able to collect data for individuals. So I am asking you for those folks who don't have a Facebook account, what are you doing to help them place limits on the information that your company has about them?

Mr. ZUCKERBERG. Congresswoman, my understanding is not that we build profiles for people who are not on our service. There may be signals that apps and other things send to us that include people who aren't in our community. But I don't think we include those in any kind of understanding of who a person is if the person isn't on our services.

Mrs. AXNE. I appreciate that. What actions do you know specifically are being taken or are you willing to take to ensure that people who don't have a Facebook account have that power to limit the data that your company is collecting?

Mr. ZUCKERBERG. Congresswoman, what I am trying to communicate is that I believe that is the case today. I can get back to you on all of the different things that we do in terms of controls of services.

Mrs. AXNE. That would be great. Because we absolutely need some specifics around that to make sure that people can protect their data privacy.

Mr. ZUCKERBERG, to conclude, Facebook is now tracking people's behavior in numerous ways, whether they are using it or not. It has been used to undermine our elections, and of course, I know you are aware Facebook isn't the most trusted name. I am asking you to think about what needs to be fixed before you bring a currency to market.

Thank you.

Chairwoman WATERS. The gentleman from Virginia, Mr. Rigglesman, is recognized for 5 minutes.

Mr. RIGGLESMAN. Thank you, Madam Chairwoman, and thank you, Mr. Zuckerberg, for appearing today.

It seems as though Facebook is somewhat of a regular fixture at the committee these days. Mr. Zuckerberg, my first question is simple, but very thought-provoking: How realistic a portrayal was, "The Social Network?"

[No response.]

Mr. RIGGLESMAN. And the reason I ask that question, is I think we are getting to the beginning of "The Social Network 2," and I just want to be in charge of my own casting. I wanted that on the record right now, as we go forward.

But I think your life story is impressive. I think with ingenuity and hard work, you can aspire to your dream and have the American Dream. However, I was part of the R&D infrastructure at the Office of the Secretary of Defense. I had to do a lot of rapid reaction or quick reaction capability development. So, I know the difficulty of trying to do something like this, especially in an agile process like you are doing.

I have some real questions. When I was in the DOD, they played this thing called, "stump the dummy," for me when I was trying

to give a technical briefing. I will not do that today. I promise you that. I am going to ask some real questions here.

You talked about the many countries—and I have a question, thanks, I looked it up, the power of Google: 170 million or so U.S. users, and 2.32 billion worldwide for Facebook.

My first question is if this happens, and I know that Calibra is sort of an instantiation of Facebook and a wallet to hold an independent currency like Libra, right, is how I understand it. If you are in all of these separate countries—and this is a technical question—do you believe it is possible to build a rule set or an algorithmic rule set, some kind of rule-based, machine-learning thing where you can comport or have the AML/BSA, the anti-money-laundering or bank security acts of each country sort of rolled into the algorithm when you buy Libra in that specific geographic entity or from that portion?

I was wondering if that is something that is possible, that those rule sets could be built in automatically when you are actually logging in or building your Libra account through Calibra or through a wallet that might not be Calibra?

Mr. ZUCKERBERG. Congressman, I think this is a good question. We are certainly looking at whether there are elements of the AML or KYC regulations that can be encoded at the network level and not just at the level of the individual wallets or payment companies involved.

In terms of how this works in different countries around the world, what we find is that the American standard in regulations tends to be pretty strict, and that if we can build similar tools for verifying people's government IDs across the world in different places, and you can make a centralized investment in that and then have it apply in a number of places.

And I think that if we comply with America's laws on this, then we will largely be in compliance with most of what needs to happen around the world. There may be some specific things that need to be done differently in some places, but I think the technical complexity would probably be relatively similar.

Mr. RIGGLEMAN. Because I got the idea—we usually have prepared questions, but I am just riffing right now, because you talked about the renminbi, right, digitizing the renminbi, and we talked a little bit about the digital dollar. My question is this: When it comes to sort of anti-money-laundering or illicit trafficking, my background was in Follow the Money, do you believe—and again, this is a technical question, not a how far we can go into this—do you believe it is possible on the AML side that you can tag the attributes of the transaction on those attributes rather than the entity itself to see if there is any nefarious activity with that specific token? In other words, by not going into the privacy portions of this, can we actually track what is happening with that token and at that point maybe look at if that token is doing something wrong without sort of identifying what the user is or the owner of Libra is for that transaction?

Mr. ZUCKERBERG. Congressman, I think we likely will explore security measures like that. Just to analogize to another area of our work in kind of preventing nation-states from trying to interfere in the democratic process, that type of thing, of just looking at pat-

terns of activity that kind of clusters of accounts are making so we can build these AI systems that can find amongst the billions of people who are using our services when a group isn't behaving in a way that a human would, and then we can pass that along to the FBI or the relevant law enforcement to help figure out what the right action to take is.

That has certainly been one of the effective enforcement measures that you would be able to take. I would imagine that we will explore that here as well.

Mr. RIGGLEMAN. So it's possible to tag maybe a portion of the attributes of the transaction attributes rather than the people who actually bought the Libra currency token itself, or there is a basket for the currencies. I have 15 seconds left. Next week, we will be talking about IP geolocation.

I am excited about seeing how this goes along, but we are concerned based on AML and BSA, where you are going to go with this. But I thank you, and by the way, I just want to end with Tom Cruise. He will be playing me in "The Social Network 2."

I yield back.

Chairwoman WATERS. The gentleman from Illinois, Mr. Casten, is recognized for 5 minutes.

Mr. CASTEN. It is always a privilege to follow you, Mr. Cruise. [laughter]

Mr. CASTEN. Thank you, Madam Chairwoman.

And thank you, Mr. Zuckerberg.

I understand about a month ago, you had a meeting in the Oval Office with the President and several Senators from both parties. Is that correct?

Mr. ZUCKERBERG. That is correct.

Mr. CASTEN. Was there a note taker present at that meeting?

Mr. ZUCKERBERG. Congressman, I don't think that there were note takers at any of these meetings.

Mr. CASTEN. Okay. So you are not aware if there is any record of what was discussed at that meeting?

Mr. ZUCKERBERG. Congressman, I am not aware of any formal record.

Mr. CASTEN. Okay. Did you or did the President at that meeting raise or discuss the antitrust investigations that are underway at the Department of Justice, the Federal Trade Commission, or the various State attorneys general?

Mr. ZUCKERBERG. Congressman, I don't think so. But the meeting was private overall.

Mr. CASTEN. And I understand there was no record. I am asking whether the subject came up.

Mr. ZUCKERBERG. Congressman, those subjects didn't come up, but in general, I don't feel like it is appropriate for me to comment in too much detail on private conversations.

Mr. CASTEN. We are in a public office. Did anyone discuss the policy change allowing the exemption of political figures and parties from misinformation, that prohibition on Facebook, in the course of the meeting?

Mr. ZUCKERBERG. Congressman, no, that did not come up.

Mr. CASTEN. I want to dive into that in a little bit more detail, not in the context of your meeting. If I understand your testimony

here today, you have an aggressive posture against essentially allowing free speech, but blocking the speaker. For example, if Jenny McCarthy were to post something saying, don't get your kids vaccinated, would you take that down?

Mr. ZUCKERBERG. Congressman, I think we probably would not take that down, but it is hard for me to comment on a hypothetical without looking at the actual post and looking at all the—

Mr. CASTEN. So someone with a large platform who is spreading misinformation on your platform, you are saying you wouldn't take it down or you would? I thought you had earlier said that you would; it was only politicians you would limit that speech for?

Mr. ZUCKERBERG. Congressman, in general, our policy is not to ban people from posting things that are false. You can say something on your page if you want. If an independent fact-checker marks it as false, we will put a label on it that says that an independent fact-checker has marked it as false, and we will reduce the distribution and spread of it through the network.

Mr. CASTEN. Let me follow up on my colleague, Ms. Tlaib's, comment. You said that you were trying to police and block hate crimes and hate speech. If a member of the American Nazi Party posted horrible anti-Semitic messages on Facebook, would you block that?

Mr. ZUCKERBERG. Congressman, our policies against hate speech do lead to us taking down content completely. Misinformation—

Mr. CASTEN. Okay, so now let me follow up. In the last election, Art Jones ran against Dan Lipinski in Illinois, a neighboring district to mine. He was a member of the American Nazi Party. Would he be allowed to speak on your platform in a different fashion than a member of the Nazi Party who is not running for elected office?

Mr. ZUCKERBERG. Congressman, I am not familiar with who this person is.

Mr. CASTEN. I am asking the question of whether you can spread hate speech if you are an elected official or trying to be an elected official, that you would not be allowed to if you were not in that capacity?

Mr. ZUCKERBERG. Congressman, I think that depends on a bunch of specifics that I am not familiar with in this case, and can't answer to.

Mr. CASTEN. Well, that is rather shocking.

Mr. ZUCKERBERG. I can follow up—

Mr. CASTEN. I don't think that is a hard question, but fair enough. Look, it strikes me, and let me just ask you some totally hypothetical questions. You don't have to answer any of these, and frankly, I don't think you want to answer any of them.

Whether or not the First Amendment allows you to scream "fire" in a crowded theater is an open question that we all struggle with, and how you define that. Whether or not the Libra is a bank or a credit card or a credit rating system and what regulatory environment it sits under is a hard question.

You have the luxury and the privilege not to have to ask those questions and not to have to answer those questions. None of us on this side of the dais have that luxury. We have to figure that out. We have to sort that through.

And you are a smart guy. You are a well-meaning guy. I have tremendous admiration for what you have built. But I would re-

mind you of the wisdom of one of our great Supreme Court Justices, Louis Brandeis, who said, “The greatest dangers to liberty lurk in the insidious encroachment by men of zeal, well meaning but without understanding.”

One of my colleagues likes to ask everybody if they are a capitalist or a socialist. Justice Brandeis pointed out that when we have tremendous concentrations of power in our country, we only have three choices: we can allow that concentration of power to take over government, which is to embrace fascism; we can allow government to take over that concentration of power, which is to embrace communism; or we can embrace competition.

Your luxury, sir, your privilege comes from the fact that as a country, those of us on this side of the dais have always chosen door number three, and I hope you have the wisdom to appreciate that.

Thank you. I yield back.

Chairwoman WATERS. The gentleman from Minnesota, Mr. Emmer, is recognized for 5 minutes.

Mr. EMMER. Thank you, Madam Chairwoman.

Thank you, Mr. Zuckerberg, for being here and staying here throughout this entire process.

Since I have the opportunity to help close out this hearing, I think I can safely say that this is at least the second time you have testified before Congress where Members end up looking like they have invested absolutely no time learning about new technologies in order to responsibly question tech companies.

I think that is a fair takeaway from this hearing. Congress is nowhere close to catching up with some of the most basic changes happening in our society.

And I would like to thank the Republican leader of the Financial Services Committee for the recent opportunity to serve as the ranking member of the Financial Technology Task Force. In this new role, I look forward to working with my colleague, Representative Lynch, to foster a competitive environment in which American innovation can flourish. This includes cryptocurrency, blockchain networks, and every area of FinTech.

Mr. Zuckerberg, I have serious concerns about the structure of Libra and its establishment outside the United States. I also think it is incredibly important to distinguish Libra from cryptocurrency and truly decentralized open public networks. But what I am most concerned about is Congress and American regulators.

Unfortunately, my colleagues have offered several proposals in conjunction with this hearing that could have a tremendously harmful impact on innovation in the United States. A few of these provisions appear to apply to securities regulation beyond actual securities.

As co-Chair of the Blockchain Caucus, I frequently meet with entrepreneurs who try to follow the rules and never receive a clear answer from regulators that what they are doing is legal. It has not been clear whether innovators who play by the rules of the road will ever receive the assurances that the U.S. Government will not come after them. Clarity is incredibly necessary in securities law.

We can support open public networks, and we can do so in a non-partisan fashion. That is why I intend to introduce a bill that will

make it clear that as long as you register as a security, or comply with an exemption under existing law, you will not continue to have prosecution from a regulator hang over your head when that asset is publicly distributed and, in fact, is a commodity.

As lawmakers, it is our responsibility to explore all aspects of a platform like Libra that has the potential to impact so many and determine what, if any, laws should be passed to protect consumers while enabling businesses and the American economy to grow. If we don't lead in this area, others most certainly will.

I am encouraged by new opportunities to address this issue and approach these types of innovations with a curious and open mind. It presents an exciting opportunity for commerce and remittances here in the United States and globally.

We all understand that any new innovation presents risks. The Financial Stability Board just last week issued a detailed report of the various risks that should be considered when we look at something like Libra, the Libra platform that can be viewed as what is called a global stablecoin, or a potential global method of payment. These are serious risks that we, as lawmakers and as a committee, need to work through.

But let me repeat that. We need to work through them. We should look at these issues, these opportunities, and these risks intelligently with input from experts in each of these areas. But what we should not do is immediately assume we need to ban them. The legislation identified for discussion during today's hearing would do just that.

In your testimony, you present serious concerns with China's actions. I share this concern, but it should not come at the cost of even one single right of Americans, especially freedom of speech, assembly, and the right to due process. We can compete and excel beyond China not despite our freedoms, but because of them.

Mr. Zuckerberg, apart from private, closed-door meetings, and being called to testify, what has Facebook done to engage the entire crypto community to help Congress and the regulators understand all of the innovations in this space and why it should be supported domestically?

Mr. ZUCKERBERG. Thank you, Congressman. You are raising a number of important questions in here.

This is part of the reason why we helped start the independent Libra Association. This is clearly an area where it can't just be one company operating by itself and trying to stand up a system like this, and a number of the other companies and organizations that are part of the Libra Association are companies that have been involved in the crypto community and were building great crypto companies and products for many years before we got into the space.

I think some of them have come up here and talked to all of you about the work that they are doing, giving a diverse opinion on—I am representing my views on how I think that this can advance our economy and help lead to more financial inclusion and build good services for people. But I think over time, we will want more members of the Libra Association to—or whether we want them to or not, I think that they will be involved in helping to educate more folks as well.

Mr. EMMER. Thank you. I appreciate it, and I look forward to continuing the discussion.

Chairwoman WATERS. The gentlewoman from Massachusetts, Ms. Pressley, is recognized for 5 minutes.

Ms. PRESSLEY. Thank you, Madam Chairwoman.

I have always maintained that those closest to the pain should be closest to the power, driving and informing the policymaking. Now, one thing that is abundantly clear to me, Mr. Zuckerberg, is you are very close to the power, and that power is only growing.

Although there is disagreement about who really created Facebook, you ultimately secured near unilateral control of the company. In fact, because of your control of 90 percent of Facebook's Class B shares, even if all other shareholders were to vote the same way, any proposal you don't support would still fail. All of that to say, Mr. Zuckerberg, Libra is Facebook, and Facebook is you.

I know you understand the technological and business case for Libra. You have the stats, but I am not certain you know the stories and you understand the source of the pain that millions are experiencing, who are experiencing underbanking and credit invisibility.

Mr. Zuckerberg, yes or no, in your adult life, have you ever been underbanked? Yes or no?

Mr. ZUCKERBERG. I am going to go with, "no."

Ms. PRESSLEY. When I asked the head of Calibra about why people lacked bank accounts, he said he believed that "identity" is a big problem. Yes or no, do you agree that authentication is the major hurdle to accessing the financial system?

Mr. ZUCKERBERG. Congresswoman, I am not sure. I think it is probably different in different places around the world.

Ms. PRESSLEY. The same World Bank report cited in your Libra White Paper finds that almost two-thirds of 1.7 billion people who don't have bank accounts say it is because they lack enough money to open one. So, this is not about authentication. This is not about banking costs. This is about a tsunami of hurt that millions are experiencing because of a \$1.6 trillion student debt crisis, because of rising healthcare costs and people having to use GoFundMe pages to pay medical bills. This is because of the racial and gender wealth gap.

Again, you represent the power, but I don't think you understand the pain. There is underbanking because people are broke. And so, let me just ask you this question, yes or no, is it free to use the Calibra wallet?

Mr. ZUCKERBERG. Congresswoman, the Calibra wallet isn't a service that is available today. Assuming we are able to launch it, it will be free.

Ms. PRESSLEY. So, there is no fee?

Mr. ZUCKERBERG. Congresswoman, that is the goal is to make it so that—

Ms. PRESSLEY. So, there is no fee?

Mr. ZUCKERBERG. Congresswoman, the goal is to make it—

Ms. PRESSLEY. Okay. Moving on, so if it costs money to buy Libra and costs money to use the Calibra wallet, I fail to see how this

helps people with virtually no money. You are attempting to use technology to solve what is inherently an issue of wealth.

At the end of the day, you are a business. What is in the business interest for you here, and do you believe in what you are building?

Mr. ZUCKERBERG. Congresswoman, yes.

Ms. PRESSLEY. Yes or no, would you leave behind your children's inheritance in Libra? Do you believe in what you are building?

Mr. ZUCKERBERG. Yes, I do. And it is—

Ms. PRESSLEY. Would you leave behind your children's inheritance in Libra? I think it is a fair question because—

Mr. ZUCKERBERG. I think it is—

Ms. PRESSLEY. —you have proven that we cannot trust you with our emails, with our phone numbers. So, why should we trust you with our hard-earned money? If you can, answer yes or no, would you leave behind your children's inheritance in Libra?

Mr. ZUCKERBERG. Congresswoman, I would, because it will be backed one-to-one by other sovereign currency.

Ms. PRESSLEY. All right. Moving on, I am running out of time here.

Mr. Zuckerberg, your recent speech at Georgetown touched upon how you were affected by the start of the Iraq War when you were in college, and how, "If more people had a voice to share their experiences, maybe things would have gone differently."

Earlier this year, you announced that Jennifer Newstead would join Facebook as general counsel. Ms. Newstead was the Chief Deputy in the Office of Legal Policy at the Department of Justice, and in the fall of 2001 was the day-to-day manager of the PATRIOT Act in Congress, according to John Yoo, author of the "Torture Memos."

Ms. Newstead helped sell Congress on mass surveillance once already, and now she is advising you how to do it again. So, yes or no, is the PATRIOT Act reflective of your views on privacy and free speech? I have 10 seconds left; it is an easy, straightforward question. Is the PATRIOT Act reflective of your views on privacy and free speech?

Mr. ZUCKERBERG. Congresswoman, there is a lot in there, and no, I do not agree with all of it.

Ms. PRESSLEY. Mr. Zuckerberg, that is not what your hiring choices indicate, and Maya Angelou told us a long time ago that when people reveal to you who they are, believe them.

I yield back.

Chairwoman WATERS. The gentleman from Indiana, Mr. Hollingsworth, is recognized for 5 minutes.

Mr. HOLLINGSWORTH. Good afternoon, Mr. Zuckerberg. I appreciate you being here, and I appreciate your thoughtful answers to many of the questions that have been posed and the the effort that you have undertaken.

I actually do think you are really sympathetic to a lot of the plights around the world, including access to the financial system and some of the transaction costs associated with remitting money to individuals who may be far flung around the world. And I actually really do think that you care a lot about that, and I think your zeal and passion for mobilizing and harnessing technology to deliver better outcomes for a vast number of people is truly inspira-

tional. And I appreciate the effort that you and many other people at Facebook and other technologies undertake every single day to empower people to live better lives.

I wanted to ask in concert with that, I assume you and the others with you—and with Facebook in the Libra Association—have made conscientious choices about the architecture of the technology to reflect what you are trying to do and lower those transaction costs and help intermediation across financial services. I wonder if you might talk about the technology a little bit and talk about the choices that you have made and how that reflects your genuine desire for this to be a tool of empowerment, a tool of connection, not an investment or a security or something like that. I wonder if you might talk about that for a second?

Mr. ZUCKERBERG. Yes, thank you, Congressman.

You are right that I think that there is an opportunity to build a new financial infrastructure, maybe not completely from the ground up, but take out a lot of the cruft that has been built up over the years. Having something that—

Mr. HOLLINGSWORTH. Not that it is bad necessarily, what exists today, but it arose in an environment far different than what we have today?

Mr. ZUCKERBERG. That is right. I agree with that. And this is the way that all systems work.

Mr. HOLLINGSWORTH. Agreed.

Mr. ZUCKERBERG. You build something up, and then more requirements get placed on it over time. You build more things.

Mr. HOLLINGSWORTH. And technology advances enables us to jump over that, right?

Mr. ZUCKERBERG. Absolutely.

Mr. HOLLINGSWORTH. Right.

Mr. ZUCKERBERG. I just think that we are in a different state of technology today, where some of the advancements in blockchain and some of the things that can be done decentralized, and in some cases, the combination of decentralized and centralized systems, which we are able to try to help facilitate here with Calibra and as part of the Libra Association, I think just allow a lot of the costs and inefficiency to be taken out of the system.

I just think if you look at it today, you have your mobile phone. You have WhatsApp.

Mr. HOLLINGSWORTH. Right.

Mr. ZUCKERBERG. You can text someone around the world.

Mr. HOLLINGSWORTH. Right.

Mr. ZUCKERBERG. It is end-to-end encrypted. It gets there in less than a second, a lot less than a second.

Mr. HOLLINGSWORTH. Right.

Mr. ZUCKERBERG. It is easy to use. I just don't see why you shouldn't be able to send money in the same way. It should be able to get there quickly. It shouldn't take days to get there like current remittances do.

Mr. HOLLINGSWORTH. Right.

Mr. ZUCKERBERG. It should be free or extremely affordable. It may not be able to be completely free because we will have to comply with a lot of these regulations, and that will require people and work.

Mr. HOLLINGSWORTH. Right, right.

Mr. ZUCKERBERG. But just like the cost of text messages used to be very high before there was competition in that space, I think that the cost of money transfers should come down dramatically, too. And enabling that kind of competition and kind of a new way of thinking about the space is fundamentally what we are trying to go for.

Mr. HOLLINGSWORTH. And I think that is right, and at least what I have read about some of the choices that have been made in the architecture behind the technology that reflects that desire, right? As you articulated, pegged to a basket of currencies, to be stable, not to be volatile, right?

It is not truly a decentralized technology. It requires a central purpose. And I think that you have kind of built that architecture so that you can empower these individuals, and I think—look, it is really easy to talk about perhaps some of the demons that have been unleashed by technology, and it is really easy to forget the amazing advancements that we have been able to make as people, as humans, because of this technology. And I want this to reach more people around the world.

You already have a tremendous network with, I don't know, 2½ billion people connected to that network, right? The question is, what else can we connect to that network to make it not only more valuable for Facebook, not only more valuable for the association, but more valuable for each of those people?

And to Ms. Pressley's point, each of those people who have felt for a long time disempowered, feel like they operate in a separate global economy than perhaps the developed world, they operate in a separate financial services system than the developed world.

I believe in what you are trying to do, and I also take you at your word in saying that the goal is to comply. The goal is to get to the right outcome. The goal is to make a difference in people's lives.

Facebook has already done that, and the fact that it reflects some of society's ills is not necessarily Facebook's fault. I think that we should reflect really carefully on ensuring we have the right crucible for developing this technology over time, and I appreciate the effort that you have undertaken with regard to that already.

So, thank you for being here.

Mr. ZUCKERBERG. Thank you.

Chairwoman WATERS. The gentleman from Utah, Mr. McAdams, is recognized for 5 minutes.

Mr. McADAMS. Thank you, Madam Chairwoman.

Mr. Zuckerberg, in addition to my job as a Member of Congress, I hold the title, like you, of dad. I have 4 children, ages 8, 11, and 14-year-old twins. And keeping them safe, not just for them, but for the thousands of kids who live in my district, is what I want to talk to you about today.

Because the role online social networks play in the lives of our teenagers certainly causes me much stress and keeps me up at night. It is questions such as, who are my kids talking to online? Are they being groomed or exposed to illicit content? What does the exposure to what they see online mean for their physical and mental health development and their well-being?

And I am sure these are questions and concerns that most parents have. So, I want to discuss the role that Facebook and other online social networks can play in keeping our kids safe. And I echo the points made earlier by my Republican colleague, Mrs. Wagner.

A few weeks ago, the New York Times published a deeply troubling article on child sexual exploitation. The Times reported that technology companies, including Facebook, reported a record 45 million online photos and videos of child sexual abuse content last year. And Facebook specifically was responsible for the vast majority of reports of online sexual abuse materials, and thank you for your efforts to crack down on that.

But Facebook Messenger alone was responsible for 65 percent of the reports, with roughly 12 million out of 18.4 million worldwide reports. I know you are aware of that report. The report also noted that only halfway through the year, a specialized law enforcement team had conducted 150 raids across my State of Utah in response to internet crimes against children and that they expect to arrest twice as many people this year compared to last year for crimes related to child sexual abuse material.

This is clearly a problem in Utah, and a problem across our nation, and it isn't getting better. It is getting worse. Mr. Zuckerberg, yes or no, do you believe that online social media platforms such as Facebook have a role to play, even an obligation to ensure that their platforms are safe for our vulnerable populations, especially our children?

Mr. ZUCKERBERG. Congressman, absolutely, and we do a lot of work on this. As you pointed out, I think the reason why the vast majority come from—

Mr. MCADAMS. Yes, I saw your comments earlier to Mrs. Wagner to that effect, thank you.

Mr. ZUCKERBERG. —Facebook is because we work to find this stuff.

Mr. MCADAMS. And that is good to hear. Let us dig into the challenges on that, and the steps that Facebook is taking to ensure that our children remain protected.

Mr. Zuckerberg, according to reports, WhatsApp has more average monthly users than Facebook Messenger, 1.6 billion to 1.3 billion, respectively. But according to the New York Times report, Facebook Messenger reports roughly 65 percent of all sexual abuse reports, whereas, “The data show that WhatsApp, the company’s encrypted messaging app, submits only a small fraction of the reports that Messenger does.”

I am curious as to why WhatsApp, your more popular messaging app, reports only a fraction of the incidents that Facebook Messenger does. Yes or no, is it in part because WhatsApp is encrypted end-to-end, whereas Facebook Messenger is currently not?

Mr. ZUCKERBERG. Congressman, that is right. When the content is encrypted end-to-end, we can't actually see the content itself, so we have to do other measures to prevent bad connections between adults and minors.

Mr. MCADAMS. That makes sense, thank you.

Mr. Zuckerberg, earlier this year, you announced plans to move your Messenger app in the direction of WhatsApp by encrypting all

communications sent over that app end-to-end. And I know, of course, there is a delicate balance between privacy and child safety, but I don't think this is an either/or proposition. Facebook and other tech companies were founded with innovation at their core. I think we can have encryption and more secure messaging while still ensuring that we protect our children.

That technology can play a role in keeping our children safe, even if the app is encrypted. I see great value in encryption technology and more secure data transmission, but I know that it comes with some risks. I am concerned about the move of Facebook Messenger to end-to-end encryption with the cryptocurrency rocket fuel if we don't get it right and the repercussions that it may have on our ability to stop predators who take advantage of our children.

Seeing that my time is short, Mr. Zuckerberg, while I know that you are using some of your technologies to detect and delete explicit content, like AI, Facebook needs to be doing much more to protect our children. A move to encryption for Facebook Messenger will only proliferate the danger if not done correctly, all while giving you plausible deniability on what goes on on your platform.

You can and should prioritize child safety as you move forward with privacy safeguards, and I urge you to work with child safety experts before taking any steps that could put our children in danger—45 million photos and videos last year of child sexual abuse material. We must do better. Our children deserve nothing less.

Thank you.

Chairwoman WATERS. The gentlewoman from New York, Ms. Ocasio-Cortez, is recognized for 5 minutes.

Ms. OCASIO-CORTEZ. It is good to see you, Mr. Zuckerberg. I think you, of all people, can appreciate using a person's past behavior in order to determine, predict, or make decisions about future behavior. And in order for us to make decisions about Libra, I think we need to kind of dig into your past behavior and Facebook's past behavior with respect to our democracy.

Mr. Zuckerberg, what year and month did you personally first become aware of Cambridge Analytica?

Mr. ZUCKERBERG. I am not sure of the exact time, but it was probably around the time when it became public. I think it was around March of 2018. I could be wrong, though.

Ms. OCASIO-CORTEZ. When did Facebook COO Sheryl Sandberg become aware of Cambridge Analytica?

Mr. ZUCKERBERG. I don't know, off the top of my head.

Ms. OCASIO-CORTEZ. You don't know. Did anyone on your leadership team know about Cambridge Analytica prior to the initial report by the Guardian on December 11, 2015?

Mr. ZUCKERBERG. Congresswoman, I believe so, and that some folks were tracking it internally. I am actually—as you are asking this, I do think I was aware of Cambridge Analytica as an entity earlier. I just don't know if I was tracking how they were using Facebook specifically.

Ms. OCASIO-CORTEZ. When was the issue discussed with your board member, Peter Thiel?

Mr. ZUCKERBERG. Congresswoman, I don't know that, off the top of my head.

Ms. OCASIO-CORTEZ. You don't know. This was the largest data scandal with respect to your company that had catastrophic impacts on the 2016 election, and you don't know?

Mr. ZUCKERBERG. Congresswoman, I am sure we discussed it after we were aware of what happened.

Ms. OCASIO-CORTEZ. Okay. You announced recently that the official policy of Facebook now allows politicians to pay to spread disinformation in 2020 elections and in the future. I just want to know how far I can push this in the next year. Under your policy, using Census data as well, could I pay to target predominantly Black ZIP Codes and advertise the incorrect election date?

Mr. ZUCKERBERG. No, Congresswoman, you couldn't. We have even for these policies around the newsworthiness of content that politicians say and the general principle that I believe that—

Ms. OCASIO-CORTEZ. But you said that you are not going to fact-check my ads?

Mr. ZUCKERBERG. If anyone, including a politician, is saying things that are calling for violence or could risk imminent physical harm or voter or Census suppression, when we roll out the Census suppression policy, we will take that content down.

Ms. OCASIO-CORTEZ. So, there is some threshold where you will fact-check political advertisements. Is that what you are telling me?

Mr. ZUCKERBERG. Congresswoman, yes, for specific things, like that where there is imminent risk of harm.

Ms. OCASIO-CORTEZ. Could I run ads targeting Republicans in primaries, saying that they voted for the Green New Deal?

Mr. ZUCKERBERG. Sorry. Can you repeat that?

Ms. OCASIO-CORTEZ. Would I be able to run advertisements on Facebook targeting Republicans in primaries, saying that they voted for the Green New Deal? If you are not fact-checking political advertisements—I am just trying to understand the boundaries here, what is fair game.

Mr. ZUCKERBERG. Congresswoman, I don't know the answer to that off the top of my head.

Ms. OCASIO-CORTEZ. So you don't know if I will be able to do that?

Mr. ZUCKERBERG. I think you probably will be able to.

Ms. OCASIO-CORTEZ. Do you see a potential problem here with a complete lack of fact-checking on political advertisements?

Mr. ZUCKERBERG. Congresswoman, I think lying is bad, and I think if you were to run an ad that had a lie, that would be bad. That is different from it being, in our position, the right thing to do to prevent your constituents or people in an election from seeing that you had lied.

Ms. OCASIO-CORTEZ. So you won't take down lies, or you will take down lies? That one is just a pretty simple yes or no?

Mr. ZUCKERBERG. Congresswoman, in—

Ms. OCASIO-CORTEZ. I am not talking about spin. I am talking about actual disinformation.

Mr. ZUCKERBERG. Yes. In most cases, in a democracy, I believe that people should be able to see for themselves what politicians that they may or may not vote for are saying and—

Ms. OCASIO-CORTEZ. So you won't take them down?

Mr. ZUCKERBERG. —judge their character for themselves.

Ms. OCASIO-CORTEZ. So you may flag that it is wrong, but you won't take it down?

Mr. ZUCKERBERG. Congresswoman, it depends on the context that it shows up in—organic posts, ads, the treatment is a little different.

Ms. OCASIO-CORTEZ. One more question. In your ongoing dinner parties with far-right figures, some of whom advance the conspiracy theory that white supremacy is a hoax, did you discuss so-called social media bias against conservatives, and do you believe there is a bias?

Mr. ZUCKERBERG. Congresswoman, sorry, I don't remember everything that was in the question.

Ms. OCASIO-CORTEZ. That is all right. I will move on. Can you explain why you have named the Daily Caller, a publication well-documented with ties to white supremacists, as an official fact-checker for Facebook?

Mr. ZUCKERBERG. Congresswoman, sure. We actually don't appoint the independent fact-checkers. They go through an independent organization called the Independent Fact-Checking Network that has a rigorous standard for whom they allow to serve as a fact-checker.

Ms. OCASIO-CORTEZ. So you would say that white supremacist-tied publications meet a rigorous standard for fact-checking?

Thank you.

Mr. ZUCKERBERG. Congresswoman, I would say that we are not the one assessing that standard. The International Fact-Checking Network is the one who is setting that standard.

Chairwoman WATERS. Thank you. The gentlewoman from Virginia, Ms. Wexton, is recognized for 5 minutes.

Ms. WEXTON. Thank you, Madam Chairwoman, and thank you, Mr. Zuckerberg, for sticking around and answering all of our questions today. I know it has been a long day.

Just so I am clear on the difference between Libra and Calibra, Libra is a global coin or currency or a global payment system, as you called it in your earlier testimony. Is that correct?

Mr. ZUCKERBERG. Congresswoman, that is correct.

Ms. WEXTON. And it is going to be tied to a basket of commodities or currencies, and it is going to be backed by assets of the members of the Libra Association. Is that correct?

Mr. ZUCKERBERG. Congresswoman, that is the current thinking, although as we have discussed in testimony today—

Ms. WEXTON. The current plan. It is—

Mr. ZUCKERBERG. —there are other ways—

Ms. WEXTON. Right. It is still fluid. It is still a fluid thing. And it is going to be monitored and handled by the Libra Association, which is a not-for-profit entity, correct?

Mr. ZUCKERBERG. Congresswoman, the reserve for, I believe, repayment system will be handled by the independent Libra Association, that is correct.

Ms. WEXTON. And that is a not-for-profit, right?

Mr. ZUCKERBERG. That is correct.

Ms. WEXTON. You mentioned that several times in your testimony.

Mr. ZUCKERBERG. Yes.

Ms. WEXTON. Calibra is the digital wallet. It is where somebody is going to put their Libra. Correct?

Mr. ZUCKERBERG. Yes, Congresswoman. Calibra is our—

Ms. WEXTON. And that is a wholly owned subsidiary of Facebook. Correct?

Mr. ZUCKERBERG. That is correct.

Ms. WEXTON. Okay. And that Calibra is a for-profit entity, right?

Mr. ZUCKERBERG. That is correct.

Ms. WEXTON. Okay. I guess I am just kind of a little bit curious about how you are going to make your money, what the business model is. Do you anticipate that you are going to collect fees from vendors, much like a credit card processor, or are you going to mine data and use that to monetize the data that you get from people's purchases, or all of the above?

Mr. ZUCKERBERG. Congresswoman, we are not going to share payment information from Calibra to the rest of Facebook for personalizing services. There are just a small number of limited cases where we might have to share data if overall security or tax law requires it.

Ms. WEXTON. So, how are you going to make money?

Mr. ZUCKERBERG. The basic method here is through advertising overall. And the way that this is going to work—

Ms. WEXTON. So you will still use that data for advertising purposes?

Mr. ZUCKERBERG. Congresswoman, no, sorry. If you will give me a moment?

Ms. WEXTON. Actually, I am going to reclaim my time, because my time is about halfway up.

A couple of days ago, Facebook released its plan to protect the 2020 elections. I assume you are familiar with this document, "Helping to Protect the 2020 U.S. Elections?"

Mr. ZUCKERBERG. Yes.

Ms. WEXTON. Okay. The plan doesn't mention deepfakes, but it does talk about misinformation. I assume deepfakes would fall under this umbrella of misinformation, according to your plan here?

Mr. ZUCKERBERG. Congresswoman, they could, and we are also working on a separate deepfakes policy as well for when it would be appropriate to take that action. Yes.

Ms. WEXTON. Do you understand there is a difference between misinformation and disinformation? Are you aware of that, that there is a difference between those two concepts? Misinformation is false information that is spread, regardless of whether there is intent to mislead. Disinformation is deliberately misleading information, manipulated narrative, or propaganda.

Are you aware that there is a difference between those two concepts?

Mr. ZUCKERBERG. Congresswoman, yes.

Ms. WEXTON. Okay. But do you believe it is not your position to get into what the intent of any kind of poster is in putting that information out there?

Mr. ZUCKERBERG. Congresswoman, it is not that it is not our responsibility or that it is not good to take that into account. It is

just that it is much harder to determine intent at scale, and I gave this example—

Ms. WEXTON. Okay. And I have an example, actually. We all saw the manipulated video of Speaker Pelosi that was posted on Facebook and reposted by a number of other folks. That was obviously digitally manipulated content. Now, that came out before this policy started. So did it have a third-party independent review to determine whether it was manipulated or not?

Mr. ZUCKERBERG. Congresswoman, it did have a third-party fact-checker review it.

Ms. WEXTON. And how long did that fact-checking review take?

Mr. ZUCKERBERG. I don't know how long the review took, but there was an operational mistake on our side which took too long for us to flag it for a fact-checker to look at. So, once we had flagged it for the fact-checker—

Ms. WEXTON. Okay. And then once the information came out that that was an altered video and it was essentially a fake video, who made the decision to leave it up?

Mr. ZUCKERBERG. Congresswoman, our policy is that for misinformation, we don't—

Ms. WEXTON. I understand that that is the policy, but was there a recommendation that the video be taken down at any point in that process?

Mr. ZUCKERBERG. Congresswoman, the policy is fairly clear on how we should act with that.

Ms. WEXTON. Were you involved in making a decision about whether that video came down or whether it remained up?

Mr. ZUCKERBERG. Congresswoman, yes. And part of this was, okay, this is what our policy is now and recognizing that this example, among others, highlighted for us that we need a separate deepfake policy that may be different from how we treat ordinary misinformation. And that is what we are working on now. We have started by implementing this Deepfake Challenge to work on technical solutions for identifying deepfakes and figuring out what they are, and that is how we are proceeding on that.

Ms. WEXTON. You had me at "yes," Mr. Zuckerberg. Thanks.

Mr. SAN NICOLAS. [presiding]. The gentlewoman from Pennsylvania, Ms. Dean, is recognized for 5 minutes.

Ms. DEAN. Thank you, Mr. Chairman.

And thank you, Mr. Zuckerberg, for being here before our committee.

Mr. Zuckerberg, does Facebook do any business with Trump International Hotel here in Washington, D.C.?

Mr. ZUCKERBERG. Congresswoman, I do not know the answer to that.

Ms. DEAN. There have been public reports of enterprises and even governments doing business with Trump hotels to curry favor with the Administration. Do you think you could get us the answer to whether or not you have been doing any business, Facebook, your company, has been doing any business with the hotel?

Mr. ZUCKERBERG. Congresswoman, I will look into it with my team.

Ms. DEAN. And you will be able to get us data and information?

Mr. ZUCKERBERG. My team will follow up with you.

Ms. DEAN. Is there any chance that Facebook actually books blocks of rooms at Trump International Hotel and does not use them?

Mr. ZUCKERBERG. Congresswoman, I would be very surprised to hear if that were the case.

Ms. DEAN. Who in your company would be in charge of the people who would do such bookings?

Mr. ZUCKERBERG. Congresswoman, I am not even sure, because I would be very surprised if that were a thing that we would do. I am not sure what team would be in charge of a thing that I don't think we are doing.

Ms. DEAN. But you don't know? You have no idea?

Mr. ZUCKERBERG. Congresswoman, I have certainly never heard of anything like that happening. I will confirm it after this.

Ms. DEAN. But you don't know if Facebook has booked for any occasion a room or a block of rooms at Trump International Hotel?

Mr. ZUCKERBERG. Congresswoman, what I am saying is I am not aware of that. It is hard for me to sit here and know all of the things that our organization hasn't done.

Ms. DEAN. So to be clear, you don't have any knowledge of that?

Mr. ZUCKERBERG. That is correct.

Ms. DEAN. Even though what you are proposing here, Libra, will most likely be regulated by Congress and by this Trump Administration. Is that correct?

Mr. ZUCKERBERG. Congresswoman, that is correct.

Ms. DEAN. And we do know that enterprises and even foreign governments have booked rooms at Trump Hotel, and there is a real concern about currying favor with the Administration by doing business there. Do you worry about that, too?

Mr. ZUCKERBERG. Congresswoman, I have seen the stories, and I—

Ms. DEAN. Do you worry about that, too?

Mr. ZUCKERBERG. I understand the concern, yes.

Ms. DEAN. Do you share the concern?

Mr. ZUCKERBERG. Congresswoman, yes. If someone is trying to inappropriately curry favor, that is bad.

Ms. DEAN. I look forward to your sharing that information with this committee.

Let us move on to the role of trust. Federal Reserve Board Chairman Jerome Powell said Libra faces many serious concerns regarding privacy, money laundering, consumer protection, and financial security, trust. Before we move forward to Libra, why don't we look back on the issue of trust and you and Facebook?

As you know, from 2009 until 2011, there were many complaints against Facebook, and in 2011, you, Facebook, agreed to settle with the FTC regarding deceptive practices, at least 8 counts of wrongdoing, breaches of privacy. In 2012, the FTC accepted a final settlement with you, Facebook, because Facebook said you could keep your customers' information private and that you would agree to accept or require their expressed consent before sharing information.

Is that correct? That was your 2012 agreement?

Mr. ZUCKERBERG. Congresswoman, that sounds roughly correct.

Ms. DEAN. That was a consent decree with the Federal Government. You think that is roughly correct?

Mr. ZUCKERBERG. That sounds roughly correct.

Ms. DEAN. Did you live up to that?

Mr. ZUCKERBERG. Congresswoman, I think that is up to our regulator to decide. I think we have certainly made—

Ms. DEAN. Are you aware of your July settlement for a fine of \$5 billion?

Mr. ZUCKERBERG. Of course.

Ms. DEAN. You are aware?

Mr. ZUCKERBERG. Of course.

Ms. DEAN. From 2009 until this very year, while under a consent decree to clean up your credibility with your customers to protect their privacy, to protect them from deceptive practices, you failed to do that for 10 years. Am I correct?

Mr. ZUCKERBERG. Congresswoman, I wouldn't agree with that characterization.

Ms. DEAN. But you settled for \$5 billion in recognition of that failure. I will move on.

Given your history, why should Congress, regulators, and the public trust you to create what amounts to the world's largest bank, what really amounts to a shadow sovereign government? Why would we want you to do that?

Mr. ZUCKERBERG. Congresswoman, we are not creating a bank. We are helping an organization create a payment system, and I don't think that regulators—

Ms. DEAN. A payment system of shadow currency that really would operate more like a government. And I want to quote you, "In a lot of ways, Facebook is more like a government than a traditional company. We have this large community of people, and more than other technology companies, we are really setting policies."

More like a government, right? That is Facebook.

I see I have very little time left. I am going to end with an expression that my son taught me recently, that we earn credibility drop by drop, but we pour it away in buckets. I suggest and my hope is that Facebook will go back to earning credibility drop by drop from those very customers you profit from.

Thank you very much.

Mr. SAN NICOLAS. The gentlewoman from North Carolina, Ms. Adams, is recognized for 5 minutes.

Ms. ADAMS. Thank you very much, Mr. Chairman.

And thank you, Mr. Zuckerberg.

Today, my colleagues and I have asked a lot of questions about trust. You just heard one. Facebook is playing a game of catch-up to build user trust, especially among the African-American community in the United States. And according to a report produced for the Senate Intelligence Committee, the Russian influence campaign on social media in 2016 in that election made an extraordinary effort to target African Americans.

They used an array of tactics to try to suppress turnout among Democratic voters and unleashed a blizzard of activity on Instagram, which you also own, that rivaled or exceeded its posts on Facebook. And so the report states that no single group of

Americans was targeted by IRA information operatives more than African Americans.

As a Black woman who has fought my entire life against voter suppression efforts and tactics, I implore you to ensure your platform does not become a dark place for fringe elements to amplify hate, racism, and bigotry, or otherwise allow those that would wish to do harm to exploit the very real racial tensions that still exist in America today.

My question is specifically how will Facebook work to monitor the current platforms and Libra to ensure that you are not creating yet another avenue for bad actors and cyberterrorists who are currently using Facebook's platform to upend our national security, to exploit our cultural divisions, to suppress voter turnout, or otherwise interfere in our democratic systems?

Mr. ZUCKERBERG. Thank you, Congresswoman.

I will first address the elections point, and then I will talk about the approach that we are taking with Libra, if that is okay.

On elections, we were certainly, and unfortunately, on our back foot in 2016. And while we were looking for certain types of security threats like hacking and when we found that the Russian government was engaged in that, we identified folks like the FBI and the DNC, when we found that. But we weren't at the time looking for these kind of coordinated information operations.

Since then, we have now built very sophisticated systems to identify this kind of behavior that we believe are more sophisticated than what any other company is doing and, frankly, a lot of governments. This Monday, we proactively identified on our own a new and sophisticated set of attacks coming from Russia and Iran, which while that shows that these governments are still trying to engage in this kind of election interference, it also, I hope, will give us some confidence that we can now more proactively identify these threats and nip them in the bud.

On Libra—do you want me to address Libra or—

Ms. ADAMS. Quickly, because I have another question.

Mr. ZUCKERBERG. Okay. I think that we are aware over the last few years where we have had a number of challenges that we are now to—a lot of what we do is too kind of central to the democratic process and to society for us to just kind of go off on our own and come up with what we think the answer is and show up and launch it.

That is why with Libra, what we are doing is we launched a—we wrote a White Paper, co-wrote this White Paper in order to invite this conversation because we knew that this is very sensitive. There are a lot of issues that we need to work through, and we wanted to do so in an open way and—

Ms. ADAMS. Let me stop you there, if you don't mind. I want to ask you another question. I will send it to you in writing, too. But with the recent settlement on the employment discrimination charges, the current lawsuit by HUD for international discrimination and evidence indicating Facebook and its various algorithms are still intentionally discriminating based on race. So why should Members of Congress or regulators or the public trust that Facebook would not intentionally discriminate in its offerings with Libra? How can we trust that?

Mr. ZUCKERBERG. Congresswoman, on principle, that is not something that we would ever want to do or would be in our interest to do. But this is also why there is regulation.

I think part of the challenge right now that internet companies and particularly us face is that there is not sufficient regulation in a number of areas where we operate. I think we need Federal privacy legislation. I think we need data portability legislation. I think clearer rules on elections-related content would be helpful, too, because it is not clear to me that we want private companies making so many decisions on these important areas by themselves.

Ms. ADAMS. On the algorithm biases on your platform, how will you address them?

Mr. ZUCKERBERG. As part of the settlement that we made with the NFHA and civil rights groups, we have agreed to study this in depth. The first thing that we need to figure out is what the right way to study it is, because right now, we actually don't know the race and ethnic background of people in our community, and it is not clear that people want us to track that.

So I think we need to figure out the right way to do this research so we can understand if there is any disparate impact and how to mitigate it.

Ms. ADAMS. I am out of time. Thank you very much.

Mr. SAN NICOLAS. The gentleman from Illinois, Mr. Garcia, is recognized for 5 minutes.

Mr. GARCIA OF ILLINOIS. Thank you, Mr. Chairman, and thank you, Mr. Zuckerberg, for being here today.

When your representative from Facebook Libra was here a little over a month ago, Mr. Marcus, I heard three really positive things about Libra. One, that it is a nonprofit organization and one of the aims of creating this project includes banking the unbanked or the underbanked. And two, creating a more stable system for transferring money. As an immigrant, I appreciate all of those things.

You have said that Libra and Calibra will follow Federal laws and regulations. However, you have not been clear on which laws and regulations apply to your project. For example, you told Mr. Perlmutter earlier today that you were not seeking a bank charter.

If you could answer yes or no, should Libra be regulated as a bank?

Mr. ZUCKERBERG. Congressman, I don't believe so.

Mr. GARCIA OF ILLINOIS. Yes or no?

Mr. ZUCKERBERG. I don't believe so. Libra is a payment system, not a bank.

Mr. GARCIA OF ILLINOIS. So, that is a, "no." In addition, questions have been raised about whether or not U.S. securities laws apply to a stablecoin like Libra. Another yes-or-no question, should Libra be regulated by the Securities and Exchange Commission (SEC)?

Mr. ZUCKERBERG. Congressman, my understanding is that the SEC is currently discussing this. We believe that it is not a security—

Mr. GARCIA OF ILLINOIS. Do you think that you ought to be regulated by the SEC, yes or no?

Mr. ZUCKERBERG. Certainly, they get to decide whether they believe that it is a security—

Mr. GARCIA OF ILLINOIS. Okay. You won't answer the question. Mr. Zuckerberg, you are unable to give clear answers about which laws should apply to your project, which is concerning to me, given your advertising monopoly and your corporate power. Whenever we have blurred the lines between commerce and banking in this country, we have run into problems.

That is why I am introducing the Keep Big Tech Out of Finance Act today. I don't think that we can trust you. In 2012, the FTC caught you breaking the law, told you not to do it again, and then you did it again. You did not give a deposition to the FTC as part of that investigation. The FTC's Associate Director of Enforcement has said that if you had testified under oath, it would have opened up, "a huge amount of litigation outside of the FTC."

Maybe that helps us understand the \$5 billion payment. It is concerning that as part of the FTC settlement, you and other Facebook executives were absolved of personal responsibility for all the wrongdoing during the covered period.

Mr. Zuckerberg, you have unilateral control over Facebook, with nearly 60 percent of the voting shares. As other colleagues have mentioned, Facebook acts as a de facto government with you at the helm. You are not accountable even to your shareholders on your board. And throughout the day, we have heard how you evaded accountability even when the government has attempted to hold Facebook accountable for its violations.

Facebook's reach and power is now so significant that former U.N. Ambassador Samantha Power recently pointed out that Facebook is worth more than 137 countries in the United Nations. Mr. Zuckerberg, how much wealth and power is too much for a single private corporation, and how much wealth and power is too much for you?

Mr. ZUCKERBERG. Congressman, I think you may misunderstand my motive. I am certainly not doing this because I am trying to make more money. I have committed that I am going to give 99 percent of the Facebook shares away during my life to philanthropic causes through the Chan Zuckerberg Initiative with my wife. So, making money is certainly not my main motive here.

I am trying to use the position that I have to do things that I think are going to make the world better, and they are going to improve people's lives. And I would hope that that is what you would want me to do. We are in a unique position.

Mr. GARCIA OF ILLINOIS. Thank you for your answer.

Let me just say this. From all that I have heard in the last month plus coming into this hearing and your testimonies this morning, this afternoon, I think that Facebook has acquired too much power, it has become too big, and we should seriously consider breaking it up.

Thank you. I yield back, Mr. Chairman.

Mr. SAN NICOLAS. The gentlewoman from Texas, Ms. Garcia, is recognized for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Mr. Chairman, and thank you, Mr. Zuckerberg, for sticking with us. And you are coming close to the end, and I had a lot of the questions on my list that others have asked. So I will do follow-up on several of those.

I want to just start by picking up on something my colleague from Illinois has asked, Mr. Garcia. Do you agree that Libra is a stablecoin?

Mr. ZUCKERBERG. Congresswoman, I think you—

Ms. GARCIA OF TEXAS. Yes or no would be fine.

Mr. ZUCKERBERG. I think you could characterize it as a stablecoin.

Ms. GARCIA OF TEXAS. It is a stablecoin?

Mr. ZUCKERBERG. I think so.

Ms. GARCIA OF TEXAS. Okay. Well, we can agree on that. Again, following up on Representatives Maloney and Foster, who asked you about anonymous wallets, do you think they should be allowed to exist on the Libra network?

Mr. ZUCKERBERG. Congresswoman, I think that there are some competing equities here, and I think allowing some amount of that to exist could facilitate the goal of financial inclusion. But I also understand that that increases some risk.

Ms. GARCIA OF TEXAS. The risks are high, and I think that you were asked that question from one of my colleagues on the other side of the aisle in terms of compliance with anti-money-laundering laws. And of course, it is a huge concern, and like Mr. Vice Chairman, I, too, traveled with the chairwoman abroad, and we did talk to Germany, who has now said that they will bar you from their country.

We talked to Qatar. We talked to Cyprus. And they all shared the same concerns and have suggested that they, too, may bar you from their countries. I think France has already decided to do that.

You may be right. This may not work. And I am concerned that I don't hear a firm commitment from you to work on some of these issues because this is a national security risk. We cannot afford to have terrorists. We cannot afford to have money laundering made easier by the app that you have or the Libra network that would make it much easier for them to access.

While I think your goal of the unbanked is laudable, I just think that it will not be them who use it. I agree with my colleague, Ms. Pressley.

Moving on, do you think that you will be able or the association will be able to really work a ratio that is one-to-one that will ensure that it will always be stable?

Mr. ZUCKERBERG. Congresswoman, I think so. That certainly will be the default if someone buys a—

Ms. GARCIA OF TEXAS. Because this is not the full faith and credit of the U.S. that we are talking about. We are talking about a mix in the basket of potentially euros and yens and dollars, and those fluctuate. So the impact is not only to this country, but to many other countries. Do you have any idea how they actually plan to manage that?

Mr. ZUCKERBERG. Congresswoman, that will be up to the Libra Association to manage. That is not under my control, but that will be regulated by—

Ms. GARCIA OF TEXAS. But Mr. Marcus is under your control?

Mr. ZUCKERBERG. I am not sure I would say that. But he works for me.

Ms. GARCIA OF TEXAS. He works for you.

[laughter]

Ms. GARCIA OF TEXAS. He works for you, and he chairs the board, does he not, or he is a member of the board?

Mr. ZUCKERBERG. Sorry, can you repeat that?

Ms. GARCIA OF TEXAS. He works for you, and then he, in turn, is part of the association, is on the board. So that is a big voice that you have on the board. Even though you have been very careful of calling it an independent association, I am suspect of that.

Mr. ZUCKERBERG. Congresswoman, both things can be true. David runs the Calibra subsidiary for Facebook. He is a member of Facebook's executive team. He is also our delegate and a board member, but only one of the board members of the independent Libra Association.

Ms. GARCIA OF TEXAS. Who is the Chair of the board of the association? Is it not Mr. Marcus?

Mr. ZUCKERBERG. Congresswoman, I actually am not sure if the Libra Association board has a Chair.

Ms. GARCIA OF TEXAS. Most boards are governed by an executive committee or a Chair. Otherwise, it is just a bunch of people in the room having coffee and reading a board agenda. I would be surprised by that.

Mr. ZUCKERBERG. Congresswoman, I don't know the answer to that.

Ms. GARCIA OF TEXAS. But let us just go ahead and move on. Now you responded with Ms. Porter, we talked about the number of lawyers. The 60 that was mentioned, are those lobbyists here in D.C. working for you?

Mr. ZUCKERBERG. Congresswoman, I am not sure what you are referring to.

Ms. GARCIA OF TEXAS. Ms. Porter, my colleague who sat right behind me, asked you about the lawyers, and she referred to some litigation that you are involved with in terms of the liability issues. Well, then, I will ask you, how many lobbyists do you have here working for you?

Mr. ZUCKERBERG. Congresswoman, I don't know the answer off the top of my head.

Ms. GARCIA OF TEXAS. You don't know how many lawyers you have working for you here in D.C.?

Mr. ZUCKERBERG. No, Congresswoman, I do not know the breakdown of our exact office here.

Ms. GARCIA OF TEXAS. Have you ever worked with them to try to get the Federal Reserve to have a digital dollar?

Mr. ZUCKERBERG. Congresswoman, my understanding is we have certainly talked to the Federal Reserve about a number of things, as they are one of the key stakeholders here.

Ms. GARCIA OF TEXAS. It seems to me that if you want to help the unbanked and do all these great things—

[Gavel sounding.]

Ms. GARCIA OF TEXAS. —that you would work in an approach that would include the U.S. Government. What better partner could you have?

Mr. SAN NICOLAS. The gentleman from Minnesota, Mr. Phillips, is recognized for 5 minutes.

Mr. PHILLIPS. Thank you, Mr. Chairman, and welcome, Mr. Zuckerberg. When you get to me, you are almost at the end. So, congratulations. And I am one who celebrates innovation and innovators and, frankly, wish we had more of both here in our Congress.

Have you read the book, “Future Shock,” Alvin Toffler’s 1970 book about—

Mr. ZUCKERBERG. Congressman, I have seen it, and I actually have a copy, but I have not read it yet.

Mr. PHILLIPS. It is a long one, but I recommend it. Toffler defines future shock as, “too much change in too short a period of time.” And I think it is fair to say that regulation certainly has to play catch-up to our tech revolution, and that is in no small part why we are here today.

I have a number of questions for you. In 2017, Congress released a trove of political ads found on Facebook by agents acting on behalf of the Russian government. Now, you have acknowledged that some of those ads were paid for with Russian rubles. Is that correct?

Mr. ZUCKERBERG. Congressman, that is correct. In 2016 and in general, we were on our back foot and behind what we needed to be doing to prevent election interference, and since then, we have built very sophisticated tools and have played a role in defending against foreign election interference in more than 200 elections around the world.

So, I have some confidence that our systems are in a much better state today on that.

Mr. PHILLIPS. Okay. But at that time, you were certainly aware that Federal law prohibited foreign nationals from spending money to influence a Federal election, correct?

Mr. ZUCKERBERG. Sorry. Could you repeat that?

Mr. PHILLIPS. At that time, Facebook was aware that Federal law precluded foreign nationals from spending money to influence a United States election?

Mr. ZUCKERBERG. Congressman, I am sure our legal team was aware of that, but we didn’t at the time vet a government ID of every person buying an ad. Today, one of the measures that we have taken to strengthen our protections against election interference is to require a government ID, and for an advertiser to prove their location if they want to run political ads or issue ads across our system.

Mr. PHILLIPS. Which I celebrate, by the way. In fact, we are about to vote on something called the SHIELD Act here in the House. One of my bills is in it, the Firewall Act, which would make sure that foreign money would not be allowed to buy online political ads in our country.

Let us move the conversation to Libra. Will Facebook accept Libra as payment for advertisements on its site?

Mr. ZUCKERBERG. Congressman, I imagine if the project proceeds to that stage, that we would do that. But we haven’t developed our full set of policies around where exactly it is going to hook into different parts of our system. The priority right now is to help the Libra Association and make sure that Calibra, as a subsidiary, can

design systems that can comply with all of the U.S. regulations and secure regulatory approval.

Mr. PHILLIPS. Okay. But so you understand what will be kind of a collective concern, which is if you can use Libra to buy ads on Facebook and you can be anonymous essentially in so doing, the potential challenge that we face then relative to our electoral law?

Mr. ZUCKERBERG. Congressman, I can assure you that we are not going to allow any weakness to enter into the system that requires verification of people's government IDs for buying political ads.

Mr. PHILLIPS. Okay. And on the subject of verification, as Twitter has verified accounts, has Facebook—I would love to hear your thoughts on whether Facebook has considered or would even consider verifying its users so that in transactions, especially as we consider what will be a revolutionary initiative in the form of Calibra and Libra, to ensure that accounts are verifiable? And if not, why not?

Mr. ZUCKERBERG. Congressman, this is an area where I think we are going to do a lot more in the years to come. We started with political ads and political discourse running large pages because that is some of the most sensitive content. But I do think that what you are talking about is going to be a trend in the development of our systems over the coming years where for anything that people are doing that has sensitivity, we are likely going to increasingly require verification, either by government ID or other things, so we can have a clear sense of people's authentic identity.

There are costs to doing that. Not only does it introduce friction, but I think there are some kind of equities to balance in terms of whether people broadly are going to want Facebook to be verifying that many people's identities.

But I think in general, to balance the safety and security questions, going in that direction for more use cases likely is the right thing to do.

Mr. PHILLIPS. Would it be a competitive advantage or disadvantage for Facebook to ensure all of its users are verified?

Mr. ZUCKERBERG. Congressman, I doubt we will ever get to the place where every single person is verified, but I think it could cut both ways strategically. Certainly, if people have verified identities, that creates a culture of authenticity and helps us with security across the platform. On the flip side, that is imposing a lot of constraints and friction on people who are just trying to use a service in the way that they would on a day-to-day basis.

Mr. PHILLIPS. I thank you, and I yield back.

Mr. SAN NICOLAS. The gentleman from Texas, Mr. Gonzalez, is recognized for 5 minutes.

Mr. GONZALEZ OF TEXAS. Thank you, Mr. Zuckerberg, for being here. And if you are lucky, I may be the last person to ask you a few questions.

I know earlier, you mentioned Facebook is working harder to protect our 2020 elections. However, we also have a major event in our country, which is the 2020 Census that is coming up, and the 2020 Census is particularly important to our country. It is important to my district, which has been undercounted historically.

We had a Supreme Court case where the Court agreed to not allow the question to be asked, the citizenship question to be asked

in the 2020 Census. My question is, if an ad were to be run on Facebook that was stating that if immigrants participate in the Census, their information will be turned over to ICE, which is a false statement, would you allow such information to remain on the platform if offered by a politician or an ordinary citizen?

Mr. ZUCKERBERG. Congressman, I am not sure I caught the specific example, but let me answer the principle level and then—

Mr. GONZALEZ OF TEXAS. The question is, if an ad says that if immigrants participate in the Census, their information will be shared with ICE, which is a false statement, would you take this ad down, or would you allow it to stay on the platform if an ordinary citizen or a politician posted this?

Mr. ZUCKERBERG. Okay. Congressman, where we are right now is we have in place a voter suppression policy, and we are working on finalizing that to extend that to a Census suppression policy as well.

Mr. GONZALEZ OF TEXAS. This isn't voter suppression.

Mr. ZUCKERBERG. I agree. I'm sorry, I am trying to answer your question. Where we are extending the current set of policies that we have around voter suppression to a new Census suppression policy, too. We recognize that this is important and rises to a level above normal hoaxes or misinformation where we would allow someone to post it, but we would just mark it as potentially marked false by independent fact-checkers. For voter suppression information, we actually take it down, and we will do the same thing for Census suppression information.

We are currently working on finalizing the specifics around what that policy will be, and I would expect that we will roll it out in the coming weeks. Before that, it is somewhat hard for me to answer any specific questions or hypotheticals about whether content would or would not be included in that.

But this policy is coming. We take it seriously. I agree that this is extremely important.

Mr. GONZALEZ OF TEXAS. It is really egregious, and we are really concerned, and we are going to be watching out for this. So are you saying that this is something that you guys are searching for, or would it have to be reported to you that, hey, this might be something that is improper, take it down. Or do you have a system in place, are you working on a system in place to not only take it down when it is reported, but actually search and destroy this type of negative and improper information that is inseminated on Facebook?

Mr. ZUCKERBERG. Congressman, thank you for the question.

In general, for our content moderation, it is a combination of AI and technical systems that can do proactive scanning, and then a combination of that and human review.

What we found is for the state-of-the-art, you want both. You want to use computers and AI to do what computers are best for, which is basically looking at a lot of things and making very quick judgments, and you want to use people for what people can uniquely do, which is making nuanced judgments and often judging linguistic variation between things that are important for some of these policies.

Mr. GONZALEZ OF TEXAS. It just seems with the vast resources that Facebook has, and the importance for our national security to have a proper count of the people in our country, that we would expect you to be more proactive. I think Facebook has been a major success, as you know, and I think its continued success will depend on what happens in 2020 because we will be watching.

We really enjoy it. I enjoy your platform. I think you have done amazing things for this country and around the world, but we really want you to be responsible, especially when it comes to national politics and national issues like the Census. And we think Facebook has a responsibility to do so, and I hope that you can follow through on this. We will be watching.

Thank you very much.

Mr. ZUCKERBERG. Thank you. I certainly care about this a lot.

Mr. SAN NICOLAS. Now that we have exhausted all of our Members present, I recognize the ranking member for 5 minutes for a closing statement.

Mr. McHenry?

Mr. MCHENRY. Thank you for your testimony, Mr. Zuckerberg.

Clocking in at just over 6 hours, this is not a brief hearing. We have covered, I think, the full range of topics for the fullness of your corporation, and so, frankly, I am not sure that we have learned anything new here as policymakers on Capitol Hill. We covered a lot of topics, but my fear is that we still don't have a deeper understanding of how Libra will work, how it might further financial inclusion, or this question of cross-border movement of value, of money, or how it may expand access to financial services for the Americans who need it most. We don't have clarity about that.

And as I said earlier, I have my own real concerns about Facebook and, quite frankly, many of the big tech companies, and that is why I said at the beginning of this hearing that you are here to represent not just your company, but Silicon Valley and the biggest of technology companies.

We have had an opportunity for our Members to express many of what I view as valid concerns about the pitfalls emerging from new technologies, particularly on the privacy front, and you have heard it from both sides of the aisle in terms of privacy and the work that you acknowledge that Facebook needs to continue to do to regain that trust that your users expect.

And as well as opportunity for members to express, quite frankly, their anger at the commonalities of the digital age. Some of that fear is rightly directed at Facebook, sure, but not all of it. And again, there are real concerns about the digital age and about big tech.

But make no mistake, for those of us here as policymakers, I think we should have a common understanding that innovation is coming, with us here in Washington, D.C., or in the United States or without us, because there is a very competitive environment we have around the globe with enormous competition. You can just look at a couple of examples dealing with the Chinese repression of free speech that gives us great pause as Americans, and that regime using technology, sophisticated technology to repress people's

freedoms as a disturbing sign of what big technology could do and could bring to bear on unwitting people.

So I think it is important that we encourage responsible innovation here in the United States. I think it is important that we create regulatory certainty so that we can have innovation occur here, especially when it comes to digital currencies and new ways of transmitting monies. But I think we need to ensure, as policymakers on both sides of the aisle, that we embrace that next wave of innovation and embrace it in a more fulsome way.

And in closing, I would like to submit for the record, Mr. Chairman, a letter dated from just a few days ago from Senator Rounds, the distinguished Senator from South Dakota, to Anchorage Trust, expressing concern that innovation in this country is falling behind the rest of the world. I think he outlines in a very solid way that we need to have some regulatory certainty in order to foster this innovation.

With that, Mr. Zuckerberg, thank you for your testimony, and I yield back the balance of my time.

Mr. SAN NICOLAS. Thank you.

Without objection, it is so ordered.

Mr. Zuckerberg, I want to thank you, on behalf of the committee, for making the time to be here today. I would also like to thank your shareholders. I think your time is incredibly valuable. I don't quite know how many millions of dollars your shareholders had to lose today for you to be able to spend these 6-plus hours here with us, but I wanted to thank you and I would like to thank them for you making the effort to be here today.

It is a heroic effort. It has been a very long hearing. But as we have commonly heard, with great power comes great responsibility. And as the head of perhaps the largest communications network globally, when you talk about interactions and likes and comments and shares and photos and all of the different ways that your platform touches people, that is a tremendous amount of power that also comes with a tremendous amount of responsibility.

One of the amazing things about this Congress is that we have 441 Members, to include our Territories, and that brings to the table perspectives from throughout the country, from the great State of North Carolina all the way to the Territory of Guam in the middle of the Pacific Ocean.

And when you have some common themes of concern and hesitation and questions that kind of sound similar across this country, that is a responsibility that you have, given the power that you wield with the awesome enterprise that you run in this country.

And so, on behalf of the American people, I think it is important that we factor in the concerns of basing this Libra operation in Switzerland, outside of the legal ability of the United States to be able to so exercise and so regulate. I think that it is important for us to firmly consider that our concerns aren't just limited to the United States of America, but our responsibility as the reserve currency of the world to make sure that we are looking out for the overall currency impacts that a third-party currency might so present.

And with that, I think that it is very important for us to be able to reflect on those things not just as a body, but the Libra Association in general and Facebook and yourself in particular.

And with that, I recognize our chairwoman, Chairwoman Waters. Chairwoman WATERS. Thank you very much.

Mr. Zuckerberg, I would like to thank you for coming today. When we talked about the possibility of this meeting, I indicated that it may be uncomfortable for you, but I also indicated that I am sure that you would know how to handle it. So, I hope you have learned today just how many concerns and questions Members of Congress and the public have, and not just with the Libra project.

Facebook's diversity failures include an abysmal record of hiring and promoting people of color and women, contracting with diverse suppliers, and investing in diverse asset managers. And it appears that the Libra Association's board diversity numbers are following Facebook's example.

Facebook has failed to follow our fair housing laws, and has inherently discriminatory algorithms. Facebook has repeatedly failed to protect consumer data. Facebook is serving as the vehicle for misinformation campaigns and election interference by malicious state actors, and Facebook is looking to leverage its massive size and economic power to now dominate the global financial system.

Regarding the Libra project, we heard concerns ranging from your failure to unequivocally prevent anonymous use, which means sex traffickers and child pornographers and other bad actors can finance their nefarious activities. We also heard repeatedly that this project poses a systemic threat to the U.S. and global economy, and I hope that you have heard these concerns and that you will heed our warnings.

And I think there is a lot more discussion to be done about the way that you have framed your concerns about freedom of speech and the fact that politicians are isolated in your concerns about freedom of speech and that you are opening up the opportunity for not only attacks that not necessarily, I guess, would be tolerated if you were doing some fact-checking and that suppression. I am very concerned about suppressing the vote.

I am pleased that you have information that you shared with us about a civil rights audit that is going to be done because they are going to tell you a lot about how politicians initiate the kind of voter suppression. It is not simply that we are concerned about voter suppression by others, other than campaigns. It is not that we are only concerned about governments that are involved in voter suppression. We are concerned about Democrats versus Republicans, Republicans versus Democrats, Independents versus Republicans, Independents versus Democrats, et cetera, et cetera, et cetera.

This is serious stuff, and we have been the victims of it for far too many years, exercised in the most creative ways that you could imagine. So, when you talk about opening up this so-called free speech opportunity, I want you to know that I can envision certain elected officials with billions of dollars who can buy as many ads as they need to buy, and would take out those ads to suppress voters in very creative ways.

With that, I yield back the balance of my time, if I have any.

Mr. SAN NICOLAS. Thank you, Madam Chairwoman.

The Chair notes that some Members may have additional questions for this witness, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to this witness and to place his responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

This hearing is adjourned.

[Whereupon, at 4:12 p.m., the hearing was adjourned.]

A P P E N D I X

October 23, 2019

HEARING BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES

October 23, 2019

Testimony of Mark Zuckerberg
Founder, Chairman and Chief Executive Officer, Facebook

I. Introduction

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, thank you for the opportunity to testify today.

There are more than a billion people around the world who don't have access to a bank account, but could through mobile phones if the right system existed. This includes 14 million people here in the US. Being shut out of the financial system has real consequences for people's lives—and it's often the most disadvantaged people who pay the highest price.

People pay far too high a cost—and have to wait far too long—to send money home to their families abroad. The current system is failing them. The financial industry is stagnant and there is no digital financial architecture to support the innovation we need. I believe this problem can be solved, and Libra can help.

The idea behind Libra is that sending money should be as easy and secure as sending a text message. Libra will be a global payments system, fully backed by a reserve of cash and other highly liquid assets.

I believe this is something that needs to get built, but I understand we're not the ideal messenger right now. We've faced a lot of issues over the past few years, and I'm sure people wish it was anyone but Facebook putting this idea forward.

But there's a reason we care about this. Facebook is about putting power in people's hands. Our services give people voice to express what matters to them, and to build businesses that create opportunity. Giving people control of their money is important too. A simple, secure, and stable way to transfer money is empowering. Over the long term, if it means more people transact on our platforms, that would be good for our business. But even if it doesn't, it could help people everywhere.

Before we move forward, there are important risks that need to be addressed. There are questions about financial stability, fighting terrorism, and more. I'm here today to discuss those risks and how we plan to address them.

But I also hope we can talk about the risks of not innovating. While we debate these issues, the rest of the world isn't waiting. China is moving quickly to launch similar ideas in the coming months. Libra will be backed mostly by dollars and I believe it will extend America's financial leadership as well as our democratic values and oversight around the world. If America doesn't innovate, our financial leadership is not guaranteed.

We co-wrote a white paper to put this idea out into the world and start a conversation with regulators, experts, and governments. Today's hearing is an important part of that process. What we're discussing today is too important for any single company to do on its own.

That's why we helped found the Libra Association—a coalition of 21 companies and non-profits working to give everyone access to financial tools. But even though the Libra Association is independent and we don't control it, I want to be clear: Facebook will not be part of launching the Libra payments system anywhere in the world until US regulators approve.

Last time I testified before Congress I talked about taking a broader view of our responsibility. That includes making sure our services are used for good and preventing harm.

People shouldn't be discriminated against on any of our services. We have policies in place to prevent hate speech and remove harmful content. But discrimination can also show up in how ads are targeted and shown. As part of a settlement with civil rights groups, we've banned advertisers from using age, gender, or zip codes to target housing, employment, or credit opportunities, and we've limited interest-based targeting for these ads. This is part of our commitment to support civil rights and prevent discrimination.

I also know we need more diverse perspectives in our company. Diversity leads to better decisions and better services for our community. We've made diversity a priority in hiring, and we've made a commitment: within five years, we want at least 50% of our workforce to be women, people of color, and other underrepresented groups.

We've made some progress. There are more people of color, women in technical and business roles, and underrepresented people in leadership at Facebook. But I know we still have a long way to go.

This has been a challenging few years for Facebook. I recognize we play an important role in our society, and we have unique responsibilities. I feel blessed to be in a position where we can make a difference in people's lives, and, for as long as we're here, I'm committed to using our position to push for big ideas that we believe can empower people.

II. The Libra Project

The Libra project is about promoting financial inclusion through a safe, low-cost, and efficient way of sending and receiving payments around the world. Research shows that access to financial services can help people lift themselves out of poverty, and it is especially important for women in developing economies. We believe this is a problem that can be solved, and we want to be part of that solution.

Libra is one potential approach, and we're proud to have helped found a 21-member coalition of companies and social impact organizations that have now committed to moving forward with this idea. Establishing this broad-based coalition is a positive step, and I welcome the conversation that Libra has sparked. But by design, we don't expect to be leading those efforts going forward. The Libra Association has been created, has a governance structure in place, and will be driving the project from now on.

At Facebook, we're also exploring other ways of giving more people access to financial services, for example by lowering remittance costs through our existing platforms. We recognize that other organizations are working on this challenge too, and we support that.

We will continue talking to regulators about our efforts. We understand that whatever approach we take to promote financial inclusion must address regulatory concerns, including money laundering and terrorism financing, sanctions, and potential currency disruption and systemic risk. I know that the Libra Association is mindful of those things as it proceeds, and at Facebook, we're focused on those concerns as we explore what we can do as a company to address financial inclusion. We also understand the importance of being transparent about our efforts.

I recognize that some have expressed concerns about the Libra project and Facebook's role in it. I want to talk briefly about how we are working to address the concerns we've heard.

First, we've heard that people are concerned that we are moving too fast. As we have said from the beginning, we're committed to taking the time to get this right. We co-wrote a white paper to begin a dialogue with experts and the regulators and policymakers who oversee the stability and security of our financial systems. It was never intended to be the final word on the project. The goal was to signal the direction we want to go and to start a conversation about how to get there. That conversation is ongoing, and we will continue to advocate for responsible innovation in this space.

Second, some have suggested that we intend to circumvent regulators and regulations. We want to be clear: Facebook will not be a part of launching the Libra payments system anywhere in the world unless all US regulators approve it. And we support Libra delaying its launch until it has fully addressed US regulatory concerns.

We have met with regulators in 30 different jurisdictions. The Association has been focused on regulators and other stakeholders, but Association members—including Calibra, Facebook's Libra-related subsidiary—are also talking with elected officials, including many here in Congress. This is how democratic oversight and scrutiny should work.

When it comes to Calibra, I know some people wonder whether we can be trusted to build payment services that protect consumers. We recognize our responsibility to provide people with all the protections they expect when they are sending and receiving payments online. We already do this across our services. For example, every day, people buy products through Instagram Shopping, which helps businesses of all sizes show customers things they might be interested in. People purchase goods from each other on Facebook Marketplace and send money to friends and family through Messenger.

Facebook is committed to strong consumer protections for the financial information we receive, and I want to be clear about how we handle that information:

- We do not sell people's data.
- We do not use people's data to make decisions about lending, or to create credit reports.
- We do not share information with third parties for lending or credit decisions.

- We use information about transactions that happen on our products to improve our services, including advertising. However, we do not use people's payment account information itself for advertising purposes.

Payments processed through Facebook's licensed payments subsidiaries are subject to comprehensive anti-money laundering, counterterrorist financing, and sanctions monitoring that leverage both our automated systems and human review, and we report suspicious payments activity to applicable authorities consistent with our regulatory obligations. We also have policies in place to prevent fraud.

We're committed to building similarly robust compliance systems for the Calibra app, as well as strong consumer protections, customer support, and password recovery. Automated tools will proactively monitor activity to detect fraudulent behavior, and Calibra plans to refund any unauthorized transactions.

I also recognize that there are concerns about our access to people's financial data if they use Calibra. We set up Calibra as a regulated subsidiary, so that there is clear separation between Facebook's social data and Calibra's financial data. Calibra will not share customers' account information or financial data with Facebook, except to prevent fraud or criminal activity, when people affirmatively choose to share their data, or when we are legally obligated to do so.

Finally, there's the question of whether Libra is intended to replace sovereign currency, and whether it's appropriate for private companies to be involved in this kind of innovation. I want to be clear: this is not an attempt to create a sovereign currency. Like existing online payment systems, it's a way for people to transfer money.

Monetary policy is the province of central banks, not Libra. The Libra Association has no intention of competing with any sovereign currencies or entering the monetary policy arena. It will work with the Federal Reserve and other central banks responsible for monetary policy to make sure that is the case. We expect the regulatory framework for the Libra Association will ensure that the Association cannot interfere with monetary policy. Libra is also being designed with economic security and stability in mind, and it will be fully backed through the Libra Reserve.

We also believe Libra presents an opportunity to strengthen the fight against financial crimes like money laundering and terrorism financing. A lot of illicit activities are funded through cash. A digital payments system with regulated on- and off-ramps and proper know your customer practices is easier to secure, and law enforcement and regulators can conduct their own analysis of on-chain activity.

I hope we can find a way to move forward in this area, because we believe responsible innovation like Libra can give more people access to the financial tools that many of us take for granted.

A digital payments system is going to be important in the future. If America doesn't lead on this, others will. Foreign companies or countries may act without the same regulatory oversight or commitment to transparency that we have. We're already seeing how companies with very different values are restricting people based on their beliefs. There's no guarantee that services which support democracy and fundamental rights around expression will win out.

More broadly, we're in a time when our industry and our company in particular are under increased scrutiny. Technology is playing a greater role in our lives and our society, and we've made mistakes. But if healthy skepticism becomes all-out hostility, we'll put a lot of progress at risk—not just in the world, where American tech companies have an opportunity to champion American values, but also closer to home. Six million Americans work in the internet sector. Last year, our industry invested over \$60 billion, helping to drive research and innovation in this country. The internet sector makes up 10.1% of US GDP. And we operate services that create a lot of value in people's lives.

Those jobs, that investment, and that innovation didn't happen by accident. They're the result of our willingness to try new things—even if they're difficult, and even if they don't always work. I understand people have concerns about Libra. But I think it would be bad for our country and the world if companies were discouraged from taking on challenges like these, and settled for safer options that reinforce the status quo. That would harm our national reputation for innovation, make our economy less competitive, and end up concentrating more power in the hands of existing players rather than people.

III. Combating Discrimination

While we believe in innovation, we also recognize that we have a responsibility to ensure that the products and services we build are used for good. For example, people shouldn't be discriminated against on Facebook.

A. Preventing Discrimination in Ads

Advertisers on Facebook are able to choose to show their ads to people who may be interested in specific topics. This is an important part of how our platform democratizes advertising. If you run a small business, you can show your ads to people who are more likely to be interested in them—for example, people who are interested in the specific products or services you offer.

Our policies have long prohibited discrimination, but we have made significant changes to our ads platform to further prevent advertisers from misusing our tools to discriminate in their ad targeting.

Earlier this year, we announced changes in how we manage housing, employment, and credit ads on our platform. This was part of historic settlement agreements with civil rights organizations like the National Fair Housing Alliance and based on ongoing input from civil rights experts. Advertisers who want to post ads on these subjects now have to go through a special ads purchasing process that does not permit targeting by age, gender, or zip code. We've limited the interest-based categories available to advertisers in this special ads purchasing process to a small number of broad-based interest categories that don't relate to protected class features. And we are giving people the ability to search for and view all current housing ads in the US by advertiser, regardless of who the ads are shown to. We're committed to going beyond the settlement agreements to let people search US employment and credit ads on Facebook too.

We have more to do here. But we are proud of these recent efforts and the message they send about Facebook's commitment to civil rights and to protecting our users from potential discrimination. The National Fair Housing Alliance has noted that the changes we are making “position ... Facebook to be a pacesetter and a leader on civil rights issues in the tech field.”

B. Our Civil Rights Audit

Advertising is only one way that people interact with our platform, which is why we also work to make sure our policies are fair and unbiased. Our engagement with civil rights leader Laura Murphy’s ongoing civil rights audit of our company speaks to that commitment.

In response to feedback we have received, we’ve made a number of changes, including:

- Creating and formalizing a Civil Rights Task Force, which meets monthly for the purpose of surfacing, discussing, and addressing civil rights issues.
- Extending our longstanding ban on white supremacy to include white nationalism and white separatism.
- Working to prevent misinformation and interference in both upcoming elections and the 2020 Census.
- Combating voter suppression by updating our policies and taking steps to become more proactive. For instance, during the 2018 US midterm elections, our team found and removed more than 45,000 instances of voter suppression content designed to discourage people from voting. We proactively identified more than 90% of this content before it was reported to Facebook.

IV. **Our Commitment to Diversity**

We know that we need a diverse set of perspectives from our workforce. That is why we make diversity a priority in hiring. We have a lot of work to do, but we are committed to our goal of having a company where in the next five years, at least 50% of our workforce is comprised of women, people of color, and other underrepresented groups.

We value diversity at Facebook because it leads to better decisions, better products, and better culture. It also ensures that the products we build reflect the community of people around the world who use them.

When it comes to hiring, we have a diverse slate approach. This ensures that recruiters present qualified candidates from underrepresented groups to hiring managers looking to fill open roles. We’ve seen steady increases in hiring rates for underrepresented people since we started testing this approach in 2015.

Today, there are more people of diverse backgrounds and experiences, more people of color, more women in both technical and business roles, and more underrepresented people in leadership at Facebook. We’ve achieved higher representation of women in leadership by focusing on hiring and growing female leaders within the company. Over the last several years, the majority of new female leaders were internally promoted. Last year, we spent over 400 million dollars on certified diverse suppliers—a 73% increase from 2017. Thirty-four percent of those suppliers are women-owned, and 70% are minority-owned.

As part of our efforts, we’ve worked to build strong relationships with organizations that support people of color and women. We have partnerships with organizations like CodePath.org, the United Negro College Fund, and historically black colleges and universities. We run an internship

program, Facebook University, for students from underrepresented communities, and the Facebook Summer Academy, for high school students from Menlo Park, East Palo Alto, and San Francisco. Our investments in K-12 education initiatives may not show up in hiring statistics for many years, but we are committed to giving more people from underrepresented groups the skills and experiences they need to find a career in technology.

I'm the first to acknowledge that we still have a lot of work to do. We aren't where we need to be on diversity, particularly at the leadership level. It took us too long to focus on diversity in a rigorous way and, as a result, the improvements we have made haven't moved the needle as much as we would like. But we are committed to this, and we will work hard to get to where we know we need to be. If we can do that, Facebook will be a stronger company and better able to advance our mission and live up to the responsibility that comes with it.

V. Conclusion

This has been a challenging few years for Facebook. We understand we have a lot to do to live up to people's expectations on issues like privacy and security. We know that companies like Facebook have become a part of people's everyday lives, and that comes with immense responsibilities and a lot of very difficult judgments. We don't think we should be tackling these issues alone, which is why I've called for a more active role for governments and regulators on harmful content, protecting elections, privacy, and data portability.

I know we have a lot to do, but I also know that the problem of financial under-inclusion is solvable, and I believe that we can play a role in helping to find the solution. I hope that today I can answer some of your questions.

The Leadership Conference
on Civil and Human Rights

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20036

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www.civilrights.org



October 21, 2019

Mr. Mark Zuckerberg
Chief Executive Officer
Facebook
1 Hacker Way
Menlo Park, CA 94025

Dear Mr. Zuckerberg,

Our organizations have engaged with your company in good faith for many years, urging you to take concrete steps to protect civil rights and address all facets of potential discrimination on your platform. We recognize that Facebook has made some progress in certain areas. Nonetheless, we write today because our trust in the company is sorely broken. Despite years of dialogue and a partially complete civil rights audit, Facebook continues to act with reckless disregard for civil rights. Instead, the company repeatedly develops and releases products and policies that cause serious harm – outcomes that could have been avoided, if only the company would proactively consider protection of civil rights as a fundamental obligation as serious as any other goal of the company.

Your meetings with conservative stakeholders have been well documented. We are deeply disappointed that you have not extended the same courtesy to the civil rights leaders whose communities are harmed by your policies and products. We would like to meet with you to discuss the concerns outlined in this letter. Your response in this critical moment will demonstrate your commitment to civil rights and will inform how we will engage with Facebook in the future.

For years, Facebook refused to acknowledge civil and human rights violations on its platform. Today, even if Facebook acknowledges such problems exist, it refuses to accept responsibility. As a result, it has taken years of advocacy, and in some cases, litigation, to pressure the company into beginning to better protect civil rights. For example:

- **Discriminatory Advertising** – Facebook continued to permit housing, employment, and credit advertisement discrimination on its platform, even after in-depth reporting uncovered the problem.¹ Only sustained advocacy, federal lawsuits, and a legal settlement stopped the practice.² Meanwhile, research shows that it is likely Facebook continues to use algorithms that deliver advertisements in a discriminatory fashion even if advertisers do not engage in any discriminatory ad targeting.³ These algorithms, which

¹ <https://www.propublica.org/article/facebook-advertising-discrimination-housing-race-sex-national-origin>

² <https://nationalfairhousing.org/wp-content/uploads/2019/03/3.18.2019-Joint-Statement-FINAL-1.pdf>

³ <https://arxiv.org/abs/1904.02095>

Officers
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AAJC

Policy and Enforcement
Committee Chair
Michael Eisenstein
Anti-Defamation League
President & CEO
Verna Gupta



are not transparent, pose significant concerns for equal access to housing, credit, and employment.

- **White Nationalism/Supremacy** – Civil rights advocates have had to invest considerable resources to persuade Facebook to make even the most modest changes to its content policy. Despite years of advocacy, Facebook has failed to stop white nationalists from using event pages to target, intimidate, or harass people based on their race, religion, or other parts of their identity. Furthermore, it took years of intense advocacy for Facebook to recognize that white nationalism and white separatism should be treated the same as white supremacy under Facebook’s content policies. Even more shocking, recent policy changes only prevent *praise* of white nationalists or white supremacists, failing in any way to meaningfully address white nationalist or white supremacist content. Finally, transparency about enforcement of these policies is still woefully inadequate.
- **Voter and Census Suppression** – Facebook did not safeguard its platform against Russian interference in our elections, which exploited racial division and attempted to suppress voting by people of color.⁴ Only after it was implicated in the 2016 election did your company begin to take steps to address foreign interference in American elections and census disinformation. And yet, sabotaging your own efforts, Facebook recently announced that it would automatically deem speech from politicians to be newsworthy, even when it violated the company’s Community Standards; exempt politician-created content from its fact-checking program – permitting anyone running for office to post or purchase ads with falsehoods; and exempt content deemed to be “opinion” from its misinformation rules.⁵ Politicians should not get a blank check to lie, incite, spread hate, or oppress groups of people. Politicians are historically responsible for perpetuating discrimination and erecting barriers to voter participation, while autocrats throughout history have relied on mass media to rise to power and subjugate minority communities.⁶ That is why no responsible outlet would run an advertisement they knew to be false.⁷ And although Facebook was well aware that civil rights experts were deeply concerned about the new policies because of their potential to give politicians’ free rein to spread misinformation and racially divisive content for electoral gain,⁸ your company released the new rules, with little explanation about how they would be implemented and without even consulting civil rights experts.

While several positive changes have resulted from the civil rights audit that Facebook committed to in the spring of 2018, the audit was immediately tainted by the announcement of a companion conservative bias audit, falsely equating the seriousness of discrimination and bigotry on the platform with baseless

⁴ <https://www.npr.org/2019/10/08/768319934/senate-report-russians-used-used-social-media-mostly-to-target-race-in-2016>

⁵ <https://www.wsj.com/articles/facebook-to-create-fact-checking-exemptions-for-opinion-and-satire-11569875314?emci=63859a8d-f9e5-e911-b5e9-2818784d6d68&emdi=072a9142-66e9-e911-b5e9-2818784d6d68&ccid=6576465&shareToken=st42949223d1864006a80c4558c6c26d7c>

⁶ <https://www.washingtonpost.com/news/democracy-post/wp/2017/05/25/venezuelas-propaganda-state-is-collapsing-under-its-own-weight/>

⁷ <https://www.washingtonpost.com/arts-entertainment/2019/10/03/cnn-wont-run-two-trump-campaign-ads-citing-demonstrably-false-claims/>

⁸ <https://www.politico.com/magazine/story/2019/10/11/facebook-threatens-elections-again-229844>



accusations regarding anti conservative bias. Facebook treated civil rights as a partisan issue, when, in fact, protecting rights should be a matter of values. Facebook continues to position itself as equally friendly to those who advocate for civil rights and to those whose political agenda is to undermine those very same rights.⁹ Facebook has engaged in shady tactics to undermine its critics, foment anti-Semitism, and validate right-wing conspiracy theories.¹⁰ In addition, the company has promoted anti-Muslim bigotry, recently livestreamed the slaughter of 50 Muslim worshippers at a mosque, and according to the UN, contributed to the genocide of the Rohingya.¹¹ Transparency, especially surrounding advertising and the use of personal data, continues to be a significant problem.¹²

With the latest policy changes and the significant loopholes for suppressive content they contain, Facebook is signaling it would rather coddle the powerful and privileged agents of voter and census suppression at the expense of our democracy. Thus, despite grand promises on many fronts, we are left with no guarantee that Facebook can prevent any new product or policy from threatening civil and human rights. Given the potential for large scale civil rights violations in the form of voter and census suppression and manipulation (and the hateful incitement these changes will enable), important first steps would be, at a minimum, to reinstate fact-checking for organic and paid content by politicians and to revise the newsworthiness policy to require quarantine, demotion, and labelling of content that violates Community Standards but has overriding public interest.

But to remedy these problems at a structural level, Facebook must:

- Eliminate the ability to discriminate unfairly in targeting for education, insurance, healthcare, and public accommodations advertisements; increase transparency for Facebook's ad delivery systems so that any discriminatory impacts can be identified and rectified; and preserve the ability for advertisers – especially employers – to engage in affirmative outreach to underrepresented communities, as required by federal law.
- Publicly name, hire, and staff an office of civil rights that will review and test all new products and policies. The office must be led by a C-Suite level officer responsible for, and with extensive expertise in, civil rights.
- Install an independent and permanent civil rights ombudsman office that reports directly to the Board of Directors.
- Diversify the Board of Directors and include candidates with civil rights expertise.
- Increase the data regularly released as part of Facebook's transparency report and significantly improve the ability of researchers to study the impact of Facebook's policies and products.

⁹ For example, Facebook appointed former Senator Jon Kyl to lead the anti-conservative bias review and ignored his anti-civil rights record, the fact that he has made incendiary and discriminatory remarks against Muslims, and that he voted for a constitutional amendment to ban same sex marriage. See:

https://d11gn0ip9m46ig.cloudfront.net/images/LCCR_COC_Letter_to_Facebook_11_28_18.pdf.

¹⁰ <https://www.nytimes.com/2018/11/29/technology/george-soros-facebook-sheryl-sandberg.html>

¹¹ <https://www.reuters.com/article/us-myanmar-rohingya-facebook/u-n-investigators-cite-facebook-role-in-myanmar-crisis-jdUSKCN1GO2PN>

¹² https://www.vice.com/en_us/article/qv7z7p/shady-political-ads-are-pouring-into-facebook-we-still-cant-track-them; <https://www.nytimes.com/2019/09/29/technology/facebook-disinformation.html>.

October 21, 2019
Page 4 of 5



- Make a commitment that association with hate groups, white nationalist groups, and other movements organizing against the rights of vulnerable communities is disqualifying for all consultants and employees.
- Create a publicly accountable plan to address the fostering of hate, including white nationalism and white supremacy across all areas of Facebook (including in private groups), while ensuring no one is penalized by abuse of these policies through strong due process protections and transparency.
- Increase the diversity of employment in all jobs and track and insist on achievement of diversity goals at the highest levels of the company so that vulnerable communities are part of the creation and implementation of online products.

Finally, in order to avoid harming people in ways that could be avoided, we urge Facebook to thoroughly test new products and policies by consulting with civil rights experts and thoroughly vetting products and policies internally for civil rights injuries *before* they are released. Prevention of harm, not damage and after-the-fact repair, must be your goal. We urge you not to let reckless policies unravel the modest progress that your company has made. We look forward to your response to these pressing concerns.

Sincerely,

The Leadership Conference on Civil and Human Rights
9to5, National Association of Working Women
American Association of People with Disabilities
American Federation of Teachers
Americans for Financial Reform Education Fund
Andrew Goodman Foundation
Arab American Institute
Asian Americans Advancing Justice | AAJC
Asian Pacific American Labor Alliance
Bend the Arc: Jewish Action
Center for Popular Democracy
Center on Privacy & Technology at Georgetown Law
Clearinghouse on Women's Issues
Coalition on Human Needs
Color Of Change
Common Cause
Community Change/Action
Demand Progress Education Fund
Demos
Feminist Majority
Lawyers' Committee for Civil Rights Under Law
MALDEF
Media Mobilizing Project
Muslim Advocates
Muslim Public Affairs Council



NAACP
NAACP Legal Defense and Educational Fund, Inc.
National Action Network
National Association of Social Workers
National Fair Housing Alliance
National Hispanic Media Coalition
National LGBTQ Task Force
National Organization for Women
National Organization for Women Foundation
National Partnership for Women & Families
National Urban League
OCA - Asian Pacific American Advocates
Open MIC (Open Media and Information Companies Initiative)
Ranking Digital Rights
Sikh American Legal Defense and Education Fund
South Asian Americans Leading Together (SAALT)
Southern Poverty Law Center
TASH
The Human Rights Campaign
The Sikh Coalition
United Church of Christ, OC Inc.



United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

October 11, 2019

Re: *An Examination of Facebook and Its Impact on the Financial Services and Housing Sectors*

Dear Chairwoman Waters, Ranking Member McHenry, and members of the Committee:

Consumer Reports¹ thanks the Committee for calling a hearing to examine Facebook and its impact on the financial services and housing sectors. We write today to share our ongoing concerns with Facebook and the Libra project, concerns which we first shared in a letter to this Committee in July (attached).

Facebook has repeatedly abused consumer trust, and shown itself unable to meaningfully police itself. The historic settlement with the FTC does not change this.

Facebook is an untrustworthy actor. The company's repeated betrayals of consumer trust make clear that nobody can rely on its assurances about how its products and services will impact consumers or the marketplace. While it is true that Facebook settled with the Federal Trade Commission for \$5 billion, it is not enough to make a difference and is unlikely to change the company's behavior. The fine is a small fraction of Facebook's annual revenues. When news of the settlement broke on July 12, the company's stock valuation immediately rose about \$10 billion — double the cost of the fine.² The settlement does not place any new restrictions on how Facebook can collect or use data going forward.

¹ Consumer Reports is an expert, independent, non-profit organization whose mission is to work for a fair, just, and safe marketplace for all consumers and to empower consumers to protect themselves. Consumer Reports works for pro-consumer policies in the areas of financial services and marketplace practices, antitrust and competition policy, privacy and data security, food and product safety, telecommunications and technology, travel, and other consumer issues in Washington, DC, in the states, and in the marketplace. Consumer Reports is the world's largest independent product-testing organization, using its dozens of labs, auto test center, and survey research department to rate thousands of products and services annually. Founded in 1936, Consumer Reports has over 6 million members and publishes its magazine, website, and other publications.

² Justin Brookman, *Facebook fine reveals Congress has set up FTC to fail*, <https://thehill.com/opinion/cybersecurity/456049-facebook-fine-reveals-congress-has-set-up-ftc-to-fail>

Facebook’s consumer protection claims for Calibra and claims about Libra’s benefits are hollow.

Facebook has put forward the Calibra wallet as the means by which consumers will store and transact their Libra currency.³ Calibra CEO David Marcus ran Facebook’s Messenger from 2014 until 2018.⁴ Facebook currently offers peer-to-peer payments (P2P) through its Messenger service. In a 2018 investigation of peer-to-peer payment services,⁵ Consumer Reports found that providers, including Facebook, were not doing enough to ensure consumers who experienced problems, such as sending money to the wrong person or getting scammed, got appropriate help.⁶ Facebook has not changed its practices since our investigation. Facebook’s Community Payment Terms, dated July 10, 2019, state:

P2P use is at your sole risk and we assume no responsibility for the underlying transaction of funds, or the actions or identity of any transfer recipient or sender. Disputes regarding funds are between you and the sender of a payment.⁷

In his written testimony to the Committee in July, Calibra CEO David Marcus, gave only vague assurances about Calibra’s practices:

State financial regulators will regulate Calibra as a money transmitter, and the Federal Trade Commission and the Consumer Financial Protection Bureau will monitor for consumer protection and data privacy and security issues.⁸

The Calibra website describes Libra as a cryptocurrency, and the Calibra wallet as a place “to save, send or spend” Libra.⁹ It is not clear that federal and state laws would apply to Calibra and Libra in the way that Mr. Marcus described. State money transmitter laws lack the types of protections found in federal law. And while federal law limits consumer losses for unauthorized transfers¹⁰ and outlines the process by which consumers can get their money back in the event of fraud or error,¹¹ the Consumer Financial Protection Bureau has to date declined to opine on whether those legal protections apply to cryptocurrency wallets.¹² Similarly, there is no federal

³ <https://calibra.com/>

⁴ <https://www.linkedin.com/in/dmarcus/>

⁵ <https://www.consumerreports.org/digital-payments/mobile-p2p-payment-services-review/>

⁶

<https://www.consumerreports.org/digital-payments/peer-to-peer-payments-are-generally-safe-but-consumers-must-be-aware-of-risks/>

⁷ https://www.facebook.com/payments_terms

⁸ <https://financialservices.house.gov/uploadedfiles/hrg-116-ba00-wstate-marcusd-20190717.pdf>

⁹ “How It Works” <https://calibra.com/>

¹⁰ 12 CFR § 1005.6

¹¹ 12 CFR § 1005.11

¹²

<https://www.federalregister.gov/documents/2017/04/25/2017-08341/prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth-in-lending-act>

deposit insurance for cryptocurrency. Cryptocurrency scams¹³ and fraud¹⁴ are rampant, and hacking of wallets and exchanges, where virtual currencies are stored, is common.¹⁵

The Calibra website promises “built-in fraud protections” and that in “the rare event of fraud, you will receive a full refund.”¹⁶ In the absence of a coherent legal framework for cryptocurrency and in the presence of repeated hacking and fraud of cryptocurrency, a pledge to repay consumers “in the rare event of fraud” is not enough. Moreover, the Libra currency will exist independently of Calibra, so any promises Facebook makes are irrelevant to the larger ecosystem. Consumers need strong protections under law, and those either do not exist or are in doubt at present. Without meaningful protections under law, consumer funds entrusted to Calibra are at risk of total loss.

In its Libra whitepaper, Facebook positions Libra as an “instant” and “low-cost” way to move money.¹⁷ It is useful to remember that many of the problems that Facebook proposes to resolve with its Libra currency can be solved through more traditional means, including through support for the Federal Reserve’s proposal to build the FedNow faster payments system.¹⁸ For example, the Libra whitepaper claims that Libra will increase financial inclusion, and the Libra Association continues to make these claims without evidence to support it.¹⁹ Research by the Federal Reserve shows that blockchain alone - on which Libra is built - is “unlikely to significantly reduce the share of unbanked consumers in the United States.”²⁰ While it theoretically possible that Facebook could charge lower fees for fund transfers as compared to existing money transfer services, neither Libra nor Calibra solve the problem of getting cash -- which most un- and under-banked consumers rely on -- into or out of the Libra system. According to the Libra whitepaper, consumers will use exchanges to trade their local currency for Libra.²¹ Established exchanges in the United States, such as Coinbase, do not have cash-in options; consumers

¹³ Olivia Solon, *Bitcoin, titcoin, ponziCoin: jokes and scams fuel a cryptocurrency gold rush*, The Guardian (Feb. 2, 2018),

<https://www.theguardian.com/technology/2018/feb/02/bitcoin-bananaCoin-prodeum-cryptocurrencies>.

¹⁴ Shane Shifflett and Coulter Jones, *Buyer Beware: Hundreds of Bitcoin Wannabes Show Hallmarks of Fraud*, A Wall Street Journal analysis of 1,450 cryptocurrency offerings reveals rampant plagiarism, identity theft and promises of improbable returns, (May 17, 2018), <https://www.wsj.com/articles/buyer-beware-hundreds-of-bitcoin-wannabes-show-hallmarks-of-fraud-1526573115>.

¹⁵ Kate Rooney, *\$1.1 billion in cryptocurrency has been stolen this year, and it was apparently easy to do*, CNBC (June 7, 2018), <https://www.cnbc.com/2018/06/07/1-point-1b-in-cryptocurrency-was-stolen-this-year-and-it-was-easy-to-do.html>.

¹⁶ Under “How It Works” click on “Protected,” <https://calibra.com/>

¹⁷ https://libra.org/en-US/wp-content/uploads/sites/23/2019/06/LibraWhitePaper_en_US.pdf

¹⁸ <https://www.federalreserve.gov/newsevents/pressreleases/files/other20190805a1.pdf>

¹⁹ The Libra Association website states: “*Libra is a global, digitally native, reserve-backed cryptocurrency built on the foundation of blockchain technology. People will be able to send, receive, spend, and secure their money, enabling a more inclusive global financial system.*”

https://libra.org/en-US/vision/#how_it_works

²⁰ <https://www.kansascityfed.org/~media/files/publicat/econrev/econrevarchive/2017/3q17manifmarsh.pdf>

²¹ From the Libra whitepaper: “*Libra is designed to be a stable digital cryptocurrency that will be fully backed by a reserve of real assets — the Libra Reserve — and supported by a competitive network of exchanges buying and selling Libra.*” <https://libra.org/en-US/white-paper/#the-libra-currency-and-reserve>

acquire cryptocurrency using a credit or debit card.²² Exchanges themselves are not without risk, and problems with them, including unpredictable prices, are well-documented.²³ It takes credulity to believe that Calibra and Libra will be improvements on existing options for consumers.

The United States lacks a legal framework for cryptocurrency and digital assets, and nothing has changed since the Libra project was announced.

As noted in our July letter to the Committee, the Libra proposal is fraught with consumer protection problems. As a letter from dozens of other organizations, including ours, said in July, Libra raises grave concerns about competition and market concentration, monetary policy, compliance with Know Your Customer and Anti-Money Laundering rules, and other critical issues.²⁴ Nothing has changed since July to alleviate these concerns.

Conclusion

We applaud the Committee for continuing to scrutinize Facebook's financial services. I will be in Washington October 15 - 18, and would welcome the opportunity to speak with you or your staff in person. Please contact me at ctetreault@consumer.org or 415-595-3072 if there is an opportunity to meet, or if I can be of assistance.

Sincerely,

Christina Tetreault
Senior Policy Counsel

²²

[https://support.coinbase.com/customer/en/portal/articles/2343234-how-do-i-buy-bitcoin-with-a-debit-card-in-the-us-](https://support.coinbase.com/customer/en/portal/articles/2343234-how-do-i-buy-bitcoin-with-a-debit-card-in-the-us)

²³ From the New York Attorney General's Market Integrity report: "...platforms differ in how they assess fees on customers...Importantly, though, the platforms reported an array of approaches for assessing fees, to whom, and in what amount. Platforms also typically assess deposit and withdrawal fees when customers transfer fiat currency into and out of their accounts." <https://virtualmarkets.ag.ny.gov/>

²⁴ <https://www.citizen.org/article/reject-libra/>

The Internet Is Overrun With Images of Child Sexual Abuse. What Went Wrong?

Online predators create and share the illegal material, which is increasingly cloaked by technology. Tech companies, the government and the authorities are no match.

By MICHAEL H. KELLER and GABRIEL J.X. DANCE

The images are horrific. Children, some just 3 or 4 years old, being sexually abused and in some cases tortured.

Pictures of child sexual abuse have long been produced and shared to satisfy twisted adult obsessions. But it has never been like this: Technology companies reported a record 45 million online photos and videos of the abuse last year.

More than a decade ago, when the reported number was less than a million, the proliferation of the explicit imagery had already reached a crisis point. Tech companies, law enforcement agencies and legislators in Washington responded, committing to new measures meant to rein in the scourge. Landmark legislation passed in 2008.

Yet the explosion in detected content kept growing — exponentially.

Exploited

Last year, there were **18.4 million**, more than one-third of the total ever reported. Those reports included over **45 million** images and videos flagged as child sexual abuse.

By Rich Harris | Source: The National Center for Missing and Exploited Children

The Times reviewed over 10,000 pages of police and court documents; conducted software tests to assess the availability of the imagery through search engines; accompanied detectives on raids; and spoke with investigators, lawmakers, tech executives and government officials. The reporting included conversations with an admitted pedophile who concealed his identity using encryption software and who runs a site that has hosted as many as 17,000 such images.

In interviews, victims across the United States described in heart-wrenching detail how their lives had been upended by the abuse. Children, raped by relatives and strangers alike, being told it was normal. Adults, now years removed from their abuse, still living in fear of being recognized from photos and videos on the internet. And parents of the abused, struggling to cope with the guilt of not having prevented it and their powerlessness over stopping its online spread.

Many of the survivors and their families said their view of humanity had been inextricably changed by the crimes themselves and the online demand for images of them.

“I don’t really know how to deal with it,” said one woman who, at age 11, had been filmed being sexually assaulted by her father. “You’re just trying to feel O.K. and not let something like this define your whole life. But the thing with the pictures is — that’s the thing that keeps this alive.”

The Times’s reporting revealed a problem global in scope — most of the images found last year were traced to other countries — but one firmly rooted in the United States because of the central role Silicon Valley has played in facilitating the imagery’s spread and in reporting it to the authorities.

“We go home and think, ‘Good grief, the fact that we have to prioritize by age is just really disturbing,’” said Detective Paula Meares, who has investigated child sex crimes for more than 10 years at the Los Angeles Police Department.

In some sense, increased detection of the spiraling problem is a sign of progress. Tech companies are legally required to report images of child abuse only when they discover them; they are not required to look for them.

After years of uneven monitoring of the material, several major tech companies, including Facebook and Google, stepped up surveillance of their platforms. In interviews, executives with some companies pointed to the voluntary monitoring and the spike in reports as indications of their commitment to addressing the problem.

But police records and emails, as well as interviews with nearly three dozen local, state and federal law enforcement officials, show that some tech companies still fall short. It can take weeks or months for them to respond to questions from the authorities, if they respond at all. Sometimes they respond only to say they have no records, even for reports they initiated.

And when tech companies cooperate fully, encryption and anonymization can create digital hiding places for perpetrators. [Facebook announced in March](#) plans to encrypt Messenger, which last year was responsible for nearly 12 million of the 18.4 million worldwide reports of child sexual abuse material, according to people familiar with the reports. Reports to the authorities typically contain more than one image, and last year encompassed the record 45 million photos and videos, according to the National Center for Missing and Exploited Children.

All the while, criminals continue to trade and stockpile caches of the material.

The law Congress passed in 2008 foresaw many of today’s problems, but The Times found that the federal government had not fulfilled major aspects of the legislation.

The Justice Department has produced just two of six required reports that are meant to compile data about internet crimes against children and set goals to eliminate them, and there has been a constant churn of short-term appointees leading the department’s efforts. The first person to hold the position, Francey Hakes, said it was clear from the outset that no one “felt like the position was as important as it was written by Congress to be.”

The federal government has also not lived up to the law’s funding goals, severely crippling efforts to stamp out the activity.

Congress has regularly allocated about half of the \$60 million in yearly funding for state and local law enforcement efforts. Separately, the Department of Homeland Security this year diverted nearly \$6 million from its cybercrimes units to immigration enforcement — depleting 40 percent of the units’ discretionary budget until the final month of the fiscal year.



The headquarters of the National Center for Missing and Exploited Children, a clearinghouse of abuse imagery. The organization serves as a go-between for tech companies and law enforcement agencies. Kholood Eid for The New York Times

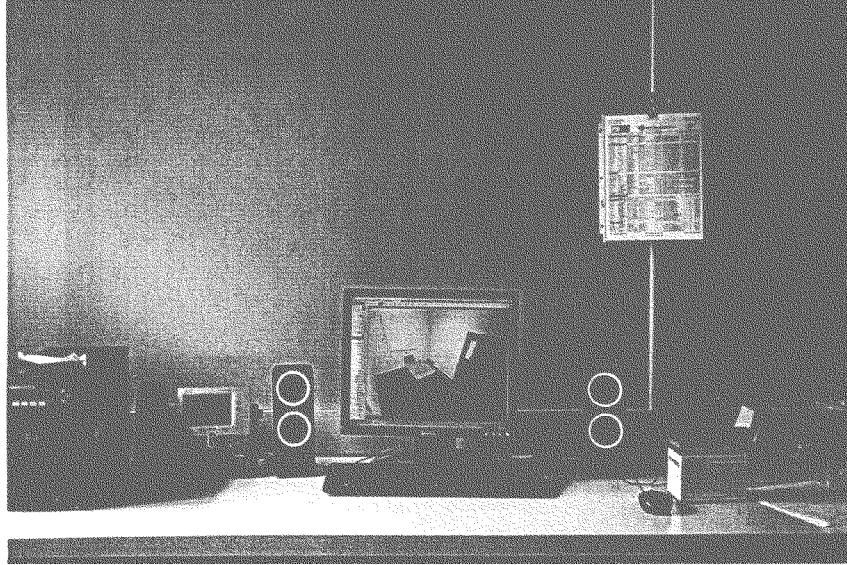
Representative Debbie Wasserman Schultz, a Democrat from Florida who was an author of the 2008 law, said in an interview that she was unaware of the extent of the federal government's failures. After being briefed on The Times's findings, she [sent a letter to Attorney General William Barr](#) requesting an accounting.

Stacie B. Harris, the Justice Department's coordinator over the past year for combating child exploitation, said the problem was systemic, extending well beyond the department and her tenure there. "We are trying to play catch-up because we know that this is a huge, huge problem," said Ms. Harris, an associate deputy attorney general.

The fallout for law enforcement, in some instances, has been crushing.

When reviewing tips from the national center, the Federal Bureau of Investigation has narrowed its focus to images of infants and toddlers. And about one of every 10 agents in Homeland Security's investigative section — which deals with all kinds of threats, including terrorism — is now assigned to child sexual exploitation cases.

"We could double our numbers and still be getting crushed," said Jonathan Hendrix, a Homeland Security agent who investigates cases in Nashville.



Restraints prepared for a suspect in Wichita, Kan. An officer's view into the interrogation room.

Kholood Eid for The New York Times

The anonymity offered by the sites emboldens members to post images of very young children being sexually abused, and in increasingly extreme and violent forms.

"Historically, you would never have gone to a black market shop and asked, 'I want real hard-core with 3-year-olds,'" said Yolanda Lippert, a prosecutor in Cook County, Ill., who leads a team investigating online child abuse. "But now you can sit seemingly secure on your device searching for this stuff, trading for it."

Exhibits in the case of the Love Zone, sealed by the court but released by a judge after a request by The Times, include screenshots showing the forum had dedicated areas where users discussed ways to remain "safe" while posting and downloading the imagery. Tips included tutorials on how to encrypt and share material without being detected by the authorities.

The offender in Ohio, a site administrator named Jason Gmoser, "went to great lengths to hide" his conduct, according to the documents. Testimony in his criminal case revealed that it would have taken the authorities "trillions of years" to crack the 41-character password he had used to encrypt the site. He eventually turned it over to investigators, and was sentenced to life in prison in 2016.

The site was run by a number of men, including Brian Davis, a worker at a child day care center in Illinois who admitted to documenting abuse of his own godson and more than a dozen other children — aged 3 months to 8 years — and sharing images of the assaults with other members. Mr. Davis made over 400 posts on the site. One image showed him orally raping a 2-year-old; another depicted a man raping an infant's anus.

Mr. Davis, who was sentenced to 30 years in prison in 2016, said that "capturing the abuse on video was part of the excitement," according to court records.

Some of his victims attended the court proceedings and submitted statements about their continuing struggles with the abuse.

'Truly Terrible Things'

The surge in criminal activity on the dark web accounted for only a fraction of the 18.4 million reports of abuse last year. That number originates almost entirely with tech companies based in the United States.

The companies have known for years that their platforms were being co-opted by predators, but many of them essentially looked the other way, according to interviews



The law enforcement officials also pointed to problems with Microsoft's Bing search engine, and Snap, the parent company of the social network Snapchat.

Bing was said to regularly submit reports that lacked essential information, making investigations difficult, if not impossible. Snapchat, a platform especially popular with young people, is engineered to delete most of its content within a short period of time. According to law enforcement, when requests are made to the company, Snap often replies that it has no additional information.

A Microsoft spokesman said that the company had only limited information about offenders using the search engine, and that it was cooperating as best as it could. A Snap spokesman said the company preserved data in compliance with the law.

Data obtained through a public records request suggests Facebook's plans to encrypt Messenger in the coming years will lead to vast numbers of images of child abuse going undetected. The data shows that WhatsApp, the company's encrypted messaging app, submits only a small fraction of the reports Messenger does.

Facebook has long known about abusive images on its platforms, including a video of a man sexually assaulting a 6-year-old that went viral last year on Messenger. When Mark Zuckerberg, Facebook's chief executive, announced in March that Messenger would move to encryption, he acknowledged the risk it presented for "truly terrible things like child exploitation."

"Encryption is a powerful tool for privacy," he said, "but that includes the privacy of people doing bad things."

'Vastly Inadequate'

"In a recent case, an offender filmed himself drugging the juice boxes of neighborhood children before tricking them into drinking the mix," said Special Agent Flint Waters, a criminal investigator for the State of Wyoming. "He then filmed himself as he sexually abused unconscious children."

Mr. Waters, appearing before Congress in Washington, was describing what he said "we see every day."

He went on to present a map of the United States covered with red dots, each representing a computer used to share images of child sex abuse. Fewer than two percent of the crimes would be investigated, he predicted. "We are overwhelmed, we are underfunded and we are drowning in the tidal wave of tragedy," he said.

Mr. Waters's testimony was delivered 12 years ago — in 2007.

limited resources, said the reports would now be written every four years beginning in 2020.

When the law was reauthorized in 2012, the coordinator role was supposed to be elevated to a senior executive position with broad authority. That has not happened. "This is supposed to be the quarterback," said Ms. Wasserman Schultz, one of the provision's authors.

Even when the Justice Department has been publicly called out for ignoring provisions of the law, there has been little change.

In 2011, the Government Accountability Office reported that no steps had been taken to research which online offenders posed a high risk to children, and that the Justice Department had not submitted a progress assessment to Congress, both requirements of the law.

At the time, the department said it did not have enough funding to undertake the research and had no "time frame" for submitting a report. Today, the provisions remain largely unfulfilled.

The National Center for Missing and Exploited Children, which testified in favor of the 2008 law, has also struggled with demands to contain the spread of the imagery.

Founded in 1984 after the well-publicized kidnapping and murder of a 6-year-old Florida boy, Adam Walsh, the center has been closely affiliated with the federal government since the Reagan administration.



Yiota Souras and John Shehan, executives at the National Center for Missing and Exploited Children. Milk carton ads and a photo of John and Revé Walsh, who founded the center in 1984 after their 6-year-old son was murdered.

Kholood Eid for The New York Times

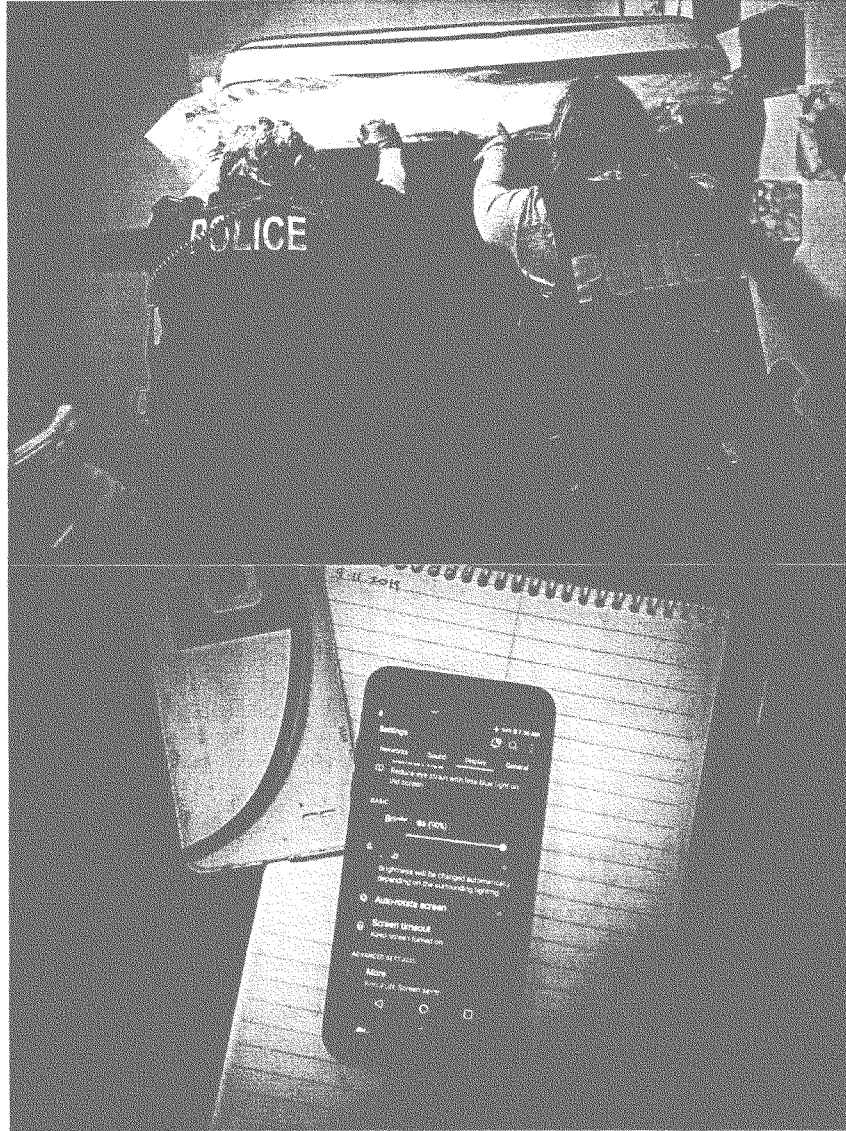
But as child exploitation has grown on the internet, the center has not kept up. The technology it uses for receiving and reviewing reports of the material was created in 1998, nearly a decade before the first iPhone was released. To perform key upgrades and help modernize the system, the group has relied on donations from tech companies like Palantir and Google.

The center has said it intends to make significant improvements to its technology starting in 2020, but the problems don't stop there. The police complain that the most urgent reports are not prioritized, or are sent to the wrong department completely.

"We're spending a tremendous amount of time having to go through those and reanalyze them ourselves," said Captain Edwards, the Seattle police official.

In a statement, the national center said it did its best to route reports to the correct jurisdiction.

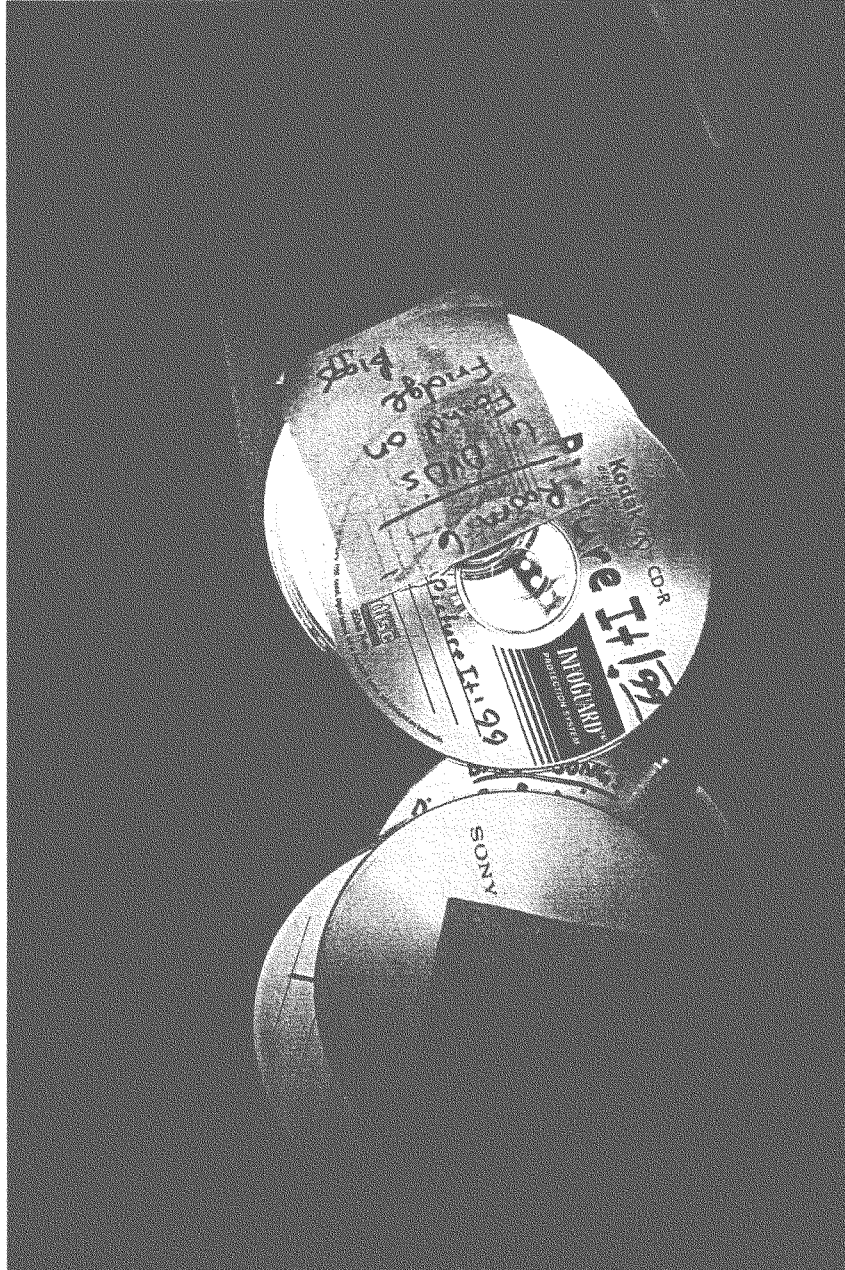
Despite its mandate by Congress, the center is not subject to public records laws and operates with little transparency. It repeatedly denied requests from The Times for



The man had shared sexually explicit videos online, the police said, including one of a 10-year-old boy being “orally sodomized” by a man, and another of a man forcing two young boys to engage in anal intercourse.

“The sad thing is that’s pretty tame compared to what we’ve seen,” said Chief Jessica Farnsworth, an official with the Utah attorney general’s office who led a raid of the house. The victims have not been identified or rescued.





\$40
 \$60
 \$80
 \$100
 \$120 million
 '10 '12 '14 '16 '18

Note: Data is for fiscal years.

By Rich Harris and Rumsey Taylor | Source: Justice Department

Much of the federal money goes toward training new staff members because the cases take a heavy emotional and psychological toll on investigators, resulting in constant turnover.

“I thought that I was in the underbelly of society — until I came here,” said Ms. Lippert, the prosecutor with the task force in Illinois, who had worked for years at a busy Chicago courthouse.

While any child at imminent risk remains a priority, the volume of work has also forced the task forces to make difficult choices. Some have focused on the youngest and most vulnerable victims, while others have cut back on undercover operations, including infiltrating chat rooms and online forums.

“I think some of the bigger fish who are out there are staying out there,” Ms. Lippert said.

The internet is well known as a haven for hate speech, terrorism-related content and criminal activity, all of which have raised alarms and spurred public debate and action.

But the problem of child sexual abuse imagery faces a particular hurdle: It gets scant attention because few people want to confront the enormity and horror of the content, or they wrongly dismiss it as primarily teenagers sending inappropriate selfies.

Some state lawmakers, judges and members of Congress have refused to discuss the problem in detail, or have avoided attending meetings and hearings when it was on the agenda, according to interviews with law enforcement officials and victims.

Steven J. Grocki, who leads a group of policy experts and lawyers at the child exploitation section of the Justice Department, said the reluctance to address the issue went beyond elected officials and was a societal problem. “They turn away from it because it’s too ugly of a mirror,” he said.

Yet the material is everywhere, and ever more available.

“I think that people were always there, but the access is so easy,” said Lt. John Pizzuro, a task force commander in New Jersey. “You got nine million people in the state of New Jersey. Based upon statistics, we can probably arrest 400,000 people.”

December 30, 2019

Chairwoman Maxine Waters
Ranking Member Patrick McHenry
U.S. House Committee on Financial Services
Attn: Terrie Allison
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Waters, Ranking Member McHenry, and Members of the Committee:

Thank you for your questions for the record from the October 23, 2019 hearing entitled An Examination of Facebook and Its Impact on the Financial Services and Housing Sectors. Per your request, attached are the answers for the record for your questions.

Please note, while Facebook currently has a leadership role in the Libra Association, the Association is a separate organization from Facebook with its own executives. Therefore, any information about the Libra Association provided in these responses is based on Facebook's current understanding of the Association and its plans. Additionally, Facebook would appreciate an opportunity to amend or supplement our responses should our plans, which are still at an early stage, change in the future.

Sincerely,

Facebook, Inc.

facebook

Address: 1601 Willow Road
Menlo Park, CA 94025

Questions from Chairwoman Waters**Libra and Calibra**

- 1. You are touting Libra as a ‘stablecoin’ – that is, as a coin whose value is pegged to other assets, notably sovereign currencies like the dollar and other government issuances like Treasury securities, whose values are generally stable. If Libra’s stability is dependent on the stability of sovereign issuances like the dollar and Treasury securities, what value is Libra adding? What does it provide that stable sovereign currencies and sovereign debt instruments do not?**

The Libra Association (the “Association”) was established with the mission of creating a lower-cost, more accessible payment tool built on the Libra blockchain that will facilitate a more connected global payments system. It did so because, for many, the current payments system is too expensive, too slow, or, in some cases, completely inaccessible.

As a payment tool, Libra is not designed to replace or compete with any sovereign currency, but to extend the functionality of sovereign currencies by allowing for cheaper and faster payments. It is designed to be a complement to local fiat currencies, not a substitute. It complements fiat currencies by allowing for cross-border payments at a low cost.

- 2. What is the minimum number of corporate partners that Facebook/Calibra would need in order to launch Libra? How much money has been committed to the Libra project thus far? What has that money been used for? What does the Libra project intend to use that money for? Did initial Libra members get their money back when they pulled out? Will other companies get their money back if they pull out? Is there a point of no return (i.e., can a company get its investment back if it pulls out after the official launch)?**

The general assembly of Association members (the “Council”) has the authority to decide how many members to admit to the Association, including with respect to any minimum number of members necessary to launch the Libra Network. We understand that the Association has not currently established a minimum number of Association members necessary to launch the Libra Network, but that it has indicated that it has a goal of reaching 100 members prior to launch.

The Association’s primary expenses so far relate to the establishment and development of the Libra Network and related operations. The Association has, to date, covered its expenses through loans and other financing. No member other than Facebook / Calibra Holdings, LLC, the parent company of Calibra, Inc. (“Calibra”), has provided funding to the Association. The terms and conditions of any future financings would require the approval of the Association members.

- 3. Facebook speaks positively about the potential benefits of Libra, especially to the unbanked. Can you speak to the systemic risks, including damage to fiat currencies and governments, that are potentially created by the Libra concept? For example, one can imagine that people in countries with very weak currencies might dump their local money in favor of your digital currency, theoretically good for the**

individual until whole economies, governments, and perhaps countries collapse around them as a result. Whole populations could go from very bad too much worse. So, what concerns do you have and how are Facebook and its partners planning to effectively manage the global risks potentially created by this essentially privately-owned fiat currency and central bank? Further, don't you agree that currencies that are backing Libra are also at a unique risk of devaluation if the Libra Association, which is headed by a Facebook employee, decides to no longer back Libra with a nation's currency and dumps that currency into the markets, potentially harming that country's economy?

We understand that the Association is actively considering its risk management policies and expects those policies to be designed based upon input from its members, as well as applicable regulators, including the Swiss Financial Market Supervisory Authority ("FINMA").

We understand that the Association will manage the Libra Reserve (the "Reserve") in accordance with the Association's Reserve Management Policy and Risk Management Policy (together, the "Reserve Policies"), which are currently being formulated and will be approved by the Council. The Reserve Policies are expected to establish standards regarding, among other things, the liquidity and duration or maturity of the government securities in the Reserve and the sovereign credit rating of the governments issuing those securities. The Reserve Policies will only allow the Reserve to hold cash in custody accounts and very short-term government securities denominated in the currencies which constitute the "Currency Basket" (i.e., a notional basket of currencies, the then-current market value of which will define the inherent value of each Libra coin) issued by highly-rated sovereigns trading in the most liquid markets. It is currently planned to include government securities from the US, UK, Japan, Singapore, and Euro area governments rated A+/A1 or higher.

We understand that the Association will employ personnel to manage the assets of the Reserve pursuant to the Reserve Policies and to oversee the activities of any third-party asset managers hired by the Association. We understand that the Association will also contract with third-party financial institutions (e.g., custody banks, asset managers, and broker-dealers) in connection with administering the assets of the Reserve. Responsibility for and ultimate investment discretion over assets in the Reserve will remain with Association employees and will be limited by, and exercised in accordance with, the Reserve Policies.

We understand that, while the Association recognizes the potential risks of currency substitution, it believes that these risks are appropriately addressed by national-level policies and controls, such as foreign exchange controls and capital controls imposed by individual countries.

Finally, for clarity, the Association is not headed by a Facebook or Calibra employee. The Association currently has over 20 members and is governed by the Council. Each member (including Calibra Holdings LLC, Calibra, Inc.'s parent company) has one representative and one vote on any Council decisions. All important decisions are brought to the Council, and major policy or technical decisions require a supermajority consent of two-thirds of the votes of the Council.

The Council also elected five people to the board of directors of the Association (the “Board”). Each Board member has one vote on all Board decisions, although any Board member who has a conflicting material direct or indirect financial interest in a matter will be recused from voting. A majority vote is required for all Board decisions. The Board is responsible for the day-to-day management of the Association, including hiring and overseeing an executive staff (including a Managing Director / CEO).

4. **Libra is advertising to consumers and investors that its global cryptocurrency is 100% backed by a basket of “low-risk” currencies. However, Libra customers will be exposed to foreign exchange risk. As we’ve seen in the past decade alone, there is great potential for significant price fluctuations between even the most stable currencies. Therefore, I am concerned about the possibility of a bank-like run on Libra. David Marcus’s response to this concern is that those managing the Libra Reserve, private, for profit companies, will be able to respond to such significant changes. But what happens when multiple assets in the Libra Reserve rapidly depreciate, forcing the Association to engage in a fire sale? Who will bail out this Libra Association if this happens, as it did when the money market fund, the Primary Reserve, broke the buck during the financial crisis? Will Facebook? And what will be the effect on the countries whose currencies are sold in a fire sale by the Libra Association?**

The Reserve is being designed to ensure that the expected value of Reserve assets is sufficient to satisfy redemption requests from “Designated Dealers” (i.e., well-capitalized financial institutions with expertise in the foreign exchange markets that will serve as authorized resellers of Libra coins) for 100 percent of Libra coins in circulation in accordance with applicable regulatory requirements. For this purpose, the Reserve will be designed to hold sufficient assets such that, after marking all Reserve assets to market on a daily basis, the ratio of the value of the Reserve assets to the value of Libra coins in circulation is never less than one-to-one. The Reserve’s assets are expected to consist only of highly liquid assets: cash held in custody accounts and cash equivalents in the form of very short-term government securities. We note, however, that end users of Libra coins will bear the risk of fluctuations in foreign exchange rates for the assets in the Reserve.

Even if a “run” nonetheless develops, the Reserve assets trade in very liquid markets that can accommodate a high volume of sell orders without significantly affecting the market value of the assets. The high liquidity and low risk of the assets held in the Reserve are designed to provide that even if a run on Libra coins were to result in requests to sell every single outstanding Libra coin, the Association would be able to sell assets to match those sell orders.

We understand that the Association is considering measures to address potential risks arising from the Reserve’s holdings or operations, including in extreme market scenarios.

5. **Facebook claims that Libra will not conduct monetary policy. Can you explain how you will achieve 'stability' of the Libra token without conducting market operations that would constitute an active monetary policy?**

Monetary policy is properly the province of central banks. We understand the Association, which will administer the Reserve, has no intention of competing with any sovereign currencies or entering the monetary policy arena.

The system is designed to ensure stability. First, each Libra coin will be backed one-to-one at all times by a Currency Basket. We understand the Association is continuing to evaluate the specific percentages of assets in the Reserve denominated in each currency, so these percentages are subject to change as agreed among the members of the Association. Second, competitive forces are expected to ensure that the price of Libra coins closely tracks the current value of the Currency Baskets in the Reserve. The ability of Designated Dealers to buy Libra from and sell Libra to the Reserve as needed should keep the price within a narrow spread of the value of the Currency Baskets over time.

Specifically, when a Designated Dealer is able to sell Libra coins on a trading platform at a price above the then-current market value of a corresponding number of Currency Baskets in the Reserve, the Designated Dealer would have an economic incentive to sell Libra coins on the trading platform and deliver the proceeds of that sale to the Association for deposit into the Reserve, at which point the Association would mint new Libra coins for delivery to the Designated Dealer. The additional supply of Libra coins thereby introduced to the market should drive down the price of Libra coins on the trading platform. Conversely, when a Designated Dealer is able to buy Libra coins on a trading platform at a price below the then-current market value of a corresponding number of Currency Baskets in the Reserve, the Designated Dealer would have an economic incentive to buy Libra coins on the trading platform and deliver them to the Association for burning, at which point the Association would deliver the then-current value of a corresponding number of Currency Baskets in the Reserve to the Designated Dealer. Removing this supply of Libra coins from the market should drive up the price of Libra coins on the trading platform. Similarly, Designated Dealers would be expected to arbitrage differences in Libra coin prices across multiple trading platforms without interacting with the Association.

When a competitive market for Designated Dealers is present, Designated Dealers' responses to both fluctuating prices of Libra coins on multiple trading platforms and fluctuations in foreign exchange rates are expected to ensure that trading prices of Libra coins on such trading platforms remain at or near the then-current market value of a corresponding number of Currency Baskets in the Reserve. As a result, we believe Libra coins will be attractive as a means of efficient payment by merchants, vendors, and service providers.

6. **Facebook indicates that Libra will be particularly useful for consumers in foreign countries to reach the unbanked and underbanked. If that is the case, do you intend to have Calibra, your digital wallet, register in each of those countries and, if so, what kind of regulatory oversight would these countries provide to ensure the protection of their own citizens?**

Calibra will seek appropriate licenses or registrations in any jurisdiction in which it operates. Given the early stages of this project, Calibra has not yet determined applicable licensing or registration requirements in all non-US jurisdictions. In many cases, the processes for obtaining such licenses or registrations have not yet been established. If and when more jurisdictions regulate digital currency wallets and related transmission services, Calibra will seek

to obtain any licenses, registrations, or other authorizations necessary to offer and provide its services in those jurisdictions.

Calibra has, to date, registered with the Financial Crimes Enforcement Network of the US Department of the Treasury (“FinCEN”) as a money services business and, as such, intends to comply with all FinCEN regulations and guidance, including with respect to anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”) obligations. Calibra will also be licensed and regulated as a money transmitter in the US states in which such licensing is required for custodial wallet services.

7. **Last year, before this Committee’s Oversight and Investigations subcommittee, one expert witness who leads an anti-human trafficking organization and who’s a survivor of human trafficking herself, testified that “Since January of 2017, 100 percent of all of [their group’s sex trafficking] survivors were sold on ... Facebook, Instagram, Tagged... recruited... through Facebook Live and Instagram Live, where they are actually sold and auctioned on Live. Facebook and Instagram Live now is used heavily to sell survivors because you can screen, you can allow for your friend and private groups, and then you can use some of these methods to boost your population and pay to boost it throughout Facebook.” Before we allow you to have a global cryptocurrency to rival the U.S. Dollar, tell us what Facebook is doing now to monitor your existing platforms for illicit activity and payments. Are your moderators tracking terror and crime activity? How do you root out this activity and cooperate with law enforcement? Are you training your algorithms to remove ads and Facebook Pay so that Facebook is not profiting from this terrible crime?**

Sex trafficking, terrorism, and other criminal activity have no place on Facebook. Our Community Standards make it very clear that human trafficking and smuggling; praise, support, or representation of terrorist organizations, human trafficking, organized violence, or criminal activity; promoting or publicizing crime; and incitement of violence are against our policies. This is true across the platform. We remove content that violates any of these policies—including content that threatens or promotes sexual violence, assault, or exploitation—when we become aware of it. We have teams of professional investigators and work with agencies across the world that seek to help victims.

Our efforts to combat harmful and criminal content are focused in three areas: developing new technical capabilities for our products, investing in people, and building partnerships.

Product Enhancements: Facebook has invested significantly in technology to help meet the challenge of proactively identifying harmful content, including through the use of artificial intelligence (“AI”) and other automation. These technologies have become increasingly central to keeping harmful and criminal content off of Facebook.

We use a wide range of technical tools to identify harmful and criminal content. This includes hashes—or digital fingerprints—that allow us to find the same or nearly duplicative versions of known bad content; text parsing; digital “fan-outs” to identify profiles, Groups, and

Pages related to those we have identified as problematic; and more holistic machine learning that can assess all aspects of a post and score whether it is likely to violate our Community Standards.

We also know that bad actors adapt as technology evolves, and that is why we constantly update our technical solutions to deal with more types of content in more languages, and to react to the new ways our adversaries try to exploit our products. For example, we have recently made changes to Facebook Live to restrict users from using it if they have violated certain rules, including our Dangerous Organizations and Individuals policy. We apply a “one strike” policy to Live: anyone who violates our most serious policies will be restricted from using Live for set periods of time—for example, 30 days—starting on their first offense.

Investments in People: We know that we cannot rely on AI alone to identify potentially harmful and criminal content. Context often matters. To understand more nuanced cases, we need human expertise. For example, we are able to proactively investigate profiles, Pages, Groups, hashtags, and accounts associated with bad content we’ve already removed.

And one of our greatest resources is our community of users. Our users help us by reporting accounts or content that may violate our policies—including the small fraction that may be related to acts of violence. We make it easy for people to use the “report” button to report violations of our policies, and we prioritize reports of child sexual exploitation, as well as credible threats and content related to suicide or self-harm. We have spent the last 12-plus years building robust reporting mechanisms, and we have also ensured that the support we provide is world-class. Live broadcasts benefit from the same reporting infrastructure as other types of content. Live videos are prioritized and reviewed ahead of content such as posts and comments, due to their nature. For example, Live broadcasts related to self-harm or credible threats can be seen in a matter of hours, and at times, even in a matter of minutes. We use technology to help us identify Live broadcasts that may require an even quicker response, for example content potentially related to self-harm. We also have the ability to identify Live videos that may be viral, and that may warrant a further check from our team of reviewers.

To review those reports, and to prioritize the safety of our users and our platform more generally, we have more than 35,000 people working on safety and security across the company and around the world. That is three times as many people as we had dedicated to such efforts in 2017. Our safety and security professionals review reported content in more than 50 languages, 24 hours a day.

Partnerships: We are proud of the work we have done to make Facebook a hostile place for those committed to acts of violence. We understand, however, that simply working to keep violence and sex trafficking off Facebook is not an adequate solution to the problem of online extremism, sex trafficking, and violence, particularly because bad actors can leverage a variety of platforms. We believe our partnerships with other companies, civil society, researchers, and governments are crucial to combating this threat.

8. **In the hearing, Mr. Zuckerberg said that high standards would be followed for wallets on the Libra blockchain, but that is in contradiction to Mr. Marcus’ own comments that the jurisdictions in which Libra exchangers will be based will themselves determine the AML/CFT onboarding standards. That lowest common**

denominator is unacceptable. Can you confirm that the Libra Association will hold every exchanger, every onboarder, into Libra to the highest international standards for financial-crime protections? How will the Libra Association prevent bad actors, including those with synthetic identity, from gaining access to this Facebook-conceived universe?

We understand that the Association expects a commitment from all members to comply with applicable AML/CFT obligations. We understand that the Association will also establish know-your-customer (“KYC”)/AML guidelines that govern its activities, those of Association members that provide financial services, and those of Designated Dealers, each with respect to their involvement with the Libra Network. We understand that the Association expects to evaluate further measures to address these requirements and is raising with regulators, including FinCEN, the introduction of additional controls at the Libra Network level.

We understand that the Association further expects that intermediaries operating on the Libra Network (such as custodial wallet providers) will comply with applicable KYC/AML obligations, including by collecting and retaining information on transactions involving their customers, as required under applicable local law. Information stored on the Libra blockchain will be publicly available, such that anyone, including government authorities, will be able to conduct an analysis of Libra blockchain activity, including monitoring transaction activity on the Libra Network (although that information will be available only based upon public blockchain addresses).

Free Speech

- 9. Facebook, CEO, Founder, and Board Chairman, Mark Zuckerberg defended Facebook as a platform for free speech. There are two concerns with that: (1) Your scale of 2.4 billion people uploading content in more than 150 languages makes it too big to filter and (2) your algorithms amplify content that gets clicks, shares, likes, comments. It is fair to display what politicians say but researchers show it favors extremism and powerful emotions over rational and measured expression. It’s hard to deliberate deeply about complex crucial issues with an informed public. Why does not Facebook display counter content along-side questionable content?**

Freedom of expression is a founding principle for Facebook. Since day one, giving people a voice to express themselves has been at the heart of everything we do. Censoring or stifling political discourse would be at odds with what we are about.

In a mature democracy with a free press, political speech is a crucial part of how democracy functions. And it is arguably the most scrutinized form of speech that exists. In newspapers, on network and cable TV, and on social media, journalists, pundits, satirists, talk show hosts, and cartoonists—not to mention rival campaigns—analyze, ridicule, rebut, and amplify the statements made by politicians. At Facebook, our role is to make sure there is a level playing field, not to be a political participant ourselves.

We do not think it is right for a private company to censor politicians or the news in a democracy. We think people should be able to see for themselves what politicians are saying. We don't believe that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny.

However, to help improve transparency, we have clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse. We keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them.

For content that does not stem from a political candidate, we work with independent, third-party fact-checkers to help reduce the spread of false news and other types of viral misinformation. If content is deemed by a fact-checker to be false, its distribution will be reduced, and it will appear lower in News Feed. It will be accompanied by Related Articles from fact-checkers, and people trying to share the content will be notified of the additional reporting. They will also be notified if content they have shared in the past has since been rated false by a fact-checker. We also implement an overlaid warning screen on top of photos and videos marked as false. Additionally, we take action against Pages and domains that repeatedly share or publish content which is rated "False." Such Pages and domains will see their distribution reduced as the number of offenses increases. Finally, Pages and domains that repeatedly publish or share false news will lose their ability to register as a news Page on Facebook, and if a registered news Page repeatedly shares false news, its news Page registration will be revoked.

Advertisements

10. **Research suggests that Facebook's own ad algorithm is discriminatory, even if advertisers choose to cast a wide net or choose to target an inclusive audience. One report tested job listings and housing advertisements. In one extreme case, advertisement for jobs in the lumber industry reached 72% white and 90% male audience, advertisement for supermarket cashiers reached an audience of 85% women, and advertisements at taxi companies reached a 75% Black audience, even though the targeted audience the advertiser specified was identical for all three. The study makes clear that innocent advertisers can inadvertently run discriminatory ads. Facebook says it does not stand for discrimination, but how does Facebook's advertising algorithm still discriminate against advertisers' preferences? What is Facebook doing to ensure that ads are not used to discriminate? Will you commit to making Facebook's ads algorithms transparent?**

Concerns about bias and fairness in algorithms are important—not just for Facebook, but for the industry at large. We take this issue seriously, and we want to be a leader in this space. We've built and continue to expand teams working on this issue. As part of the National Fair Housing Alliance ("NFHA") settlement, we've committed to studying the potential for unintended bias, including in our ad delivery algorithms, with input from the civil rights

community, industry experts, and academics, and we've similarly committed to working toward the right solutions.

11. **Microtargeting can be an effective tool for advertisers who want to target their ads to certain groups, but it can also be used to exclude categories of people from obtaining information, Following the 2016 election, we know that the Russians used microtargeting to dissuade Americans, specifically African-Americans from exercising their right to vote. A report from the University of Wisconsin, described how the Russian Internet Research Agency used Facebook's ad system to identify nonwhite voters and aimed Facebook advertisements at users interested in African-American history, the civil rights movement, Martin Luther King Jr. and Malcolm X saying "No one represents Black people. Don't go to vote." Oversight of the scant new policy, is there anything else preventing a political candidate from running a Facebook ad that similarly dissuades minority voting?**

To be clear, our Advertising Policies prohibit advertisers—including politicians—from using targeting options to discriminate against, harass, provoke, or disparage users or to engage in predatory advertising practices. Discrimination and discriminatory advertising have no place on Facebook's platform, and we remove such content as soon as we become aware of it. Facebook's policies prohibit advertisers from discriminating against people based on personal attributes such as race, ethnicity, color, national origin, religion, age, sex, sexual orientation, gender identity, family status, disability, and medical or genetic conditions.

While direct speech from politicians is generally not eligible for our third-party fact-checking program, our policies do not allow politicians to say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example.

Attempts to interfere with or suppress voting undermine our core values as a company, and we work proactively to remove this type of harmful content. Specifically, we extended our voter interference policies to prohibit:

- Misrepresentation of the dates, locations, times, and methods for voting or voter registration (e.g., "Vote by text!");
- Misrepresentation of who can vote, qualifications for voting, whether a vote will be counted, and what information and/or materials must be provided in order to vote (e.g., "If you voted in the primary, your vote in the general election won't count."); and
- Threats of violence relating to voting, voter registration, or the outcome of an election.

We remove this type of content *regardless of who it's coming from*. Ahead of the midterm elections, our Elections Operations Center removed more than 45,000 pieces of content that violated these policies—more than 90 percent of which our systems detected before anyone reported the content to us.

In advance of the US 2020 elections, we're implementing additional policies and expanding our technical capabilities across our services to protect the integrity of the election.

Following up on a commitment we made in the civil rights audit report released in June, we have now implemented our policy banning paid advertising that suggests voting is useless or meaningless or advises people not to vote. In addition, our systems are now more effective at proactively detecting and removing this harmful content. For organic content, we use machine learning to help us quickly identify potentially incorrect voting information and remove it.

We are also continuing to expand and develop our partnerships to provide expertise on trends in voter interference and intimidation, as well as early detection of violating content. This includes working directly with secretaries of state and election directors to address localized voter suppression that may only be occurring in a single state or district. This work will be supported by our Elections Operations Center during both the primary and general elections.

- 12. Despite your ambiguous policy on voter day misinformation, given Facebook's current microtargeting interest offerings, could a candidate target an ad to one zip code, to folks without degrees, with an ad that directs users to false voting locations on Election Day? Can microtargeting be used to intentionally spread mis/disinformation to low information voters? Does that worry you? What are you doing to ensure low-income, or minority voters are not being micro-targeted with misinformation? Will Facebook commit to suspending microtargeting of political and issue ads? If not, then what is your proposed solution to ensuring that Facebook microtargeting is not used to dissuade minority groups from voting?**

Ads must comply with our Advertising Policies, which can be found at <https://www.facebook.com/policies/ads>.

Our Advertising Policies prohibit advertisers—including politicians—from using targeting options to discriminate against, harass, provoke, or disparage users or to engage in predatory advertising practices. Discrimination and discriminatory advertising have no place on Facebook's platform, and we remove such content as soon as we become aware of it. Facebook's policies prohibit advertisers from discriminating against people based on personal attributes such as race, ethnicity, color, national origin, religion, age, sex, sexual orientation, gender identity, family status, disability, and medical or genetic conditions. As mentioned above, we also prohibit attempts to interfere with or suppress voting, and we work proactively to remove this type of harmful content.

While direct speech from politicians is generally not eligible for our third-party fact-checking program, fact-checkers can otherwise review and rate content, including ads, articles, photos, or videos. We don't allow ads that include content debunked through our third-party fact-checking program.

Our policies don't mean that politicians can say whatever they want on Facebook. For example, they can't spread misinformation about where, when, or how to vote, or incite violence.

Antitrust

- 13. We understand that Calibra will be the only wallet for the Facebook family of applications and that Libra will be the only cryptocurrency available on Calibra.**

Are there any plans to allow to allow users to use different wallets of cryptocurrencies, if not, why force consumers to use your cryptocurrency?

We expect the Calibra digital wallet to be one of many digital wallet solutions offered by service providers on the Libra Network. The Calibra wallet will be interoperable with other apps and financial service providers on the Libra Network, so that Libra coins may be transferred by a Calibra user to non-Calibra digital wallets, and vice versa.

Facebook and Calibra do not currently intend to enable the Calibra wallet to hold digital assets other than Libra coins. Other wallet providers may seek to offer such services, including, potentially, digital wallets that also enable users to hold Libra coins and other types of digital assets.

14. **Earlier this year, you bought Chainspace, a blockchain startup and slapped a Libra and Calibra sticker on their company. Before that you bought Instagram, folded into Facebook, you bought WhatsApp, folded into Facebook, you tried to buy Snapchat but instead, what some people report, copied all its best features. Even further, you view threats to reign in the company, as an existential crisis and vowed to take an elected member of Congress to the mat over talks about improving your product. You do this all under the guise of “connecting people”. When it comes to Libra and Calibra, who is going to stop you from buying more successful or competitive wallets this time much like you bought Chainspace? Moreover, are you prepared to give users more control over their data by allowing users to choose which parts of their Facebook accounts they want Facebook to share with advertisers and third-parties?**

Facebook did not acquire Chainspace. Members of the Chainspace team joined Facebook, and it was misreported as an acquisition.

In any event, given the open-source nature of the Libra blockchain and the architecture of the Libra Network, we understand that third parties, including developers, businesses, and nonprofits of all sizes and from all around the globe, will have equal opportunities to build and provide competitive and innovative products and services on the Libra Network, such as digital wallets. This provides people and small and micro-businesses around the world with access to a simple global payment tool and financial infrastructure. We understand that there will likely be a number of wallets available at launch, each offering competitive end-user experiences and services, and Calibra will have to compete with these other providers. In addition to Calibra, we are aware of at least five projects unaffiliated with Facebook or Calibra that are building wallet services. Given that the Libra project is only in the testing phase, Calibra expects that this number will expand over time.

Credit Reporting

15. **In a July 8, 2019 letter to the Senate Banking Committee, Facebook executive David Marcus stated that “Facebook’s Platform Policy prohibits third parties from using data to make the “eligibility determinations” contemplated by the Fair Credit**

Reporting Act (“FCRA”). Facebook investigates suspected violations of the Platform Policy by developers and can, and has, taken action to terminate access to the platform by developers who violate our policies.” However, FCRA does not just cover app developers but would apply when any person, such as an employer or a creditor, directly accesses a consumer’s Facebook profile to make employment or credit decisions. What measures do you take to ensure that individual users who happen to be employers do not check Facebook profiles for employment purposes?

Information people post publicly may be viewed by any person. It’s important to note that, apart from the minimal information that is always public (e.g., a person’s name and profile picture), people have control over what they share on Facebook. We offer a broad range of privacy settings that people can use to control who can see what they share or add to their profile. The default audience for sharing is “friends.” We work hard to educate people about the privacy choices they have on our services.

Facebook also seeks, as much as possible, to put controls and information in context within its service. While “up-front” information like that contained in the terms of service is useful, research overwhelmingly demonstrates that in-product controls and education are most meaningful to people and are most likely to be read and understood. On-demand controls are also important, and we recently redesigned our entire settings menu on mobile devices from top to bottom to make things easier to find. We also created a new Privacy Shortcuts menu where users can control their data in just a few taps, with clearer explanations of how our controls work. The experience is now clearer, more visual, and easy to find.

a. What types of information do you share with unaffiliated third parties with and without a consumer’s consent? And who are some of these third parties?

Facebook does not share any user information with third parties for eligibility purposes, as defined under the Fair Credit Reporting Act (“FCRA”). In fact, Facebook’s Platform Policy prohibits third parties from using data to make the “eligibility determinations” that the FCRA contemplates. Facebook investigates suspected violations of the Platform Policy by developers, and can and has taken action to terminate access to the platform by developers who violate our policies.

For more information, please see our Data Policy, which can be found at <https://www.facebook.com/policy.php>.

16. Would Calibra report financial activity to private consumer reporting agencies like Equifax? To what extent does Facebook already furnish information to consumer reporting agencies?

Except in limited circumstances, Calibra will not share customers’ account information or financial data with any third party or Facebook without customer consent. For example, Calibra customers’ account information and financial data will not be used to improve ad targeting on the Facebook, Inc. family of products. The limited cases where this data may be shared reflect our need to keep people safe, comply with the law, and provide basic functionality to the people

who use Calibra. As a Facebook subsidiary, Calibra may also be legally obligated to share certain data with Facebook, so that Facebook can meet regulatory requirements. This could, for example, consist of aggregated payment numbers for financial and tax reporting or information necessary to comply with the law. Calibra will leverage Facebook's third-party compliance program to ensure that any vendor or service provider with access to personal data is appropriately vetted and monitored.

Facebook currently does not furnish information to consumer reporting agencies.

Data Privacy and Cybersecurity

17. An August 2018 investigation by the Washington Post found that Facebook has begun to assign users a “trustworthiness” score on a scale from zero to 1. This is akin to a social score seen in other countries where citizens are labeled, and their opportunities are diminished based on that score giving by some private company. Today, Facebook knows where I like to go, who I like to go there with, when I am happy, when I am sad, and what political party I lean towards. You cannot expect us to trust that you will do good with this data. I rate your trustworthiness on a scale of negative 2. If you really want to involve regulators and make the process for developing Libra and Calibra, communitive, why did you ignore members of Congress and regulators before launching this product? You all only came to us after our Chairwoman called for a mortarium.

a. We know Facebook is an advertising conglomerate so who or what is going to stop you from assigning people further scores based on user’s device, location, purchases, and cash flow, potentially in violation of law? Are we supposed to trust your policies that have been created by people who do not reflect the diversity of our nation?

It is not accurate that Facebook maintains centralized “reputation” scores for people that use Facebook. The article referenced described a process we had developed to fight misinformation and protect against people indiscriminately flagging news as false. We know we need to earn and maintain trust, and we will continue to make that our focus going forward.

The Libra Network has not launched. The Association announced the Libra project publicly well in advance of launch in part to solicit feedback from legislators, regulators, consumers, and other groups before launching the Libra Network for customer use. The Association remains committed to engaging with applicable regulators around the world as it works towards the eventual launch of the Libra Network. The launch of the Libra Network will be initiated by a vote of all Association members and will not occur before the Association meets applicable regulatory requirements. This includes obtaining a payment system license from FINMA in Switzerland, registering with FinCEN, and ensuring that the Association meets applicable regulatory requirements. Calibra is committed to working with the other members of the Association to ensure all applicable regulatory concerns are addressed prior to launching the Libra Network.

Lending and the Secondary Financial Market

- 18. How will Libra and Calibra operate in the credit lending and extending markets: will the Libra organization lend or extend credit to individuals or to institutions? Will Libra lend to individuals or to institutions who have another cryptocurrency? How will Libra handle requests for crypto-credit from other cryptocurrencies?**

Facebook and Calibra have no near-term plans to provide credit in connection with Calibra. Any such credit would only be offered by Facebook or Calibra, directly or through partners, in compliance with applicable law. We also understand that the Association has no plans to do so.

The Association will not operate any custodial wallet, exchange, or other similar end-user-facing services on the Libra blockchain, and will not have direct relationships, contractual or otherwise, with end users of Libra coins.

- 19. Further, will you be able to restructure or repackage assets in Libra currency to offset risk? How will the Libra organization restructure or repackage assets in Libra currency to hedge risk?**

Calibra has no plans to restructure or repackage Libra coins into financial instruments to be used for risk mitigation purposes. Our understanding is that the Association also has no plans to do so.

Civil Rights

- 20. Civil rights groups feel that Facebook's efforts thus far to combat voter suppression are sorely lacking. What assurances can Facebook give this Committee that you will not allow African Americans to be targeted for voter exclusion and voter suppression? Can Facebook promise this Committee that you will give the exact same protections in your community standards to guarding against census interference that you give to voting interference? When will your census policy be issued? Specifically, will Facebook ban: misrepresentations about how to participate in the census, misrepresentations about census logistics, methods, or requirements, misrepresentations about whether you will be counted in the census, and will Facebook ban threats of violence relating to census participation or the outcome of the census?**

On both the US 2020 election and the census, we fully understand the stakes.

Since 2016, we have prohibited misrepresentations about the dates, locations, times, and qualifications for voting and—ahead of the 2018 midterm elections in the US—we also banned misrepresentations about who can vote, qualifications for voting, and materials required to vote.

Our Community Standards also address other types of content about which civil rights groups have previously expressed concerns. For example, our policy on hate speech bans efforts

to exclude people from political participation based on their protected characteristics such as race, ethnicity, or religion (e.g., telling people not to vote for a candidate because of the candidate's ethnicity, or indicating that people of a certain religion should not be allowed to hold office). We also prohibit threats of violence relating to voting, voter registration, or the outcome of an election. And more recently, we have updated our policies to prohibit calls to action or statements of intent to bring weapons to polling places.

With respect to the census, we recently announced a new census interference policy that bans misleading information about when and how to participate in the census and the consequences of participating. We are also introducing a new advertising policy that prohibits ads that portray census participation as useless or meaningless or advise people not to participate in the census. These policies are due in large part to the work being done with the civil rights community through our civil rights audit and represent the culmination of a months-long process between Facebook, the US Census Bureau, and experts with diverse backgrounds to develop thoughtful rules around prohibiting census interference on our platforms and making sure people can use their voice to be counted.

We look forward to continuing to meet with, listen to, and learn from the civil rights community as we work toward the same end goals of protecting the integrity of our elections and the census and preventing discrimination against and targeting of communities of color.

Fair Housing

21. **In March 2018, Facebook was sued by civil rights groups who alleged that Facebook violated the Fair Housing Act by enabling discrimination on its advertising platform. A couple months later, Facebook filed a motion to dismiss this lawsuit, arguing that Facebook should be exempt from the Fair Housing Act. Now that this lawsuit has been settled and Facebook has committed to taking several steps to address fair housing concerns, please confirm whether Facebook's position continues to be that it has no obligation to comply with the Fair Housing Act.**

Discrimination and discriminatory advertising have no place on Facebook's platform, and we remove such content as soon as we become aware of it. We have obligations under civil rights laws, like any other company.

Our policies have long prohibited discrimination, and we have made significant changes to prevent advertisers from misusing our tools to discriminate in their ad targeting. As part of settlement agreements with civil rights organizations like National Fair Housing Alliance, and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit ("HEC") ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available. We've expanded our enforcement of these restrictions across all the tools businesses use to buy ads. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We've also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active

housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser’s intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we’ll also include ads that offer employment or credit opportunities in the Ad Library. We’re actively working with civil rights groups to inform our approach as we prepare to roll this out. We’ve also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

22. In its fair housing settlement with the National Fair Housing Alliance et al, Facebook agreed to study and consider how unintended bias affects ad delivery on Facebook’s platforms, yet there have been no public updates of such efforts. Similarly, Facebook has yet to share privacy-protected data with academics and researchers, as the company announced it would in 2018. While some researchers have been able to measure the delivery outcomes of their own ads, they have been unable to measure what happens for others’ ads for housing, credit, or employment opportunities. Will you commit to providing the following information to independent researchers for housing, credit, and employment ads from January 2017 to the present (including for ads that used custom audiences): (a) the targeting options used by the advertiser; (b) the aggregate statistics of the demographics of the target audience for these ads; (c) the aggregate statistics of the demographics of the delivery audience for these ads; and (d) the dates for which ads were run?

a. While we understand that Facebook has raised concerns about the privacy of its consumers in objecting to share relevant data, there are widely used differential privacy systems that allow for the sharing of large datasets without the risks of compromising individual user data. The data sets that we have asked you to commit to providing above would only need to be shared on an aggregated basis. Has Facebook investigated such differential privacy systems? Why does the company not use such systems to implement data sharing that promotes transparency while protecting users’ privacy?

We’ve added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser’s intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we’ll also include ads that offer employment or credit opportunities in the Ad Library. We’re actively working with civil rights groups to inform our approach as we prepare to roll this out.

Additionally, we’ve committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

23. **During your testimony and questioning, you failed to answer questions regarding what Facebook is doing to address ongoing concerns regarding algorithmic bias that can lead to widespread discrimination in the delivery of ads to its users. Specifically, while you outlined steps that you were taking to remove some of the tools that Facebook provides to advertisers, you did not delve into the ways in which Facebook's own algorithms can create similar concerns regarding fair housing. What steps, if any, has Facebook taken to study and/or address the fair housing concerns associated with its own ad delivery algorithms?**

Please see the response to your Question 10.

Diversity and Inclusion

Please provide the following information about Facebook's diversity and inclusion data and policies from 2015 through the present:

24. **Number and dollar value invested with minority- and women-owned vendors/suppliers and asset managers as compared to all vendor/supplier and asset manager investments;**

Having diverse suppliers helps us build better products for our global community. Our vision is to transform the way businesses connect with their customers, with each other, and with the tools and resources to grow. We have a supplier diversity program, which we launched in October 2016. It connects qualified, diverse-owned businesses to our fast-moving community while also helping these companies grow their businesses on our family of apps. In 2018, we spent over 400 million dollars on certified diverse suppliers—a 73 percent increase from 2017. Thirty-four percent was with women-owned businesses, and 70 percent was with minority-owned businesses. In 2017, we spent over 230 million dollars on certified diverse suppliers.

We are committed to helping more women- and minority-owned suppliers connect to contracts and grow through our partnerships. This remains a priority for us.

25. **List of minority depository institutions with whom Facebook has deposits and other contacts for other financial services;**

We consistently engage the minority- and women-owned finance community with regular in-person discussions. We currently work with one self-identified diverse investment management firm, and we remain committed to looking at every opportunity to connect qualified asset managers and other financial service providers across opportunities. In addition to asset management, this has included areas such our stock repurchase program, fleet and equipment leasing, inclusion of minority-managed funds in our employee 401(k), and contingent worker payroll.

26. **Title(s) and reporting structure for each institution's lead diversity officer(s);**
- a. **Number of staff and budget dedicated to diversity initiatives;**

Our Global Chief Diversity Officer leads a diversity and inclusion team of about 25 employees. However, there are many other people throughout the company who are diversity and inclusion program specialists. This is a cross-functional, cross-company effort.

b. Description of performance measures and compensation tied to diversity initiatives.

We know that we need a diverse set of perspectives in our workforce; that is why diversity initiatives are a priority. We have included achievement of diversity and inclusion goals and expected actions as part of our performance expectations of senior leaders.

When it comes to performance reviews, we ensure bias is managed in the performance system and process. For example, we publish guides for individuals and managers on managing bias during the performance summary cycle, a twice-yearly performance review process. We also include a performance equity statement in the performance management tool that is visible to managers prior to the submission of initial ratings and promotions, allowing managers to see the statement while preparing for reviews. The performance equity statement reads: “As managers, we’re responsible for making the most objective and fair performance evaluations possible. The decisions we make impact individuals and cumulatively affect careers and organizations. As you calibrate, please be mindful of your biases and commit to mitigating them.” We also review performance data to ensure we identify and address any new trends. There are tips for managing bias available to people while writing performance reviews. We also have a set of 10 Manager Behaviors that are part of all managers’ expectations. One of the Manager Behaviors is focused on inclusion: “Build a culture where differences are appreciated and everyone feels valued.” During calibrations, feedback on the Manager Behaviors are considered as part of a manager’s assessment.

Moreover, company-wide, we are working to reduce unconscious bias. Our publicly available Managing Unconscious Bias class—which a majority of US employees, including managers and above, have taken—encourages our people to challenge and correct bias as soon as they see it, in others and in themselves. We’ve also added many new internal programs, including Managing Inclusion, which trains managers to understand the issues that affect marginalized communities, and Be The Ally, which gives everyone the common language, tools, and space to practice supporting others.

We also have additional guides for managing bias for our HR business partners, and we train them in identifying biased language. We know we have a lot of work to do, but we are committed to our goal of having a company where, in the next five years, at least 50 percent of our workforce is comprised of women, people of color, and other underrepresented groups.

27. Company-wide diversity policies and practices, including:

- a. Recruitment strategies;**
- b. Outreach to diverse organizations, such as historically black colleges and universities and professional organizations;**

As we've testified, diversity is critical to our success as a company. People from all backgrounds rely on Facebook to connect with others, and we will better serve their needs with a more diverse workforce. Since 2014, when our strategic efforts began, we've made some progress increasing the number of people from traditionally underrepresented groups employed at Facebook, but we recognize that we need to do more.

We are dedicated to prioritizing diverse hiring and are committed to our goal of having a company where, in the next five years, at least 50 percent of our workforce is comprised of women, people of color, and other underrepresented groups. When it comes to hiring, we have a diverse slate approach modeled after the Rooney Rule. This ensures that recruiters present qualified candidates from underrepresented groups to hiring managers looking to fill open roles, and it sets the expectation that hiring managers will consider candidates from underrepresented backgrounds when interviewing for an open position. We've seen steady increases in hiring rates for underrepresented people since we started testing this approach in 2015. We're also focused on increasing the diversity and inclusion capabilities of managers and leaders to build inclusive teams, departments, and organizations so that our products and community will benefit from the diverse perspectives of our people.

As part of our efforts, we have developed programming to attract and retain more people from traditionally underrepresented groups, including women, people of color, veterans, and people with disabilities. And we've worked to build strong relationships with organizations that support people of color and women. We have partnerships with organizations like CodePath.org, the United Negro College Fund, Black Girls Code, All Star Code, Hack the Hood, The Hidden Genius Project, Yes We Code, Streetcode Academy, Dev Color, Dev Bootcamp, and Techbridge. We also partner with and recruit at historically black colleges and universities ("HBCUs"), such as Spelman, Morehouse, Howard, NCA&T, and Morgan State (EIR), and invite HBCU faculty to an annual Faculty Summit.

We are also investing in efforts to give opportunities to people from diverse backgrounds. For example, we work with TechPrep, which serves as a resource hub for students from underrepresented groups, and we run an internship program, Facebook University, for students from underrepresented communities. We want to increase access and opportunity for students with interests in software engineering, business, and analytics. Facebook University gives underrepresented students extra training and mentorship earlier in their college education. We started Facebook University in 2013 with 30 students and expect to have 250 in 2020. More than 1,000 students have graduated from this program, with over 200 returning to Facebook for full-time jobs. We also run the Facebook Summer Academy, a program for high school students from Menlo Park, East Palo Alto, and San Francisco. Our investments in K-12 education initiatives may not show up in hiring statistics for many years, but we are committed to giving more people from underrepresented groups the skills and experiences they need to find a career in technology.

As our CEO Mark Zuckerberg testified, we know that we still have a lot of work to do. We aren't where we need to be on diversity, but we are committed to improving, and we will work hard to get to where we know we need to be.

c. Gender pay equity data and efforts to close any identified gaps;

We are happy to share that men and women at Facebook get equal pay for equal work, not just in the US, but globally. We regularly examine pay equity across the company. Like any measurement, we expect to see small, natural fluctuations now and then. Indeed, this year, women's total compensation was, on average, \$0.01 (one US penny) higher than that of men for each dollar earned in the same location, role, and level.

Beyond closing the pay gap, we've also achieved higher representation of women in leadership by focusing on hiring and growing female leaders within the company. Over the last several years, the majority of new female leaders were internally promoted.

28. Corporate board demographic data, including;

- a. **Total number of board members;**
- b. **Gender, race and ethnic identity of board members, as otherwise known or provided voluntarily; and**
- c. **Board position title, as well as any leadership and subcommittee assignments.**

Facebook's current Board members are: Mark Zuckerberg, Peggy Alford, Marc L. Andreessen, Kenneth I. Chenault, Sheryl K. Sandberg, Peter A. Thiel, and Jeffrey D. Zients. Three of the seven Board members are women or underrepresented persons and about 25 percent of our Board members are African-American. When it comes to committee assignments, Mr. Chenault is a Member of the Audit & Risk Oversight Committee.

29. Has Facebook voluntarily responded to diversity and inclusion surveys from the Office of Women and Minority Inclusion at the Securities and Exchange Commission? If so, in what years did Facebook participate? For the years Facebook participated, if any, please provide a copy of those survey responses.

To our knowledge, we have not participated in such surveys.

Questions from Representative Axne**1. What percentage of American adults have a Facebook account?**

As of September 30, 2019, there were about 189 million daily active users and 247 million monthly active users in the US and Canada.

2. What percentage of Facebook's revenue is generated on each of Facebook, Instagram, and Messenger, as opposed to ads served outside of your network, using the Audience Network?

The vast majority of our revenue is generated on Facebook services. A very small percentage of our ad revenue is derived from Audience Network placements.

3. Facebook collects information when people visit websites that Facebook does not own, correct?

When people visit apps or websites that use our technologies—such as the Facebook Pixel—our servers log (i) standard browser or app records of the fact that a particular device or user visited the website or app (this connection to Facebook's servers occurs automatically when a person visits a website or app that contains our technologies, such as a Facebook Pixel); and (ii) any additional information the publisher of the app or website chooses to share with Facebook about the person's activities on that site (such as the fact that a purchase was made on the site). This is a standard feature of the internet, and most websites and apps share this same information with multiple third parties whenever people visit their website or app for business purposes, such as measuring their advertising performance.

To provide more transparency and control around these practices, we have been rolling out a new way to view and control your off-Facebook activity. Off-Facebook Activity lets you see a summary of apps and websites that send us information about your activity and allows you to disconnect this information from your account if you want to. For more information about this tool, please see our Help Center at <https://www.facebook.com/help/2207256696182627>.

4. Does Facebook collect information about people when they are browsing even when they are not currently logged in to their Facebook account?

As discussed, when people visit apps or websites that use our technologies—such as the Facebook Pixel—our servers log (i) standard browser or app records of the fact that a particular device or user visited the website or app (this connection to Facebook's servers occurs automatically when a person visits a website or app that contains our technologies, such as a Facebook Pixel); and (ii) any additional information the publisher of the app or website chooses to share with Facebook about the person's activities on that site (such as the fact that a purchase was made on the site). We receive such information from third-party sites and apps regardless of whether a person is logged in. This is a standard feature of the internet, and most websites and apps share this same information with multiple third parties whenever people visit their website or app for business purposes, such as measuring their advertising performance.

When the individual is a Facebook user, we are able to use this information to personalize their experiences on Facebook, but we will not target ads to users based on this information unless the user allows this in their privacy settings. We do not sell this information to third parties.

To provide more transparency and control around these practices, we have been rolling out a new way to view and control your off-Facebook activity. Off-Facebook Activity lets you see a summary of apps and websites that send us information about your activity and allows you to disconnect this information from your account if you want to. For more information about this tool, please see our Help Center at <https://www.facebook.com/help/2207256696182627>.

5. You told my colleague Mr. Lujan last April that “we collect data from people who have not signed up for Facebook.” Does Facebook collect data about people who do not have a Facebook account?

As we explain to people on our website, see <https://about.fb.com/news/2018/04/data-off-facebook/>, Facebook does receive some information from devices and browsers that may be used by non-users. For example:

- When people visit apps or websites that use our technologies—such as the Facebook Pixel—our servers log (i) standard browser or app records of the fact that a particular device or user visited the website or app (this connection to Facebook’s servers occurs automatically when a person visits a website or app that contains our technologies, such as a Facebook Pixel); and (ii) any additional information the publisher of the app or website chooses to share with Facebook about the person’s activities on that site (such as the fact that a purchase was made on the site). This is a standard feature of the internet, and most websites and apps share this same information with multiple third parties whenever people visit their website or app for business purposes, such as measuring their advertising performance. When the person visiting a website featuring Facebook’s tools is not a registered Facebook user, Facebook does not have information identifying that individual, and it does not create profiles for that individual.
- In addition, Facebook may receive some basic information about devices when people use Facebook apps before registering for a Facebook account. This device data includes things like device model, operating system, IP address, app version, and device identifiers. We use this information to provide the right version of the app, to help people who want to create accounts (for example, optimizing the registration flow for the specific device), to retrieve bug fixes, and to measure and improve app performance. We do not use this information to build profiles about non-registered users and only store a limited set of information about them.
- We also get information about people from contact books that people upload. We obtain express consent in our products from people before they can upload their contacts to Facebook. We disclose how we use contacts in our Data Policy. We let people upload all of the contacts in their address book on their device, whether or not those contacts involve registered users (since the user choosing to upload ultimately controls what goes into their address book and is choosing to take that information to various services to use

it). The uploader can access or remove these contacts at any time, as described at <https://www.facebook.com/help/355489824655936>. When a person uploads contact information that we're unable to match to a Facebook account, we make it possible for the user to invite their contact to join Facebook or to attend events. When someone new to Facebook signs up for an account, we also use the fact that their contact information was uploaded to Facebook to suggest people they might want to be friends with, as well as to determine whether the new account is genuine and not fake.

- We also get basic information, including from non-users, when people visit Facebook webpages. For example, business pages on Facebook are accessible to anyone via the internet without logging in to Facebook or having a Facebook account. When people visit our public webpages, we receive information such as IP address and browser information, which is standard information that any website receives when people visit it.

If a person doesn't have a Facebook account but believes Facebook may have information about them, they can contact us to request a copy of their information. A contact form is available at <https://www.facebook.com/help/contact/180237885820953>.

6. What percentage of American adults does Facebook collect information about?

We have provided the number of monthly average users in the US and Canada in response to your Question 1. With regard to the percentage who are Americans, we aren't able to provide this information because we don't know which of these people are Americans, nor do we create profiles for people who aren't registered Facebook users.

7. How many data points does Facebook have on the average Facebook user?

As explained in our Data Policy, we collect three basic categories of data about people: (1) data about things people do and share (and who they connect with) on our services; (2) data about the devices people use to access our services; and (3) data we receive from partners, including the websites and apps that use our business tools. Our Data Policy provides more detail about each of the three categories.

As far as the amount of data we collect about people, the answer depends on the person. People who have only recently signed up for Facebook have usually shared only a few things—such as name, contact information, age, and gender. Over time, as people use our products and interact with our services, we receive more data from them, and this data helps us provide more relevant content and services. That data will fall into the categories noted above, but the specific data we receive will, in large part, depend on how the person chooses to use Facebook. For example, some people use Facebook to share photos, so we receive and store photos for those people. Some people enjoy watching videos on Facebook; when they do, we receive information about the video they watched, and we can use that information to help show other videos in their News Feeds. Other people seldom or never watch videos, so we do not receive the same kind of information from them, and their News Feeds are likely to feature fewer videos.

The data we have about people also depends on how they have used our controls. For example, people who share photos can easily delete those photos. The same is true of any other

kind of content that people post on our services. Through Facebook’s Activity Log tool, people can also control information about their engagement—i.e., their likes, shares, and comments—with other people’s posts. The use of these controls affects the data we have about people.

We also offer a variety of tools to help users understand the data Facebook has about them. These include the Access Your Information and Download Your Information tools available to Facebook users in their account settings. And to provide more transparency and control around these practices, we have been rolling out a new way to view and control your off-Facebook activity. Off-Facebook Activity lets you see a summary of apps and websites that send us information about your activity and allows you to disconnect this information from your account if you want to. For more information about this tool, please see our Help Center at <https://www.facebook.com/help/2207256696182627>. We also participate in the Data Transfer Project, a collaborative effort with Apple, Google, Microsoft, and Twitter to build a common way for people to transfer their data between online services. The goal of this project has been to make it easier for services of any size to securely make direct transfers for data portability from one service to another and to make the process simpler for the people who use these services.

8. How many data points does Facebook have on the average non-Facebook user?

Please see the responses to your Questions 5 and 7.

9. You also said that you believed it was a “reasonable principle” that consumers should be able to easily place limits on the personal data that companies collect and retain. If one of my constituents doesn’t have a Facebook account, how are they supposed to limit the personal data that your company collects and retains about them?

When the person visiting a website featuring Facebook’s tools is not a registered Facebook user, Facebook does not have information identifying that individual, and it does not create profiles for that individual. If a person doesn’t have a Facebook account but believes Facebook may have information about them, they can contact us to request a copy of their information. A contact form is available at <https://www.facebook.com/help/contact/180237885820953>.

10. These are people who have never agreed to any form of privacy policy with Facebook, and thus would not have any reason to expect that they are being surveilled. What changes will Facebook make to ensure that these Americans have actual control over the data that is being collected about them?

Please see the response to your Question 9. As described in the response to your Question 5, the main way Facebook may get information about someone without a Facebook account is when that person uses an app or visits a website maintained by a developer that has decided to incorporate our technologies—such as the Facebook Pixel—into their service. Facebook requires developers using our technologies to have all necessary rights from people in compliance with applicable laws before sharing information with us.

11. **A Pew survey last fall found that 74% of Facebook users did not know what information Facebook collected on them. Informed consent is generally defined as permission granted while knowing the possible consequences of their decision. How can people make an informed decision to opt out of Facebook’s data collection when three quarters of Americans don’t even know what information Facebook is collecting?**

We believe that it’s important to communicate with people about the information that we collect and how people can control it. This is why we work hard to provide this information to people in a variety of ways: including in our Data Policy and in Privacy Basics, which provides walkthroughs of common privacy questions we receive. Last year, we asked people around the world to review information about their data and privacy, and to agree to our updated terms of service and data policy. Beyond simply disclosing our practices, we also think it’s important to give people access to their own information, which we do through our Download Your Information and Access Your Information tools, Activity Log, and Ad Preferences, all of which are accessible through our Privacy Shortcuts tool. We also provide information about these topics in context as people are using the Facebook service itself.

To provide more transparency and control around these practices, we have also been rolling out a new way to view and control your off-Facebook activity. Off-Facebook Activity lets you see a summary of apps and websites that send us information about your activity and allows you to disconnect this information from your account if you want to. For more information about this tool, please see our Help Center at <https://www.facebook.com/help/2207256696182627>.

Facebook seeks, as much as possible, to put controls and information in context within its service. While “up-front” information like that contained in the terms of service is useful, research overwhelmingly demonstrates that in-product controls and education are the most meaningful to people and the most likely to be read and understood. On-demand controls are also important, and we recently redesigned our entire settings menu on mobile devices from top to bottom to make things easier to find. We also created a Privacy Shortcuts menu where users can control their data in just a few taps, with clearer explanations of how our controls work. The experience is now clearer, more visual, and easier to find.

Facebook is committed to improving people’s experience of its own services as well as investing in new innovations and approaches to support improvements across the industry.

12. **Lori Hunt would like to know: “Who is going to oversee and regulate this? There is a lot of potential for it to be used in questionable transactions and money laundering. FB is already a poor example of transparency, so why should we trust them with a new form of currency?”**

To clarify, Facebook is not launching a new form of currency. The Libra Association (the “Association”), which is a separate organization from Facebook, will be launching a new global payment tool—Libra coins. Calibra Holdings, LLC, the parent company of Calibra, Inc. (“Calibra”), a wholly-owned, indirect subsidiary of Facebook, is one of over 20 members of the Association, and we understand the Association expects to have approximately 100 members

prior to launch. Non-members will also be able to build applications on the Libra blockchain. In the same way that Facebook and other companies have built applications and websites on the public internet, we expect that many companies and developers will build applications on the open-source Libra blockchain. The Calibra wallet is one example of this.

The Association intends to seek a license from the Swiss Financial Market Supervisory Authority (“FINMA”) as a payment system under Switzerland’s Financial Market Infrastructure Act (“FMIA”). As noted by FINMA, the Association’s license under the FMIA would include the application of international anti-money laundering (“AML”) standards. In addition, we understand that the Association will register as a money services business with the Financial Crimes Enforcement Network of the US Department of the Treasury (“FinCEN”) and will therefore be subject to FinCEN oversight with respect to its compliance with the US Bank Secrecy Act and know-your-customer (“KYC”) obligations.

Further, we understand that the Association expects a commitment from all Association members to comply with applicable AML and combating the financing of terrorism (“CFT”) obligations. We understand that the Association will also establish KYC/AML guidelines that govern its activities, those of Association members that provide financial services, and those of “Designated Dealers” (i.e., well-capitalized financial institutions with expertise in the foreign exchange markets that will serve as authorized resellers of Libra coins), each with respect to their involvement with the Libra Network. We understand that the Association expects to evaluate further measures to address these requirements and is evaluating with regulators the introduction of additional controls at the Libra Network level.

Calibra will seek appropriate licenses or registrations in any jurisdiction in which such licensing is required for custodial wallet services. Calibra has, to date, registered with FinCEN as a money services business and, as such, intends to comply with all FinCEN regulations and guidance, including with respect to AML and CFT obligations. Calibra will also be licensed and regulated as a money transmitter in the US states in which such licensing is required for custodial wallet services. Additionally, as a US company, Calibra will be subject to US sanctions requirements.

Given the early stages of this project, Calibra has not yet determined applicable licensing or registration requirements in all non-US jurisdictions. In many cases, the processes for obtaining such licenses or registrations have not yet been established. If and when more jurisdictions regulate digital currency wallets and related transmission services, Calibra will seek to obtain any licenses, registrations, or other authorizations necessary to offer and provide its services in those jurisdictions.

13. **Greg Fallis would like to know: “How he can justify his policy of allowing posts or ads from politicians containing blatant misrepresentations of facts and outright lies on Facebook? (Even if I disapprove of politicians posting skewed but true information, I can understand why it's allowed. But to permit politicians to make posts that are clearly NOT true, that have been demonstrated false, contributes to the erosion of public trust.)**

We work with independent, third-party fact-checkers to help reduce the spread of false news and other types of viral misinformation, like memes or manipulated photos and videos. We don't believe, however, that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny. Speech from candidates and elected officials is some of the most scrutinized speech in our society, and we believe people should decide what is credible, not tech companies. We view our role as making sure there is a level playing field, not being a political participant ourselves.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when a politician shares previously debunked content, including links, videos, and photos, we demote that content, display related information from fact-checkers, and reject its inclusion in advertisements. When it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies.

Additionally, we keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

Given the sensitivity around political ads, we have considered whether we should stop allowing them altogether. From a business perspective, the controversy certainly isn't worth the small part of our business they make up. But political ads are an important part of voice—especially for local candidates, up-and-coming challengers, and advocacy groups that may not get much media attention otherwise. Banning political ads favors incumbents and whoever the media covers.

14. Claire Celsi, Iowa State Senator from District 21, would like to know: “Are you committed to screening political ads for false information or shady origins.”

Ads must comply with our Advertising Policies, which can be found at <https://www.facebook.com/policies/ads>.

We believe that transparency leads to increased accountability and responsibility over time—not just for Facebook, but for advertisers as well. It's why we continue to introduce tools that allow elected officials, those seeking office, and organizations aiming to influence public opinion to show more information about the ads they run and who's behind them.

As part of the authorization process for advertisers, we confirm their ID as being in the country where they want to target ads about social issues, elections, or politics and allow them to disclose who is responsible for the ad, which will appear on the ad itself. The ad and “Paid for by” disclaimer are placed in the Ad Library for seven years, along with more information such as range of spend and impressions, as well as demographics of who saw the ad. We already require that advertisers get authorized and add disclaimers to these ads in over 50 countries and

territories, and now we're expanding proactive enforcement on these ads to countries where elections or regulations are approaching.

Because we want to help people better understand the sources of news content they see on Facebook so they can make informed decisions about what they're reading, we will also soon begin labeling media outlets that are wholly or partially under the editorial control of their government as state-controlled media. This label will appear both on their Page and in our Ad Library.

When it comes to speech from politicians, we don't believe that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny. Speech from candidates and elected officials is some of the most scrutinized speech in our society, and we believe people should decide what is credible, not tech companies. That's why direct speech from politicians is not eligible for our independent, third-party fact-checking program. We have had this policy on the books for over a year now, posted publicly on our site under our eligibility guidelines. This means that organic content or ads from politicians aren't eligible to be reviewed by our third-party fact-checking partners.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when a politician shares previously debunked content, including links, videos, and photos, we demote that content, display related information from fact-checkers, and reject its inclusion in advertisements. When it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies.

Other types of political and issue-based content, as defined by our Advertising Policies (https://www.facebook.com/policies/ads/restricted_content/political), continues to be eligible for review by our third-party fact-checking partners. For example, content from Super PACs or advocacy organizations not officially affiliated with candidates is eligible for review.

15. Ken Myers would like to know: "Does he realize his inability to control content like a publication with likely get passage of laws to curb his organization?"

Facebook is first and foremost a technology company. We do not create or edit the content that our users post on our platform. While we seek to be a platform for a broad range of ideas, we do moderate content according to our published Community Standards in order to keep users on the platform safe while creating a place for expression.

16. Chris Morse would like to know: "At what point will Mark Zuckerberg and his stakeholders be satisfied? For too long Facebook has been trying to creep into every crevice of our digital lives but now Zuckerberg wants to undermine our republic by introducing a crypto currency? When is it enough? How big do you think Facebook needs to be?"

To clarify, Facebook is not launching its own cryptocurrency. Instead, it is launching a digital wallet product, Calibra.

The Libra Association (the “Association”), which is a separate organization from Facebook, will be launching a new global payment tool—Libra coins. Calibra Holdings, LLC, the parent company of Calibra, Inc. (“Calibra”), a wholly-owned, indirect subsidiary of Facebook, is one of over 20 members of the Libra Association, and the Association expects to have approximately 100 members prior to launch. Non-members will also be able to build applications on the Libra blockchain. In the same way that Facebook and other companies have built applications and websites on the public internet, we expect that many companies and developers will build applications on the open-source Libra blockchain. The Calibra wallet is one example of this.

Facebook was founded in a college dorm room fifteen years ago and, since that time, we have transformed the way people around the world communicate, connect, and share. It is because of our belief in the American values of competition and innovation that Facebook could grow from a dorm room idea to a vibrant and successful American company that now employs almost 40,000 people around the world.

Facebook was transformative and groundbreaking when it launched, and we work hard to remain so today. The intense competitive pressures we face push us to evolve and experiment with new ideas and approaches. We work every day to develop the next big technologies that will change how people connect and communicate in the future. We know that if we don’t keep improving, our competitors will, and we will lose our users and advertisers.

Facebook is where it is today because we have worked hard and taken risks. Our efforts have resulted in significant success, and America has always celebrated success. But major players rise and fall quickly in the tech industry—consider MySpace, AOL, or even the fall in popularity of Tumblr. We continue to witness and experience a sector undergoing seismic change, and history shows that it is very difficult to predict which online companies will thrive over the next few years. Although we are successful today, our continued success is not guaranteed. If a user does not enjoy a product or experience, they can—and do—abandon it and explore the myriad other options available. That’s why neither Facebook nor any other company in the tech sector can rest on its laurels, and we never take our customers for granted. Our focus is on continuing to build the best products for the people and businesses that choose to use our products.

17. Russell Tharp would like to ask: What is he going to do to prevent Russia and other nations from flash flooding Facebook on the eve of an election, with slanted, false or misleading political advertising?

We have a responsibility to stop abuse and election interference on our platform. That’s why we’ve made significant investments since 2016 to better identify new threats, close vulnerabilities, and reduce the spread of viral misinformation and fake accounts.

Combating Inauthentic Behavior

Over the last three years, we’ve worked to identify new and emerging threats and remove coordinated inauthentic behavior across our apps. In the past year alone, we’ve taken down over 50 networks worldwide, many ahead of major democratic elections. As part of our effort to

counter foreign influence campaigns, most recently we removed three networks of accounts, Pages, and Groups on Facebook and Instagram for engaging in foreign interference. These manipulation campaigns originated in Russia and targeted a number of countries in Africa. We have identified these manipulation campaigns as part of our internal investigations into suspected Russia-linked inauthentic behavior in the region.

We took down these networks based on their behavior, not the content they posted. In each case, the people behind this activity coordinated with one another and used fake accounts to misrepresent themselves, and that was the basis for our action. We have shared our findings with law enforcement and industry partners. More details can be found at <https://newsroom.fb.com/news/2019/10/removing-more-coordinated-inauthentic-behavior-from-Russia>.

As we've improved our ability to disrupt these operations, we've also built a deeper understanding of different threats and how best to counter them. We investigate and enforce against any type of inauthentic behavior.

Making Pages More Transparent

We want to make sure people are using Facebook authentically and that they understand who is speaking to them. Over the past year, we've taken steps to ensure Pages are authentic and more transparent by showing people the Page's primary country location, whether the Page has merged with other Pages, and information about the organization that owns the Page. This gives people more context on the Page and makes it easier to understand who's behind it.

Labeling State-Controlled Media

We want to help people better understand the sources of news content they see on Facebook so they can make informed decisions about what they're reading. We'll soon begin labeling media outlets that are wholly or partially under the editorial control of their government as state-controlled media. This label will appear both on their Page and in our Ad Library. We will hold these Pages to a higher standard of transparency because they combine the opinion-making influence of a media organization with the strategic backing of a state.

Making it Easier to Understand Political Ads

Throughout this year, we've been expanding our work around the world to increase authenticity and transparency around political advertising, because we know how important it is that people understand who is publishing the ads that they see. We have now launched our publicly searchable Ad Library in over 190 countries and territories. We allow advertisers to be authorized to purchase political ads, and we give people more information about ads about social issues, elections, or politics. We require the use of these transparency tools in over 50 jurisdictions, and we make them available for voluntary use in over 140 others, to provide the option of greater transparency and accountability.

We have added a variety of features to our ads transparency tools to help journalists, lawmakers, researchers, and others learn more about the ads they see, including information about how much candidates have spent on ads. And soon we will also begin testing a new

database with researchers that will enable them to quickly download the entire Ad Library, pull daily snapshots, and track day-to-day changes.

More Resources for Rapid Response for Elections

We have set up regional operations centers focused on election integrity in California, Dublin, and Singapore. These hubs allow our global teams to better work across regions in the run-up to elections and further strengthen our coordination and response time between staff in Menlo Park and in-country. These teams add a layer of defense against fake news, hate speech, and voter suppression, and they work cross-functionally with our threat intelligence, data science, engineering, research, community operations, legal, and other teams.

Preventing the Spread of Viral Misinformation

We work to keep confirmed misinformation from spreading. For example, we reduce its distribution in News Feed so fewer people see it. And if Pages, domains, or Groups repeatedly share misinformation, we'll continue to reduce their overall distribution, and we'll place restrictions on the Pages' ability to advertise and monetize.

In addition to clearer labels, we're also working to take faster action to prevent misinformation from going viral, especially given that quality reporting and fact-checking take time. In many countries, including in the US, if we have signals that a piece of content is false, we temporarily reduce its distribution pending review by a third-party fact-checker.

- 18. Heather Robinson would like to ask: "You recently said that technology has decentralized power. What specifically does he mean by that? Yes, more people have an opportunity to state their opinions but how does that translate to real power?"**

As our CEO Mark Zuckerberg recently said, people having the power to express themselves at scale is a new kind of force in the world. People no longer have to rely on traditional gatekeepers in politics or media to make their voices heard, and that has important outcomes. We understand the concerns about how tech platforms have centralized power, but we believe the much bigger story is how much these platforms have decentralized power by putting it directly into people's hands.

- 19. Heather also asks: "if FB is going to exempt political ads from their misinformation policy will they also agree that "platform integrity" is simply not a priority for the company? You cannot earn money from misinformation and then claim integrity is of paramount importance."**

Platform integrity is very important to us at Facebook. We are working hard to increase transparency and accountability on our services.

We don't believe, however, that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny. Speech from candidates and elected officials is some of the most scrutinized speech

in our society, and we believe people should decide what is credible, not tech companies. That's why direct speech from politicians is not eligible for our independent, third-party fact-checking program. We have had this policy on the books for over a year now, posted publicly on our site under our eligibility guidelines. This means that organic content or ads from politicians aren't eligible to be reviewed by our third-party fact-checking partners. However, when a politician shares previously debunked content, including links, videos, and photos, we will demote that content, display related information from fact-checkers, and reject its inclusion in advertisements.

Given the sensitivity around political ads, we have considered whether we should stop allowing them altogether. From a business perspective, the controversy certainly isn't worth the small part of our business they make up. But political ads are an important part of voice—especially for local candidates, up-and-coming challengers, and advocacy groups that may not get much media attention otherwise. Banning political ads favors incumbents and whoever the media covers. As our CEO Mark Zuckerberg has said, we would welcome regulation in this space.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. When we evaluate their posts, we weigh the balance of the public interest value in seeing it against any potential for harm. And when it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact-check, we still require them to follow our Advertising Policies.

As discussed, we keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

20. Vanessa Phelan would like to know: “Why did his very profitable company stick a school district with a \$900K bill for one of its energy guzzler server farms and then dictate that at a \$400K donation must be used for laptops?”

We understand that certain taxes were assessed incorrectly this year in Iowa, leaving the Bondurant-Farrar school district with a \$894,285 deficit. While no one has argued that this was Facebook's fault, we remain committed to helping communities where we live and work. We broke ground on our Altoona data center in 2013 and have invested over \$2 billion in Iowa since then, employing hundreds of people. Since opening our data center in 2014, Facebook has donated over \$1 million to local schools and local nonprofits. The \$355,000 grant we provided for 1,186 new Chromebooks was part of our ongoing relationship with the school districts. We work closely with the school districts and other organizations in the area to find ways we can support the community. Other examples are the \$10,000 we donated to Iowa STEM BEST Grant Match, Engineer for the Week programming support and professional development, and additional volunteer support at district-wide STEAM night, Career Day, and other events. Facebook is dedicated to ensuring that our neighbors benefit from Facebook's presence in the

community. To your concern about the amount of energy our data centers use, we have worked hard to ensure that our facilities run on renewable energy. Our Altoona Data Center, for example, is supported by 100 percent renewable energy. This is one of the reasons Facebook is one of the world's largest private-sector purchasers of renewable energy.

21. Ed Love asks: "Does he feel that Facebook is worth an antitrust investigation?"

Please see the response to your Question 16 above. With success comes scrutiny, but we understand that, while we are popular today, continued success is only attainable if we build products and services that people find useful, and where more people have a voice.

Question from Representative Beatty**Question #1**

On June 30, 2019, Facebook COO Sheryl Sandberg announced the formalization of Facebook’s Civil Rights Task Force. In the June 20, 2019 “Facebook’s Civil Rights Audit – Progress Report,” it states the Task Force “meets monthly for the purpose of surfacing, discussing, and addressing civil rights issues.” It also states that the membership of the Task Force will be made up of industry experts and will be chaired by Sheryl Sandberg herself.

- 1. Please list the name, title and applicable civil rights experience of every member of the Civil Rights Task Force.**

Please see the response to the question immediately below.

- 2. How long does Facebook intend to keep this Task Force operational?**

By formalizing the Task Force, our goal is to create a long-term accountability structure at the company whereby we continue making progress on civil rights issues beyond the completion of the audit—and to embed civil rights considerations in the early stages of developing relevant products and policies.

The Task Force is made up of senior leaders across key areas of the company, including Product, US Policy/External Affairs, Operations, Advertising, Marketing, Diversity & Inclusion, Human Resources, Communications, Partnerships, and Legal. As such, the Task Force is in a position to ensure that we are effective in addressing civil rights issues that pertain to content policy, fairness in artificial intelligence, privacy, and elections.

We’re also introducing civil rights training for all senior leaders on the Task Force and key employees who work in the early stages of developing relevant products and policies. We know these are the first steps to developing long-term accountability. We plan on making further changes to build a culture that explicitly protects and promotes civil rights on Facebook.

Question #2

In my role as Chairwoman of the Subcommittee on Diversity and Inclusion and Vice-Chair of the Congressional Black Caucus, I have had several meetings with Facebook representatives over the past few years regarding concerns about the lack of diversity and inclusion within your company. Time and time again, Facebook continues to provide lip service to its diversity and inclusion efforts, while top executives, including yourself, seem to ignore it entirely.

- 1. How many employees report directly to you? How many are women? How many are minorities, specifically Latino and African-American?**

Mark Zuckerberg has nine direct reports, three of whom are women and one of Mr. Zuckerberg's direct reports self-identifies as Latino. His team has remained stable over the years and has generally not grown or experienced significant turnover.

Improving our diversity is important to both Mark and the company as a whole. Indeed, diversity and inclusion are critical to our success as a company. People from all backgrounds rely on Facebook to connect with others, and we will better serve their needs with a more diverse workforce. Since 2014, when our strategic efforts began, we've made some progress increasing the number of people from traditionally underrepresented groups employed at Facebook, but we recognize that we need to do more. We're also focused on increasing the diversity and inclusion capabilities of managers and leaders to build inclusive teams, departments, and organizations so that our products and community will benefit from the diverse perspectives of our people.

We are dedicated to prioritizing diverse hiring and are committed to our goal of having a company where, in the next five years, at least 50 percent of our workforce is comprised of women, people of color, and other underrepresented groups. When it comes to hiring, we have a diverse slate approach modeled after the Rooney Rule. This ensures that recruiters present qualified candidates from underrepresented groups to hiring managers looking to fill open roles, and it sets the expectation that hiring managers will consider candidates from underrepresented backgrounds when interviewing for an open position.

Question #3

Last year, a former employee circulated a memo to all Facebook employees prior to his last day entitled, "Facebook is failing its black employees and its black users." In this memo, the former employee bluntly states, "Facebook has a black people problem" and goes on to highlight his views of how the company views its African-American employees and users.

1. **Have you seen this memo prior to testifying on October 23, 2019?**
 - a. **If so, what were your initial thoughts?**
 - b. **If not, why has this not risen to the CEO level and what does that say about the culture of Facebook if this scathing memo by a former employee concerning discrimination within your company has not been seen by the company's CEO?**

This specific matter was brought to the attention of our senior leadership, including our CEO Mark Zuckerberg. We are very disappointed that someone could experience our company in the ways the memo described, and we are committed to improving. Diversity and inclusion are a priority, and lead to better decisions, better products, and better culture. We know that we still have a lot of work to do, and we will work hard to get to where we know we need to be.

We are committed to providing our employees with a safe working environment, free from harassment and discrimination, that fosters and protects diverse perspectives and backgrounds and promotes inclusiveness. We treat any allegations of harassment, discrimination, or retaliation with the utmost seriousness. As such, we have invested significant time and

resources into developing our policies and processes to ensure that all of our employees, regardless of their background, can come to work and feel safe, protected, and free from harassment and discrimination. We also have numerous avenues for employees to report concerns, which a team of experienced investigators (including many former employment lawyers) investigate and address. Our investigation process protects employees who are in any way involved in the investigation process from stigma or retaliation.

Question #4

According to Facebook's financial results for the quarter ending June 30, 2019, your company has more than \$46 billion in the forms of cash, cash equivalent, and marketable securities.

- 1. Are any of these funds managed by women- and/or minority-owned asset management firms? If so, please state the number of and dollar amounts invested in women-owned firms and the number of and dollar amounts invested in minority-owned firms.**

We consistently engage the minority- and women-owned finance community with regular in-person discussions. We currently work with one self-identified diverse investment management firm, and we remain committed to looking at every opportunity to connect qualified asset managers and other financial service providers across opportunities. In addition to asset management, this has included areas such as our stock repurchase program, fleet and equipment leasing, inclusion of minority-managed funds in our employee 401(k), and contingent worker payrolling.

We know that having diverse suppliers and partners helps us build better products for our global community. We have a supplier diversity program, which we launched in October 2016. It connects qualified, diverse-owned businesses to our fast-moving community, while also helping these companies grow their business on our family of apps. In 2018, we spent over 400 million dollars with certified diverse suppliers—a 73 percent increase from 2017. Thirty-four percent was with women-owned businesses, and 70 percent was with minority-owned businesses.

Question #5

Facebook has been sued by national civil rights groups, the U.S. Department of Housing and Urban Development and, most recently, a class of older female users for discrimination within Facebook's ad policies.

- 1. Is Facebook subject to the civil rights mandates of the federal Fair Housing Act?**

Discrimination and discriminatory advertising have no place on Facebook's platform, and we remove such content as soon as we become aware of it. We have obligations under civil rights laws, like any other company.

Our policies have long prohibited discrimination, and we have made significant changes to help prevent advertisers from misusing our tools to discriminate in their ad targeting. As part

of settlement agreements with civil rights organizations like National Fair Housing Alliance, and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit (“HEC”) ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available. We’ve expanded our enforcement of this process across all the tools businesses use to buy ads on Facebook. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We’ve also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser’s intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we’ll also include ads that offer employment or credit opportunities in the Ad Library. We’re actively working with civil rights groups to inform our approach as we prepare to roll this out. We’ve also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

2. Are any members of the Board of Directors, the C-suite, or the programmers who work on your platform required to take implicit bias training? If so, who?

We recognize the importance of working to reduce unconscious bias. Our publicly available Managing Unconscious Bias class—which a majority of US employees, including managers and above, have taken—encourages our people to challenge and correct bias as soon as they see it, in others and in themselves. We’ve also added many new internal programs, including Managing Inclusion, which trains managers to understand the issues that affect marginalized communities, and Be The Ally, which gives everyone the common language, tools, and space to practice supporting others.

Question #6

In your testimony, you stated that Calibra will be set up as a regulated subsidiary, so there will be a clear separation between Facebook’s social data and Calibra’s financial data. Additionally, your testimony states that Calibra will not share customers’ account information or financial data with Facebook, except for certain conditions, which includes when people affirmatively choose to share their data.

1. Are Instagram and What’s App set up as regulated subsidiaries, similar to how Calibra will be set up?

a. Do these same firewalls established between Facebook data and Calibra financial data exist between Facebook and Instagram? Facebook and WhatsApp?

Calibra, Inc. (“Calibra”) is a regulated financial entity, and when it is launched, it will have a data policy that limits sharing of its financial information consistent with the representations we have made. Facebook, WhatsApp, and Instagram are not regulated as

financial subsidiaries. We share data consistent with our data policies and user settings, and we work to make our data policies as easy to read as possible.

2. Will people who use Calibra have to agree to share their data as a precondition to using the service, much like how Facebook has argued in court filings that the only way for consumers to ensure their information is private is to not use Facebook because there is no right to privacy on your platforms?

Calibra is being designed with a strong commitment to protecting customer privacy. We believe that customers hold rights to their data and should have simple, understandable, and accessible data-management controls.

Calibra will provide its wallet users with its privacy policy, and users will be required to agree to its terms of service before they sign up for or use the Calibra wallet service. Among other things, the privacy policy will disclose to Calibra customers what data Calibra will collect, how that data will be used, and lawful bases (where applicable) for any such use (whether that be consents collected by Calibra or otherwise). Calibra will also describe its data sharing practices in customer notices, where appropriate.

Except in limited circumstances, Calibra will not share customers' account information or financial data with any third party or Facebook without customer consent. The limited cases where this data may be shared reflect our need to keep people safe, comply with the law, and provide basic functionality to the people who use Calibra. As a Facebook subsidiary, Calibra may also be legally obligated to share certain data with Facebook, so that Facebook can meet regulatory requirements. This could, for example, consist of aggregated payment numbers for financial and tax reporting or information necessary to comply with the law.

The user information that Calibra does collect and store will be subject to strong security and access controls. User payment credentials, such as the number of a debit card used to purchase Libra coins, provided by users to Calibra, will not be accessible by Facebook or its affiliates. And user transaction activity through Calibra will be private and will never be posted to Facebook, unless users themselves choose to share it.

Similar to other commerce platforms, there may be times when Facebook, acting in its capacity as a merchant or platform, will independently have access to information about completed transactions that take place on Facebook's commerce platform (e.g. purchase made, merchant, transaction amount, date, time). This may include transactions completed via Calibra with Libra as the payment method, though this would not involve a special transfer of information from Calibra to Facebook. In those situations, Facebook's independent access to transaction information will be the same as for other transactions on the Facebook platform completed using other payment methods like credit cards.

Questions from Representative Cleaver**Libra**

As Chairman of the Financial Services Subcommittee on National Security, International Development, and Monetary Policy, I am concerned about the potential threats posed by Libra to money laundering, sanctions evasion, and terror financing. Both the Treasury Department and Federal Reserve have underscored alarming unresolved global threats posed by Libra.

The Secretary of Treasury told me that he communicated to Facebook that its launch was premature, and the company had not addressed fundamental issues around money laundering, Bank Secrecy Act requirements, or other concerns.

In response to my letter to the Financial Stability Oversight Counsel, I was told that it is “unclear whether U.S. and foreign regulators will have the ability to monitor the Libra market and require corrective action, if necessary.” This is consistent with conversations I have had with a number of regulators.

Questions

- 1. What is your timeline and strategy to address these regulatory hurdles and “fundamental issues” articulated by the treasury secretary and other financial regulators?**

Facebook takes seriously the concerns raised by Secretary Mnuchin as well as by other policy makers and regulators. We understand that the Libra Association (the “Association”) does as well. The Association initially announced plans to launch the Libra Network in 2020, but we understand that the Association does not expect the launch of the Libra Network to occur before the Association meets applicable regulatory requirements, including obtaining a payments system license in Switzerland, registering with the Financial Crimes Enforcement Network of the US Department of the Treasury (“FinCEN”), and ensuring that applicable US regulatory concerns are addressed. The Association will be subject to US and Swiss anti-money laundering (“AML”), combating the financing of terrorism (“CFT”), and sanctions regulatory requirements because the Association will register with FinCEN and is seeking a payments system license with the Swiss Financial Market Supervisory Authority (“FINMA”). Calibra Holdings, LLC, the parent company of Calibra, Inc. (“Calibra”)—a wholly-owned, indirect subsidiary of Facebook—has, to date, registered with FinCEN as a money services business and, as such, it intends to comply with all FinCEN regulations and guidance, including with respect to AML, CFT, and sanctions obligations. Calibra and the Association are fully committed to working with applicable regulators in the United States and around the world.

- 2. Did you contemplate this prior to the roll out of this product?**
 - If yes, when were you aware and how did your company anticipate addressing them?**

- **If no, what exactly was the internal review and controls process that resulted in these potential risks not being captured?**

The Association announced plans for the Libra project at an early stage in part to solicit feedback from legislators, regulators, consumers, and other groups. The Association did announce in its White Paper its plans to register with FinCEN and build an AML/CFT program. Calibra supports this approach and believes this input from regulators will help build a stronger, more resilient system. Calibra is committed to working with the other members of the Association to ensure all applicable regulatory concerns are addressed.

- 3. Which financial regulator does Facebook think is most appropriate to regulate Libra? Please explain your reasoning.**

We expect the Association to be subject to oversight by multiple regulators, including FinCEN, as well as FINMA, to which the Association expects to apply for a payment system license under Switzerland's Financial Market Infrastructure Act ("FMI Act"). We understand that the Association remains committed to engaging with applicable regulators around the world as it works toward the launch of the Libra Network. The launch of the Libra Network will not occur before the Association addresses applicable regulatory requirements, which may include obtaining licenses from other financial regulators.

- 4. Has any U.S. financial regulator endorsed Libra?**

- **If yes, please identify the regulator and their stated rationale.**

We are actively discussing the Libra project with applicable US financial regulators. US financial regulators, like regulators in other jurisdictions, expect to see their regulatory and supervisory expectations appropriately addressed. The launch of the Libra Network will be initiated by a vote of all Association members and will not occur before the Association meets applicable regulatory requirements. Calibra is committed to working with the other members of the Association to ensure such requirements are adequately addressed.

- 5. David Marcus told the Financial Services Committee that, for Libra wallets to offer products to U.S. consumers, they would need to be fully compliant first. With Libra's stated goal of one day becoming permission-less, how will those protections be built in and who will enforce this?**

The Association and its members have been developing and considering initiatives relating to the Association's approach to a potential future transition of the Libra Network to more open participation in node operation and governance, while preserving the health and integrity of the Network. These initiatives are designed to address comments and suggestions from regulators that have provided feedback to the Association and its members.

- 6. How will consumer protection be prioritized in a permission-less network that is global?**

Please see the response to your Question 5 above.

7. How will participants be vetted to ensure that they are not offering harmful products or services to U.S. customers?

The Libra blockchain will allow businesses to create competitive services on the Libra Network. Both members and non-members of the Association will be able to build a wallet on the Network. These wallets will provide choice and competition that will benefit consumers. Wallet providers operating on the Libra blockchain will be subject to applicable regulations in the jurisdictions in which they operate. For example, in the United States, custodial wallet service providers will need to be registered with FinCEN and will be subject to the US Bank Secrecy Act (“BSA”) and FinCEN AML and CFT requirements and state licensing requirements.

For its part, Calibra will offer strong consumer protections, including automated fraud detection, in-app reporting, and dedicated customer service. Automated tools will proactively monitor activity in Calibra to detect fraudulent behavior. If fraudulent activity is suspected, Calibra will either deny the activity in real-time or ask for additional information before the activity can be completed. The Calibra wallet will include additional layers of authentication, so users can trust their money will stay safe even if they lose their phone or password. And, in the rare event of unauthorized transactions in a user’s Calibra wallet, Calibra plans to give that user a refund. Calibra will also offer dedicated customer support, ensuring that people receive timely assistance, whether it be answering questions related to their accounts or responding to reports of illicit activity.

The Treasury has articulated that “the Libra Association, and all virtual asset service providers participating in the Libra network must implement the same AML/CFT requirements as traditional financial institutions.”

8. How exactly does Facebook plan to achieve this?

Please see the response to your Question 9 below.

9. What AML/CFT vulnerabilities has Facebook identified with Libra?

- **How does it plan to address them?**
- **If no vulnerabilities have been identified, how does Facebook reconcile this inconsistency with concerns identified by financial regulators?**

The Libra Association and its members, including Calibra, take their responsibilities with respect to anti-money laundering and combating the financing of terrorism very seriously, and are committed to supporting efforts by regulators, central banks, and lawmakers to ensure that the Association and Calibra contribute to the fight against money-laundering, terrorism financing, and more.

To clarify, Facebook is not launching a new form of currency. The Association, which is a separate organization from Facebook, will be launching a new global payment tool—Libra coins. Calibra Holdings, LLC, the parent company of Calibra, a wholly-owned, indirect subsidiary of Facebook, is one of over 20 members of the Association, and the Association

expects to have approximately 100 members prior to launch. Non-members will also be able to build applications on the Libra blockchain. In the same way that Facebook and other companies have built applications and websites on the public internet, we expect that many companies and developers will build applications on the open-source Libra blockchain. The Calibra wallet is one example of this.

The Association intends to seek a license from FINMA as a payment system under the FMIA. As noted by FINMA, its license of the Association under the FMIA would include the application of international AML standards. In addition, we understand that the Association will register as a money services business with FinCEN and will therefore be subject to FinCEN oversight with respect to its compliance with the BSA and know-your-customer (“KYC”) obligations.

Further, we understand that the Association expects a commitment from all Association members to comply with applicable AML/CFT obligations. We understand that the Association will also establish KYC/AML guidelines that govern its activities, those of Association members that provide financial services, and those of “Designated Dealers” (i.e., well-capitalized financial institutions with expertise in the foreign exchange markets that will serve as authorized resellers of Libra coins), each with respect to their involvement with the Libra Network. We understand that the Association expects to evaluate further measures to address these requirements and is raising with regulators, including FinCEN, the introduction of additional controls at the Libra Network level.

We understand that the Association further expects that intermediaries operating on the Libra Network (such as custodial wallet providers) will comply with applicable KYC/AML obligations, including by collecting and retaining information on transactions involving their customers, as required under applicable local law. Information stored on the Libra blockchain will be publicly available, such that anyone, including government authorities, will be able to conduct an analysis of Libra blockchain activity, including monitoring transaction activity on the Libra Network (although that information will be available only based upon public blockchain addresses).

Calibra will seek appropriate licenses or registrations in any jurisdiction in which such licensing is required for custodial wallet services. Calibra has, to date, registered with FinCEN as a money services business and, as such, intends to comply with all FinCEN regulations and guidance, including with respect to AML and CFT obligations. Calibra will also be licensed and regulated as a money transmitter in the US states in which such licensing is required for custodial wallet services. Additionally, as a US company, Calibra will be subject to US sanctions requirements.

Given the early stages of this project, Calibra has not yet determined applicable licensing or registration requirements in all non-US jurisdictions. In many cases, the processes for obtaining such licenses or registrations have not yet been established. If and when more jurisdictions regulate digital currency wallets and related transmission services, Calibra will seek to obtain any licenses, registrations, or other authorizations necessary to offer and provide its services in those jurisdictions.

Calibra, as a custodial wallet provider that will be operating on the Libra Network, is building an AML/CFT compliance program to comply with applicable regulatory requirements, including screening the identity of all customers, not just those that exceed a certain threshold of activity. Potential customers who do not pass that screening will not be allowed to open a Calibra account, even if they are existing Facebook users. As expected of regulated service providers, Calibra will also maintain a program for transaction monitoring of customer activity to detect suspicious activity, and to file Suspicious Activity Reports as appropriate.

The Treasury Secretary noted that “I think right now in the United States, we do have the proper tools, but if we need more tools we will come back to Congress. My concern is more internationally, and we are working through the international organizations to make sure they have similar standards that we use within the United States to combat terrorist financing.”

10. How is Facebook proactively working with domestic and international financial regulators to address the Treasury Department’s concerns over inconsistent international and domestic regulators?

- **What is Facebook’s specific strategy to address this issue of conformance?**
- **What is its timeline?**

We are actively discussing the Libra project with applicable domestic and international financial regulators, and we are committed to working with the other members of the Association to ensure all applicable regulatory concerns are addressed. In general, we believe that consistency in domestic and international standards to combat terrorist financing is an important goal.

Discriminatory Advertisements

In September, the Washington Post reported that housing companies had used Facebook’s advertisement system to discriminate against older people. The human rights complaints filed allege that seven housing companies that lease or manage properties in the metropolitan area used Facebook’s advertising system to target specific age groups and exclude others. The complaint alleges that Facebook’s algorithms compounded the issue by disproportionately displaying the ads to younger users.

As part of its legal settlement to stop discrimination in housing, employment, and credit advertisements, Facebook said it will prevent advertisers from targeting ads in areas based on protected characteristics, such as race, gender, religion, etc.

Questions

11. Do you believe that Facebook has a responsibility to combat race-focused attack advertisements?

- **If no, why not?**

- **If yes, how is that manifest in Facebook’s policies?**

Advertising should be safe and civil; it should not divide or discriminate. Ads that attack people on the basis of race are not allowed on Facebook. All ads must comply with our Community Standards and our Advertising Policies.

Under our Community Standards, we prohibit hate speech, bullying, intimidation, and other kinds of abusive behavior. We prohibit hate speech because it creates an environment of intimidation and exclusion. We define hate speech as a direct attack on people based on what we call protected characteristics—race, ethnicity, national origin, religious affiliation, sexual orientation, caste, sex, gender, gender identity, and serious disease or disability. We also provide some protections for immigration status. We define an attack as violent or dehumanizing speech, statements of inferiority, or calls for exclusion or segregation.

Our Advertising Policies build on our Community Standards and prohibit discrimination on the basis of things like race, ethnicity, and national origin. This applies to all ads; even political ads or ads purchased by a political candidate must follow our Advertising Policies and therefore may not include content that violates our Community Standards.

Ads are subject to Facebook’s ad review system, which relies primarily on automated tools to check ads against these policies. We use human reviewers to improve and train our automated systems, and in some cases, to review specific ads. This review happens before ads begin delivering, but may also happen after, if people hide, block, or provide negative feedback about an ad. When we detect an ad that violates our Advertising Policies (<https://www.facebook.com/policies/ads/>), we disapprove it. And more recently, as part of the work we have done to prevent advertisers from being able to discriminate in their ad targeting, we have also been strengthening our ability to identify and take action on potentially discriminatory content in ads. We may not always get it right, but our goal is to prevent and remove content that violates our policies without censoring public discourse.

12. Why does Facebook find it acceptable to profit from housing listings that allow advertisers to target or exclude certain populations?

Discrimination and discriminatory advertising have no place on Facebook’s platform, and we remove such content as soon as we become aware of it. Facebook’s policies prohibit advertisers from discriminating against people based on personal attributes such as race, ethnicity, color, national origin, religion, age, sex, sexual orientation, gender identity, family status, disability, and medical or genetic conditions.

Our policies have long prohibited discrimination, and we have made significant changes to prevent advertisers from misusing our tools to discriminate in their ad targeting. As part of settlement agreements with civil rights organizations like National Fair Housing Alliance, and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit (“HEC”) ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available. We’ve expanded our enforcement of these restrictions across all the tools businesses use to buy

ads. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We've also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser's intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we'll also include ads that offer employment or credit opportunities in the Ad Library. We're actively working with civil rights groups to inform our approach as we prepare to roll this out. We've also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

13. If Facebook is serious about addressing civil rights, why does the company not have any senior leadership with extensive experience in civil rights?

- **Will Facebook commit to a focus effort to including a civil rights focus in its hiring of senior leadership?**
 - **If no, why not?**
 - **If yes, when does it plan to deploy this practice and how?**

By formalizing the Task Force, our goal is to create a long-term accountability structure at the company whereby we continue making progress on civil rights issues beyond the completion of the audit—and to embed civil rights considerations in the early stages of developing relevant products and policies.

The Task Force is made up of senior leaders across key areas of the company, including Product, US Policy/External Affairs, Operations, Advertising, Marketing, Diversity & Inclusion, Human Resources, Communications, Partnerships, and Legal. As such, the Task Force is in a position to ensure that we are effective in addressing civil rights issues that pertain to content policy, fairness in artificial intelligence, privacy, and elections.

We're also introducing civil rights training for all senior leaders on the Task Force and key employees who work in the early stages of developing relevant products and policies. We know these are the first steps to developing long-term accountability. We plan on making further changes to build a culture that explicitly protects and promotes civil rights on Facebook.

When it comes to hiring, we are dedicated to prioritizing diverse hiring and are committed to our goal of having a company where, in the next five years, at least 50 percent of our workforce is comprised of women, people of color, and other underrepresented groups. We have a diverse slate approach modeled after the Rooney Rule. This ensures that recruiters present qualified candidates from underrepresented groups to hiring managers looking to fill open roles, and it sets the expectation that hiring managers will consider candidates from underrepresented backgrounds when interviewing for an open position. We've seen steady increases in hiring rates for underrepresented people since we started testing this approach in 2015. We're also focused on increasing the diversity and inclusion capabilities of managers and leaders to build inclusive

teams, departments, and organizations so that our products and community will benefit from the diverse perspectives of our people.

14. What is Facebook doing to protect the ability actors to do affirmative outreach to underrepresented communities?

With a global community of over two billion people on Facebook, greater diversity and inclusivity are critical to achieving our mission. Studies have shown that cognitive diversity on teams that are working on hard problems produces better results. Diversity helps us build better products, make better decisions, and better serve our community. In order to achieve that, we have developed programming to attract and retain more people from traditionally underrepresented groups, including women, people of color, veterans, and people with disabilities.

We seek to promote diversity in a variety of ways.

First, we are dedicated to prioritizing diverse hiring and are committed to our goal of having a company where, in the next five years, at least 50 percent of our workforce is comprised of women, people of color, and other underrepresented groups. When it comes to hiring, we have a diverse slate approach modeled after the Rooney Rule. This ensures that recruiters present qualified candidates from underrepresented groups to hiring managers looking to fill open roles, and it sets the expectation that hiring managers will consider candidates from underrepresented backgrounds when interviewing for an open position. We've seen steady increases in hiring rates for underrepresented people since we started testing this approach in 2015. We're also focused on increasing the diversity and inclusion capabilities of managers and leaders to build inclusive teams, departments, and organizations so that our products and community will benefit from the diverse perspectives of our people.

As part of our efforts, we have developed programming to attract and retain more people from traditionally underrepresented groups, including women, people of color, veterans, and people with disabilities. And we've worked to build strong relationships with organizations that support people of color and women. We have partnerships with organizations like CodePath.org, the United Negro College Fund, Black Girls Code, All Star Code, Hack the Hood, The Hidden Genius Project, Yes We Code, Streetcode Academy, Dev Color, Dev Bootcamp, and Techbridge. We also partner with and recruit at historically black colleges and universities ("HBCUs"), such as Spelman, Morehouse, Howard, NCA&T, and Morgan State (EIR), and invite HBCU faculty to an annual Faculty Summit.

We are also investing in efforts to give opportunities to people from diverse backgrounds. For example, we work with TechPrep, which serves as a resource hub for students from underrepresented groups, and we run an internship program, Facebook University, for students from underrepresented communities. We want to increase access and opportunity for students with interests in software engineering, business, and analytics. Facebook University gives underrepresented students extra training and mentorship earlier in their college education. We started Facebook University in 2013 with 30 students and expect to have 250 in 2020. More than 1,000 students have graduated from this program, with over 200 returning to Facebook for full-time jobs. We also run the Facebook Summer Academy, a program for high school students from

Menlo Park, East Palo Alto, and San Francisco. Our investments in K-12 education initiatives may not show up in hiring statistics for many years, but we are committed to giving more people from underrepresented groups the skills and experiences they need to find a career in technology.

As our CEO Mark Zuckerberg testified, we know that we still have a lot of work to do. We aren't where we need to be on diversity, but we are committed to improving, and we will to work hard to get to where we know we need to be.

15. Will Facebook commit to affirmatively assisting communities targeted and harmed by discriminate practices that Facebook was leveraged to advance around the country?

- **If no, why not?**
- **If yes, where exactly will Facebook be targeting these resources and what was the rationale?**

Discrimination has no place at Facebook. People shouldn't be discriminated against on any of our services. We have Community Standards that prohibit hate speech, bullying, intimidation, and other kinds of harmful behavior. Our Advertising Policies build on our Community Standards to protect users from things like discriminatory ads. We don't want advertising to be used for hate or discrimination, and our policies reflect that.

Indeed, our policies have long prohibited discrimination, and we have made significant changes to prevent advertisers from being able to discriminate in their ad targeting. As part of settlement agreements with civil rights organizations like National Fair Housing Alliance, and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit ("HEC") ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available. We've expanded our enforcement of these restrictions across all the tools businesses use to buy ads. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We've also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser's intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we'll also include ads that offer employment or credit opportunities in the Ad Library. We're actively working with civil rights groups to inform our approach as we prepare to roll this out. We've also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

Finally, preventing communities from being targeted with hateful or discriminatory content is a priority for us. We have more than 35,000 people across the company working on safety and security issues, which includes working to remove hateful and discriminatory content,

and we're spending as much—if not more—on security than the entire revenue of our company at the time of our IPO earlier this decade.

16. Should these same ad targeting restrictions be applied to prevent discrimination in other economic opportunities, such as ads for education, insurance, healthcare, or public accommodations?

Facebook's policies prohibit *all* advertisers from discriminating or encouraging discrimination against people based on personal attributes such as race, ethnicity, color, national origin, religion, age, sex, sexual orientation, gender identity, family status, disability, and medical or genetic conditions. Indeed, in early 2017, we updated our Advertising Policies—applicable to all advertisers and advertisements—to strengthen our prohibition against discrimination. We added a section to provide advertisers with non-discrimination educational resources from government agencies and civil rights groups. For more information, please see https://www.facebook.com/policies/ads/prohibited_content/discriminatory_practices.

Discrimination and discriminatory advertising have no place on Facebook's platform, and we remove such content as soon as we become aware of it. We require all advertisers to certify compliance with our non-discrimination policy in order to run ads on Facebook. We've designed the certification experience in consultation with outside experts to underscore the difference between acceptable ad targeting and ad discrimination.

False Claims in Advertising

Facebook recently changed its policy on fact-checking political speech, including for paid advertising. Though senior staff at the company were in close consultation with members of the civil rights community at the time the policy was released, Facebook appears to have ignored the civil rights harms to the electoral process. Responsible media outlets would not run an advertisement they knew to be false, yet Facebook continues to allow misleading or untruthful political advertising.

I understand that you believe in freedom of expression. I share this belief, but I remain concerned that your platform that brings together 2.5 billion people globally should create a balance between free speech and proliferating hate speech, particularly with the rise of violent ethnic nationalism globally and white nationalism domestically.

You have repeated regularly that this is an issue of free speech and that Facebook itself does not weigh in on the merits of that speech. Nevertheless, your platform operates with an algorithm that amplifies selected posts based on engagement. As previous viral hoaxes and attempts at foreign interference in our political discourse have displayed, posts that seek to encourage outrage or shock garner the most engagement.

Questions

17. How can you justify ignoring the problems that were raised with Facebook before you released the new policy?

Hate speech violates our Community Standards and has no place on Facebook. We recognize how important it is for Facebook to be a place where people feel empowered to communicate, and we take our role in keeping abuse off our platform seriously. That is why we have developed a set of Community Standards that outlines what is and is not allowed on Facebook. Our Community Standards are designed to be comprehensive—for example, content that might not be considered hate speech may still be removed for violating our bullying policies. When we find things that violate our Standards, we remove them.

While these Standards apply to all content, we also have a newsworthiness policy, which we've had since 2016. First, in assessing newsworthiness, we make a holistic determination. In the case of politicians' speech, for example, we presume a public interest value but will still evaluate it against the risk of harm. Second, the newsworthiness exception only applies to organic content; all ads, including those posted by politicians, must still comply with both our Community Standards and our Advertising Policies. Third, decisions to apply the newsworthiness policy are made after extensive internal deliberation and with low frequency. In 2019, for example, we have only made fifteen newsworthiness exceptions for politicians globally, only one of which applied to a US politician. More often, our newsworthiness policy has allowed for images that depict war or famine or attempt to raise awareness of issues like indigenous rights.

We're committed to fighting the spread of false news on Facebook. We use both technology and human review to remove fake accounts and disrupt the financial incentives of spammers. When it comes to fact-checking, we rely on third-party fact-checkers to help reduce the spread of false news and other types of viral misinformation, like memes or manipulated photos and videos. Fact-checkers review and rate content, including ads, articles, photos, or videos.

We don't believe that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny. Speech from candidates and elected officials is some of the most scrutinized speech in our society, and we believe people should decide what is credible, not tech companies. That's why direct speech from politicians is not eligible for our third-party fact-checking program. We have had this policy on the books for over a year now, posted publicly on our site under our eligibility guidelines.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies. This means that, as with other users, politicians cannot pay for ads that include hate speech or content that may incite violence. Ads from politicians will continue to go through our review systems to check against those policies. As our CEO Mark Zuckerberg has said, we would welcome regulation in this space to set standards for the whole industry.

We keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We

label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

18. If a head of state posts content that clearly and egregiously violates Facebook's rules prohibiting violent or dehumanizing content, what would Facebook do? Who makes the final determination and how?

We recognize how important it is for Facebook to be a place where people feel empowered and safe to communicate, and we take our role in keeping abuse off our platform seriously. That is why we have developed a set of Community Standards that outlines what is and is not allowed on Facebook. We do not permit hate speech, which includes dehumanizing statements directed at someone on the basis of their protected characteristics, nor do we allow content that is likely to incite real-world violence. When we find things that violate our Standards, we remove them.

While these Standards apply to all content, we also have a newsworthiness policy, which we've had since 2016. First, in assessing newsworthiness, we make a holistic determination. In the case of politicians' speech, for example, we presume a public interest value but will still evaluate it against the risk of harm. We take a number of factors into consideration, including country-specific context such as whether there is an election underway or whether the country is at war, as well as the speaker and subject matter of the speech, and whether it relates to governance or politics. In evaluating the risk of harm, we will consider the severity of the harm. Content that has the potential to incite violence poses a safety risk that we will take into account, and we err on the side of safety. And there are some types of violations—for example, the posting of terrorist propaganda or voter suppression—where the risk of harm will always override any public interest value.

Second, the newsworthiness exception only applies to organic content; all ads, including those posted by politicians, must still comply with both our Community Standards and our Advertising Policies. Third, decisions to apply the newsworthiness policy are made after extensive internal deliberation and with low frequency. In 2019, for example, we have only made fifteen newsworthiness exceptions for politicians globally, only one of which applied to a US politician. More often, our newsworthiness policy has allowed for images that depict war or famine, or attempt to raise awareness of issues like indigenous rights.

19. How does Facebook's standards apply to members of Congress, like me?

- **Which Community Standards can members of Congress violate without getting content removed? Which Community Standards cannot be violated?**

Please see the response to your Question 18.

20. If a politician violates Community Standards, but Facebook leaves the post up because it deems the post to be newsworthy, how will users know that the post violates Community Standards?

At Facebook, we work hard to be transparent. That's why we've made our Community Standards public: to help people understand how and why we make decisions about the content that is and is not allowed on Facebook. That's also why we announce changes to our policies and publish blog posts to explain our policies. Our Community Standards can be found at <https://www.facebook.com/communitystandards/introduction> and our blog posts can be found at <https://about.fb.com/news/>.

21. If Facebook does not tell users when it is enforcing its newsworthiness policy, will that not exacerbate claims of unequal treatment on Facebook?

Facebook has had a newsworthiness policy since 2016. We publicly announced the policy and explained how it is applied, and we will continue to do so. For more information, please see <https://about.fb.com/news/2016/10/input-from-community-and-partners-on-our-community-standards/> and <https://about.fb.com/news/2019/09/elections-and-political-speech/>.

22. When political speech has the effect of dissuading people of color from participating in an election or taking part in the Census, two values Facebook has espoused, how will that be resolved by the company's content moderators?

Attempts to interfere with or suppress voting or participation in the census undermine our core values as a company, and we work proactively to remove this type of harmful content.

Specifically, we extended our voter suppression and intimidation policies to prohibit:

- Misrepresentation of the dates, locations, times, and methods for voting or voter registration (e.g., "Vote by text!");
- Misrepresentation of who can vote, qualifications for voting, whether a vote will be counted, and what information and/or materials must be provided in order to vote (e.g., "If you voted in the primary, your vote in the general election won't count."); and
- Threats of violence relating to voting, voter registration, or the outcome of an election.

We remove this type of content *regardless of who it's coming from*.

Ahead of the midterm elections, our Elections Operations Center removed more than 45,000 pieces of content that violated these policies—more than 90 percent of which our systems detected before anyone reported the content to us.

In advance of the US 2020 elections, we're implementing additional policies and expanding our technical capabilities across our services to protect the integrity of the election. Following up on a commitment we made in the civil rights audit report released in June, we have now implemented our policy banning paid advertising that suggests voting is useless or meaningless or advises people not to vote. In addition, our systems are now more effective at proactively detecting and removing this harmful content. For organic content, we use machine learning to help us quickly identify potentially incorrect voting information and remove it.

We are also continuing to expand and develop our partnerships to provide expertise on trends in voter suppression and intimidation, as well as early detection of violating content. This includes working directly with secretaries of state and election directors to address localized voter suppression that may only be occurring in a single state or district. This work will be supported by our Elections Operations Center during both the primary and general elections.

Similarly, an accurate census count is critical for the distribution of federal funds, the apportioning of electoral representatives, and the functioning of a democracy. That's why we announced a new census interference policy that bans misleading information about when and how to participate in the census and the consequences of participating. We are also introducing a new advertising policy that prohibits ads that portray census participation as useless or meaningless or advise people not to participate in the census.

These policies are due in large part to the work being done with the civil rights community through our civil rights audit and represent the culmination of a months-long process between Facebook, the US Census Bureau, and experts with diverse backgrounds to develop thoughtful rules around prohibiting census interference on our platforms and making sure people can use their voice to be counted.

It's important to note that our census interference policy is one of several policies that protects against abusive behavior that may be related to the census. Our violence and incitement policies, for example, prohibit threats of and incitement to violence. And we don't allow attempts to gather sensitive personal information by deceptive or invasive methods as laid out under our cybersecurity policies. We also have policies to protect against privacy violations (https://www.facebook.com/communitystandards/privacy_violations_image_rights) if we were to learn about the posting or sharing of hacked census data or phishing attempts to gain access to personally identifiable information. Similarly, our bullying and harassment policies aim to protect against potential harassment or intimidation.

We have also set up a multi-disciplinary team across product, engineering, policy, operations, and legal to work on protecting and promoting the census, and we are using our Operations Center for real-time monitoring of potential census interference so that we can quickly address any abuse.

23. If a mayor of a large city posted content on the platform claiming that police officers should be stationed at polling places in black neighborhoods to protect against voter fraud, what would Facebook do?

Generally speaking, we are not in a position to comment about how we might respond in particular hypothetical circumstances.

However, as stated above, while direct speech from politicians is not eligible for our third-party fact-checking program, our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote.

As discussed in the answer to your Question 22, we extended our voter suppression and intimidation policies to prohibit:

- Misrepresentation of the dates, locations, times, and methods for voting or voter registration (e.g., “Vote by text!”);
- Misrepresentation of who can vote, qualifications for voting, whether a vote will be counted, and what information and/or materials must be provided in order to vote (e.g., “If you voted in the primary, your vote in the general election won’t count.”); and
- Threats of violence relating to voting, voter registration, or the outcome of an election.

We remove this type of content *regardless of who it's coming from*.

24. Does Facebook submit all political advertisements submitted by third-party groups – like SuperPACs and 501(c)(4)s – to fact-checking and will it reject advertising by such groups that is determined to be false?

- **Under what circumstances would Facebook choose not to send such an advertisement to fact-checking? Who has the authority to make that determination?**
- **How do the fact-checkers make their determinations? Do they consider the speaker or only the contents of the speech?**
- **Will Facebook publicize that it has rejected a false advertisement from a third-party group?**

Third parties, such as Super PACs or advocacy organizations that are unaffiliated with candidates, continue to be eligible for our third-party fact-checking program. This means that, per our Advertising Policies, they may not run ads that contain content that has been marked false, or is similar to content marked false, by third-party fact-checkers. We would disapprove such ads from third parties unaffiliated with candidates that contain content rated false, which means these ads can’t run.

In the US, we work with independent third-party fact-checkers who are certified through the non-partisan International Fact-Checking Network to help identify and review false news. While direct speech from politicians is generally not eligible for our third-party fact-checking program, fact-checkers can otherwise review and rate content, including ads, articles, photos, or videos. For each piece of content up for review, the third-party fact-checker is asked: “How accurate is this story? Provide your rating below.” Facebook’s third-party fact-checker product provides different rating options. For more information on those options, please visit <https://www.facebook.com/help/publisher/182222309230722>.

If content has been rated false by a third-party fact-checker, Facebook takes action:

- First, that content’s distribution is reduced. It will appear lower in News Feed, and will be accompanied by Related Articles from fact-checkers. We also implement an overlaid warning screen on top of photos and videos marked as false. If people try to share the content, they will be notified of the additional reporting. They will also be notified if content they have shared in the past has since been rated false by a fact-checker.

- Second, in order to more effectively fight false news, we also take action against Pages and domains that repeatedly share or publish content which is rated “False.” Such Pages and domains will see their distribution reduced as the number of offenses increases. Their ability to monetize and advertise will be removed after repeated offenses. Over time, Pages and domains can restore their distribution and ability to monetize and advertise if they stop sharing false news.
- Third, Pages and domains that repeatedly publish or share false news will also lose their ability to register as a news Page on Facebook. If a registered news Page repeatedly shares false news, its news Page registration will be revoked.

25. Could a candidate place a false ad specifically targeting people of one racial, ethnic, or religious group?

Ads must comply with our Advertising Policies, which can be found at <https://www.facebook.com/policies/ads>.

Our Advertising Policies prohibit advertisers—including politicians—from using targeting options to discriminate against, harass, provoke, or disparage users or to engage in predatory advertising practices. Discrimination and discriminatory advertising have no place on Facebook’s platform, and we remove such content as soon as we become aware of it. Facebook’s policies prohibit advertisers from discriminating against people based on personal attributes such as race, ethnicity, color, national origin, religion, age, sex, sexual orientation, gender identity, family status, disability, and medical or genetic conditions.

While direct speech from politicians is generally not eligible for our third-party fact-checking program, fact-checkers can otherwise review and rate content, including ads, articles, photos, or videos. We don’t allow ads that include content debunked through our third-party fact-checking program.

Our policies don’t mean that politicians can say whatever they want on Facebook. For example, they can’t spread misinformation about where, when, or how to vote, or incite violence.

26. How much revenue does Facebook receive annually from paid content by U.S. political candidates, their campaigns, and political parties?

We estimate these ads from politicians will be less than 0.5 percent of our revenue next year. From a business perspective, the controversy related to political advertising far outweighs the very small percent of our business that these political ads make up. That’s not why we’re doing this. Political ads are an important part of voice—especially for local candidates, up-and-coming challengers, and advocacy groups that may not get much media attention otherwise. Banning political ads favors incumbents and whoever the media covers.

The reality is we believe deeply that political speech is important, and that’s what is driving us. We don’t believe that it’s an appropriate role for us to referee political debates and prevent a politician’s speech from reaching its audience and being subject to public debate and scrutiny.

27. How much does Facebook spend annually on enforcement of its Community Standards?

We have over 35,000 people working on safety and security, and our security budget today is greater than the entire revenue of our company at the time of our IPO earlier this decade.

- **What would Facebook tell the public about the candidate’s attempt to do so, given your company’s stated policy of calling attention to all politically newsworthy information?**

Our Community Standards are public to help people understand the content that is and is not allowed on Facebook.

The goal of our newsworthiness policy is not to call attention to specific political information, but to allow content to remain on our platform if the public interest in seeing it outweighs the risk of harm. We’ve had this policy since 2016, and it applies to a range of organic content not limited in scope to politicians.

As discussed in the answer to your Question 18, no content is automatically deemed newsworthy. In assessing newsworthiness, we make a holistic determination. In the case of politicians’ speech, for example, we presume a public interest value but will still evaluate it against the risk of harm. We take a number of factors into consideration, including country-specific context such as whether there is an election underway or whether the country is at war, as well as the speaker and subject matter of the speech, and whether it relates to governance or politics. In evaluating the risk of harm, we will consider the severity of the harm. Content that has the potential to incite violence poses a safety risk that we will take into account, and we err on the side of safety. And there are some types of violations—for example, the posting of terrorist propaganda or voter suppression—where the risk of harm will always override any public interest value.

28. You stated in a speech at Georgetown that Facebook is focused on making sure that “hoaxes don’t go viral.” How is that consistent with permitting false advertising by political candidates?

We share your concern about misinformation. That’s why we work with independent, third-party fact-checkers to help reduce the spread of false news and other types of viral misinformation, like memes or manipulated photos and videos. If content is deemed by a fact-checker to be false, its distribution will be reduced, and it will appear lower in News Feed. It will be accompanied by Related Articles from fact-checkers, and people trying to share the content will be notified of the additional reporting. They will also be notified if content they have shared in the past has since been rated false by a fact-checker. We also implement an overlaid warning screen on top of photos and videos marked as false. Additionally, we take action against Pages and domains that repeatedly share or publish content that is rated “False.” Such Pages and domains will see their distribution reduced as the number of offenses increases. Finally, Pages and domains that repeatedly publish or share false news will lose their ability to register as a news Page on Facebook, and if a registered news Page repeatedly shares false news, its news Page registration will be revoked.

For advertising, we do not allow advertisers to run ads that contain content that has been marked false, or is similar to content marked false, by third-party fact-checkers.

Regarding ads by political candidates, we do not think it is right for a private company to censor politicians or the news in a democracy. We don't believe that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny. That's why direct speech from politicians is not eligible for our third-party fact-checking program. We have had this policy on the books for over a year now, posted publicly on our site under our eligibility guidelines. This means that organic content or ads from politicians aren't eligible to be reviewed by our third-party fact-checking partners.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when a politician shares previously debunked content, including links, videos, and photos, we demote that content, display related information from fact-checkers, and reject its inclusion in advertisements. When it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies.

Additionally, we keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

We would welcome regulation in this space to set standards for the whole industry.

- **If a campaign paid to share the deep-fake video of Nancy Pelosi, that attempted to portray the Speaker as disoriented, would Facebook have rejected it?**

Generally speaking, and as described in the response above, we work with independent, third-party fact-checkers to help reduce the spread of false news and other types of viral misinformation, like memes or manipulated photos and videos. And for advertising content, we do not allow advertisers to run ads that contain content that has been marked false, or is similar to content marked false, by third-party fact-checkers. If a politician shares previously debunked content, including links, videos, and photos, we will reject its inclusion in advertisements.

- **How will the platform identify such false content if it does not submit candidate advertising to fact-checks?**

There will be some instances where a false or partly false rating from our fact-checking partners will affect politicians. When a politician shares a specific piece of content—i.e., a link to an article, video, or photo created by someone else that has been previously debunked on Facebook—we will demote that content, display related information from fact-checkers, and reject its inclusion in ads. This is different from a politician's own claim or statement. If a claim is made directly by a politician on their Page, in an ad, or on their website, it is considered direct

speech and ineligible for our third-party fact-checking program, even if the substance of that claim has been debunked elsewhere.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies.

Additionally, we keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

29. Why has Facebook chosen to focus on the “authenticity of the speaker,” rather than the “falsity of the content,” when the resulting misinformation could be the same?

We fight misinformation in several ways. First, we focus on the authenticity of the speaker by detecting and removing fake accounts. Second, we also have an independent, third-party fact-checking program that evaluates the veracity of content.

Much of the content the Russian accounts shared in 2016 was distasteful but would have been considered permissible political discourse if it were shared by Americans; the real issue was that it was posted by fake accounts coordinating together and pretending to be someone else. We've seen a similar issue with these groups that pump out misinformation like spam just to make money. The solution is to verify the identities of accounts getting wide distribution and to get better at removing fake accounts. We now require users to confirm their identity as being in the country where they want to target ads about social issues, elections, or politics and we verify their location. You can still say controversial things, so long as they don't violate our Advertising Policies. Our AI systems have also gotten more advanced at detecting clusters of fake accounts that aren't behaving like humans. We now remove billions of fake accounts a year—most within minutes of registering. Focusing on authenticity and verifying accounts is a much better solution than an ever-expanding definition of what speech is harmful.

30. Do you plan to add additional fact checking services that are politically aligned?

- **How will these partnerships be chosen, beyond those who are IFCN certified?**

We started the third-party fact-checking program in December 2016. We currently partner with 55 fact-checking organizations around the world that fact-check content in 45 languages. Our partners are independent and certified through the non-partisan International Fact-Checking Network (IFCN).

Ultimately, it's important that people trust the fact-checkers making these calls. That is part of why we work with IFCN to approve all our partners and make sure they have high standards of accuracy, fairness, and transparency.

31. Has Facebook considered not allowing political ads to continue to run on its platform?

- **What exactly was the companies calculus?**

Given the sensitivity around political ads, we have considered whether we should stop allowing them altogether. From a business perspective, the controversy certainly isn't worth the small part of our business they make up. But political ads are an important part of voice—especially for local candidates, up-and-coming challengers, and advocacy groups that may not get much media attention otherwise. Banning political ads favors incumbents and whoever the media covers.

Indeed, in a mature democracy with a free press, political speech is a crucial part of how democracy functions. And it is arguably the most scrutinized form of speech that exists. In newspapers, on network and cable TV, and on social media, journalists, pundits, satirists, talk show hosts, and cartoonists—not to mention rival campaigns—analyze, ridicule, rebut, and amplify the statements made by politicians. At Facebook, our role is to make sure there is a level playing field, not to be a political participant ourselves.

Our policies don't mean that politicians can say whatever they want on Facebook. They can't spread misinformation about where, when, or how to vote, for example, or incite violence. And when a politician shares previously debunked content, including links, videos, and photos, we demote that content, display related information from fact-checkers, and reject its inclusion in advertisements. When it comes to ads, while we won't remove politicians' ads based solely on the outcome of a fact check, we still require them to follow our Advertising Policies.

Additionally, we keep all ads about social issues, elections, or politics in a publicly available, searchable archive, so everyone can scrutinize them; no TV or print media does that. And people who want to run these ads now need to submit ID and information about their organization. We label the ads and let you know who's paid for them. To help improve transparency, we also recently clarified our policies to ensure people can see primary source speech from political figures that shapes civic discourse.

As discussed above, we would welcome regulation in this space to set standards for the whole industry.

32. Would Facebook provide its analysis and controls for preventing future foreign election interference through its platform?

We have a responsibility to stop abuse and election interference on our platform. That's why we've made significant investments since 2016 to better identify new threats, close vulnerabilities, and reduce the spread of viral misinformation and fake accounts.

Combating Inauthentic Behavior

Over the last three years, we've worked to identify new and emerging threats and remove coordinated inauthentic behavior across our apps. In the past year alone, we've taken down over

50 networks worldwide, many ahead of major democratic elections. As part of our effort to counter foreign influence campaigns, most recently we removed three networks of accounts, Pages, and Groups on Facebook and Instagram for engaging in foreign interference. These manipulation campaigns originated in Russia and targeted a number of countries in Africa. We have identified these manipulation campaigns as part of our internal investigations into suspected Russia-linked inauthentic behavior in the region.

We took down these networks based on their behavior, not the content they posted. In each case, the people behind this activity coordinated with one another and used fake accounts to misrepresent themselves, and that was the basis for our action. We have shared our findings with law enforcement and industry partners. More details can be found at <https://newsroom.fb.com/news/2019/10/removing-more-coordinated-inauthentic-behavior-from-Russia>. As we've improved our ability to disrupt these operations, we've also built a deeper understanding of different threats and how best to counter them. We investigate and enforce against any type of inauthentic behavior.

Protecting the Accounts of Candidates, Elected Officials, and Their Teams

We also recently launched Facebook Protect to further secure the accounts of elected officials, candidates, their staff, and others who may be particularly vulnerable to targeting by hackers and foreign adversaries. As we've seen in past elections, they can be targets of malicious activity. However, because campaigns are generally run for a short period of time, we do not always know who these campaign-affiliated people are, making it harder to help protect them.

Page admins can enroll their organization's Facebook and Instagram accounts in Facebook Protect and invite members of their organization to participate in the program as well. Participants will be required to turn on two-factor authentication, and their accounts will be monitored for hacking, such as login attempts from unusual locations or unverified devices. And if we discover an attack against one account, we can review and protect other accounts affiliated with that same organization that are enrolled in our program. You can find more information about Facebook Protect at <https://www.facebook.com/gpa/facebook-protect>.

Making Pages More Transparent

We want to make sure people are using Facebook authentically and that they understand who is speaking to them. Over the past year, we've taken steps to ensure Pages are authentic and more transparent by showing people the Page's primary country location, whether the Page has merged with other Pages, and information about the organization that owns the Page. This gives people more context on the Page and makes it easier to understand who is behind it.

Labeling State-Controlled Media

We want to help people better understand the sources of news content they see on Facebook so they can make informed decisions about what they are reading. We will soon begin labeling media outlets that are wholly or partially under the editorial control of their government as state-controlled media. This label will appear both on their Page and in our Ad Library. We will hold these Pages to a higher standard of transparency because they combine the opinion-making influence of a media organization with the strategic backing of a state.

Making it Easier to Understand Political Ads

Throughout this year, we've been expanding our work around the world to increase authenticity and transparency around political advertising because we know how important it is that people understand who is publishing the ads that they see. We have now launched our publicly searchable Ad Library in over 190 countries and territories. We allow advertisers to be authorized to purchase political ads, and we give people more information about ads that concern social issues, elections, or politics. We require the use of these transparency tools in over 50 jurisdictions, and we make them available for voluntary use in over 140 others, to provide the option of greater transparency and accountability.

We have added a variety of features to our ads transparency tools to help journalists, lawmakers, researchers, and others learn more about the ads they see, including information about how much candidates have spent on ads. And soon we will also begin testing a new database with researchers that will enable them to quickly download the entire Ad Library, pull daily snapshots, and track day-to-day changes.

More Resources for Rapid Response for Elections

We have set up regional operations centers focused on election integrity in California, Dublin, and Singapore. These hubs allow our global teams to better work across regions in the run-up to elections and further strengthen our coordination and response time between staff in Menlo Park and in-country. These teams add a layer of defense against fake news, hate speech, and voter suppression, and work cross-functionally with our threat intelligence, data science, engineering, research, community operations, legal, and other teams.

Preventing the Spread of Viral Misinformation

We work to keep confirmed misinformation from spreading. For example, we reduce its distribution in News Feed so fewer people see it. And if Pages, domains, or Groups repeatedly share misinformation, we'll continue to reduce their overall distribution, and we'll place restrictions on the Page's ability to advertise and monetize.

In addition to clearer labels, we are also working to take faster action to prevent misinformation from going viral, especially given that quality reporting and fact-checking take time. In many countries, including in the US, if we have signals that a piece of content is false, we temporarily reduce its distribution pending review by a third-party fact-checker.

Fighting Voter Suppression and Intimidation

Attempts to interfere with or suppress voting undermine our core values as a company, and we work proactively to remove this type of harmful content. Specifically, we extended our voter suppression and intimidation policies to prohibit:

- Misrepresentation of the dates, locations, times, and methods for voting or voter registration (e.g., "Vote by text!");

- Misrepresentation of who can vote, qualifications for voting, whether a vote will be counted, and what information and/or materials must be provided in order to vote (e.g., “If you voted in the primary, your vote in the general election won’t count.”); and
- Threats of violence relating to voting, voter registration, or the outcome of an election.

We remove this type of content *regardless of who it’s coming from*. Ahead of the midterm elections, our Elections Operations Center removed more than 45,000 pieces of content that violated these policies—more than 90 percent of which our systems detected before anyone reported the content to us.

In advance of the US 2020 elections, we’re implementing additional policies and expanding our technical capabilities across our services to protect the integrity of the election. Following up on a commitment we made in the civil rights audit report released in June, we have now implemented our policy banning paid advertising that suggests voting is useless or meaningless or advises people not to vote. In addition, our systems are now more effective at proactively detecting and removing this harmful content. For organic content, we use machine learning to help us quickly identify potentially incorrect voting information and remove it.

We are also continuing to expand and develop our partnerships to provide expertise on trends in voter suppression and intimidation, as well as early detection of violating content. This includes working directly with secretaries of state and election directors to address localized voter suppression that may only be occurring in a single state or district. This work will be supported by our Elections Operations Center during both the primary and general elections.

Helping People Better Understand What They See Online

Part of our work to stop the spread of misinformation is helping people spot it for themselves. That’s why we partner with organizations and experts in media literacy. We recently announced an initial investment of \$2 million to support projects that empower people to determine what to read and share—both on Facebook and elsewhere.

These projects range from training programs to help ensure the largest Instagram accounts have the resources they need to reduce the spread of misinformation, to expanding a pilot program that brings together senior citizens and high school students to learn about online safety and media literacy, to public events in local venues like bookstores, community centers, and libraries in cities across the country. We’re also supporting a series of training events focused on critical thinking among first-time voters.

In addition, we’re including a new series of media literacy lessons in our Digital Literacy Library. These lessons are drawn from the Youth and Media team at the Berkman Klein Center for Internet & Society at Harvard University, which has made them available for free worldwide under a Creative Commons license. The lessons, created for middle and high school educators, are designed to be interactive and cover topics ranging from assessing the quality of the information online to more technical skills like reverse image search.

Other

- 33. Is there anything in your business model that allows your companies to benefit while your users suffer? Are you willing to undertake an independent review to answer this question?**

As our CEO Mark Zuckerberg has said before, our priority is protecting our community, and that is more important than maximizing our profits.

One of our chief commitments is to create and use innovative technology that gives people the power to build community and bring the world closer together. We are proud that more than two billion people around the world come to Facebook every month to share with friends and family, to learn about new products and services, to volunteer or donate to organizations they care about, or to help in a crisis. The promise of real connection and of extending the benefits of real-world connections online, is at the heart of what we do and has helped us grow into a global company.

Questions from Representative Dean

Mr. Zuckerberg, does Facebook do any business with the Trump International Hotel here in DC?

If so, are you aware of any instance or occasion where Facebook has reserved blocks of space—meaning rooms, conference space, hotel facilities—at the Trump International Hotel that Facebook paid for but did not use?

As best we've been able to determine, Facebook has neither booked any room blocks nor held any events at the Trump International Hotel in Washington, DC.

Has Facebook, as represented by staff or consultants, reserved any rooms, conference spaces, or other hotel facilities at the Trump International Hotel, Washington DC since November 2016?

- **If yes, please provide the dates of those bookings.**

As best as we've been able to determine, since the hotel's opening in 2016, individual employees of their own accord have booked very few nights at the hotel. This represents far less than 1 percent of our total hotel expenditures in Washington, DC. As discussed above, Facebook has neither booked any room blocks nor held any events at the Trump International Hotel in Washington, DC.

Has Facebook's Washington DC office reserved any rooms, conference spaces, or other hotel facilities at the Trump International Hotel, Washington DC since November 2016?

- **If yes, please provide the dates of those bookings.**

Please see the responses to your Questions 1 and 2.

Questions from Representative Foster

1. **Mr. Zuckerberg, back in July, David Marcus, who heads up Calibra and reports to you, told the members of this committee that Calibra would not share customers' account and financial information with Facebook. You stated the same in your written testimony. Can you please confirm that Calibra will not, at any point in the future, share customers' account and financial information with Facebook or Instagram?**

Protecting customers and ensuring customers' privacy is a top priority for Calibra, Inc. ("Calibra"). With respect to Facebook's access to data collected by Calibra, Facebook created Calibra as a separate subsidiary in part to ensure separation between Facebook's social and Calibra's financial data. Except in limited circumstances, Calibra will not share customers' account information or financial data with any third party or Facebook without customer consent. The limited cases where this data may be shared reflect our need to keep people safe, comply with the law, and provide basic functionality to the people who use Calibra. As a Facebook subsidiary, Calibra may also be legally obligated to share certain data with Facebook, so that Facebook can meet regulatory requirements. This could, for example, consist of aggregated payment numbers for financial and tax reporting or information necessary to comply with the law.

Similar to other commerce platforms, there may be times when Facebook, acting in its capacity as a merchant or platform, will independently have access to information about completed transactions that take place on Facebook's commerce platform (e.g., purchase made, merchant, transaction amount, date, time). This may include transactions completed via Calibra with Libra as the payment method, though this would not involve a special transfer of information from Calibra to Facebook. In those situations, Facebook's independent access to transaction information will be the same as for other transactions on the Facebook platform completed using other payment methods like credit cards.

2. **Mr. Zuckerberg, you also stated in your written testimony that you want to be clear about how you handle user information, and the importance of transparency. In that case, can you confirm that Facebook would be supportive of the DASHBOARD Act that I will be introducing (a discussion draft of which was made publicly available in connection with the hearing), which helps to provide this badly needed transparency to users?**

As a short summary, this bill would provide transparency on how consumer data is collected, retained, monetized and protected by requiring large commercial data operators to disclose the types of user data collected, as well as an assessment of the value of that data. The bill would also allow users, with some exceptions, to delete some or all of their personal data being collected by a commercial data operator.

If Facebook does not support the DASHBOARD Act, please provide a detailed description of your concerns. If you believe there to be technical concerns with the

implementation of the DASHBOARD Act, please provide a description of these concerns as well.

We support identifying for users the types of individual information that companies have collected. We work hard to provide clear information to people about how their information is used and how they can control it. We also support allowing users to delete data, subject to laws that require retention and to technical feasibility; indeed, we already provide this capability. And we support identifying for users how we use their data if it is not directly associated with the service provided, which we also already do.

We strive to provide clear and plain information about the use of data in our Data Policy, in in-product notices and education, and throughout our product—and we continuously work on improving this. We're also changing how we operate, providing increased transparency and control. For example, our new Off-Facebook Activity tool allows people to see a summary of the information that apps and websites send Facebook about their interactions with them and allows people to disconnect this information from their accounts if they want to. We have also made it easier to see more of the information Facebook stores about users through a tool called "Access Your Information." And we have made our data portability tool ("Download Your Information") easier to use.

While we have worked hard to increase transparency, valuation of data is complicated. It depends on how the data is used, who is using it, and who is seeing it, among other factors. The value of data is therefore subjective, in flux, and depends on context.

We welcome conversations with privacy experts, other companies, and policymakers about how to make controls like this more common across the industry. Facebook is generally not opposed to regulation but wants to ensure it is the right regulation. The issues facing the industry are complex, multi-faceted, and affect an important part of peoples' lives. As such, Facebook is absolutely committed to working with regulators, like Congress, to craft the right regulations.

3. **Mr. Zuckerberg, you described in a blog post earlier this year your privacy-focused vision for social networking. Two of the "principles" of your focus on privacy revolved around encryption and secure data storage. I very much agree with you on the importance of encryption to data security.**

Making sure stored sensitive data is encrypted is no longer a luxury, but a necessity. I didn't see it referenced in your written testimony, so can you please confirm that all Calibra user account, financial, and transaction information will be encrypted when it is stored or in the possession of Calibra? To be clear, I don't just mean the data that's on the Libra blockchain, but rather am focused on the information held by Calibra specifically.

Calibra will take a combination of technical steps to keep user information secure, including data partitioning, encryption, and strong access controls.

In addition, Calibra will utilize systems that have been certified under the payment card industry (“PCI”) compliance system and is implementing security measures that are compliant with data protection regulations. Calibra will take significant measures to keep people’s Libra safe, including using offline “cold” storage of Libra coins in Calibra’s custody, as well as holding a small percentage of Libra coins in “hot” wallets for daily transactions. Calibra will have physical security controls (including cameras, vaults, and biometrics), as well as cryptographic controls (such as multi-signatures requiring a quorum of approvers and the use of hardware security modules) to prevent any malicious activity. Moving forward, Calibra will continue to take active steps to ensure it is meeting expectations to secure both Libra coins and customers’ traditional card or bank information and will continuously evolve its security posture to meet an ever-changing threat landscape.

4. **Mr. Zuckerberg, seven decades after fluoride was first added to the U.S.’s water supply, major health organizations agree that optimally fluoridated water protects our teeth without posing risks to our health. In fact, it has been hailed by the Centers for Disease Control and Prevention as one of the top public health achievements of the 20th century. A large number of studies have proven its safety and efficacy. This is one of the major reasons most people no longer need the dentures that were a common occurrence before widespread fluoridation, and studies have shown that it is why dental costs are lower and oral health problems have declined in fluoridated communities – outcomes that have an important impact on our overall health. Despite decades of evidence, anti-fluoride activists want to take fluoride out of our drinking water supply and dangerously state, without evidence, that water fluoridation causes a wide range of health problems, from bone cancer to dementia.**

Will Facebook commit to combatting misleading anti-fluoridation campaigns, in the same way that it has committed to combatting misleading information about vaccines? You have previously noted, in March 2019 and then in September 2019, that Facebook would take a series of steps to tackle vaccine misinformation on its platform by reducing its distribution and providing people with authoritative information on the topic.¹

Because misinformation about health topics can be especially problematic, we commenced an effort to supplement the work of our third-party fact-checkers for misinformation about vaccinations. Specifically, we rely on the publicly available work of leading health organizations on the issue of vaccines, such as the US Centers for Disease Control and Prevention and the World Health Organization, to identify verifiable hoaxes on the topic. An example of a claim that has been widely disproven by these organizations is the assertion that vaccines cause autism. We take a number of different steps to substantially reduce the distribution of these publicly identified vaccine hoaxes across our platform. First, if an ad includes this type of misinformation about vaccinations, it will be rejected. Beyond advertisements, when we become aware of Groups or Pages on Facebook that propagate this type of misinformation, we remove them from recommendation surfaces on the platform and

¹ <https://newsroom.fb.com/news/2019/03/combating-vaccine-misinformation/>

from predictions when you type into search. We likewise won't show or recommend content that contains this misinformation about vaccinations on Instagram Explore or hashtag pages. Furthermore, content from offending Groups and Pages will be demoted in News Feed using our ranking systems, and the Groups and Pages themselves will be demoted in search results. Where Pages repeatedly post misinformation about vaccinations, they will lose access to our fundraising tools.

Because vaccine hoaxes have been previously (and publicly) debunked by expert health organizations, politicians that post this content would be treated the same as all other users—their organic content would be downranked and their ads would be rejected.

Consistent with our overall approach to combating misleading or false information, in addition to reducing its distribution, we seek to inform users with additional context on the topic. For vaccinations, we have gone further and launched educational modules that pop up for US-based users when they engage with content about vaccines, including but not limited to misinformation about vaccines. The educational modules appear on Instagram as well as in Facebook Search, invitations to join Groups, and on Pages. The modules provide US users with authoritative context and other resources from the US Centers for Disease Control and Prevention.

We are working to apply the steps we are taking to combat misinformation about vaccinations to misinformation about other important health topics.

Questions from Representative Gabbard

- 1. In his written testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, David Marcus underscored the ability for law enforcement and regulators to conduct financial surveillance on the Libra network, stating that “a digital network that features regulated on-and off-ramps with proper know-your-customer (KYC) practices, combined with the ability for law enforcement and regulators to conduct their own analysis of on-chain activity, will present an opportunity to increase the efficacy of financial crimes monitoring and enforcement.” Can you assure the American people their Fourth Amendment rights will be upheld against warrantless surveillance and searches of their financial activity over the Libra network? How will user’s privacy be balanced with existing anti-money laundering laws?**

The Libra Association (the “Association”) is committed to working with law enforcement. We understand it will respond to government requests for data in accordance with applicable law. We understand the Association expects to have a Financial Intelligence Unit (“Association FIU”) that will, when appropriate, collaborate with key law enforcement and regulatory agencies, including the sharing of relevant information.

Only public wallet addresses, the time stamp of the transaction, the number of Libra coins transferred, and certain compliance certifications will be visible on the Libra blockchain. Validator nodes will have access to this information as well as the IP addresses of users who broadcast transactions to be validated. The only end-user data that the Association would be able to access on the Libra blockchain is the same data that would be visible to anyone (i.e., public wallet addresses, the time stamp of the transaction, the amount of Libra coins transferred, and certain compliance certifications). Since the Association is not collecting personal information from end users, any requests by regulators or law enforcement for data other than as set forth above would need to be directed to service providers on the Libra blockchain (such as wallet providers, exchanges, merchants, and similar service providers). Such service providers may collect and store personally identifying information of end users. These entities will be subject to the data-protection laws in the jurisdictions in which they operate and with which they are expected to comply.

Calibra, Inc. (“Calibra”), a wholly-owned, indirect subsidiary of Facebook, is utilizing systems that have been certified under the payment card industry (“PCI”) compliance system and will take a combination of technical steps to keep user information secure, including data partitioning, encryption, and strong access controls.

Questions from Representative Gonzalez

1. **Mr. Zuckerberg, you have spoken about wanting to make Facebook like a private living room where people can be without fear of hackers or government spying. However, if individuals are participating in illegal horrific acts within their own home, they are still subject to government scrutiny. Are you concerned that your transition to end to end encryption will prevent law enforcement from having access to important information relating to the sharing of images of exploited children?**

We want to be clear that it is not the intent of our product and service changes to diminish or adversely affect our ability to work with law enforcement and national security authorities. Encryption is an important tool to keep people's personal communications and information secure and private, including and in particular for protecting them from being accessed by malicious third parties. Because of the immense resources we have invested in safety, as well as the skills and expertise we have developed in building and protecting public digital spaces, there is a lot that Facebook can and will do in the area of safety as we implement encryption across our services. We will continue to work with the National Center for Missing and Exploited Children ("NCMEC"), and we particularly appreciate your efforts to strengthen that process through legislation.

Regarding child exploitation, keeping young people safe on our services is one of our most important responsibilities. For over 10 years, safety has been a top priority at Facebook across all of our apps and services, especially the safety of children. We have no tolerance for the sexual exploitation of children on our platforms. When we become aware of apparent child sexual exploitation, we report it to NCMEC. In 2019, as of the third quarter, we removed approximately 24.3 million pieces of content on Facebook, and approximately 1.3 million on Instagram for the second and third quarters, for violating our policies against child nudity and sexual exploitation. (These numbers do not represent the number of individual victims or unique pieces of content, as the same or similar content may be shared, and removed, multiple times.)

We have been industry-leading in the fight against child exploitation—not only building robust internal systems, but also contributing tools and expertise to the broader external ecosystem—and we will continue to invest in finding ways to fight these heinous crimes in a fully end-to-end encrypted environment. We were an early adopter of PhotoDNA and one of the first, if not the first, to build and use classifiers to identify newly created child exploitation imagery and to flag potentially inappropriate interactions between adults and minors. Our hash databank is comprised of hashes for violating content identified by Facebook, hashes shared by other industry parties via NCMEC, hashes shared by NGOs via NCMEC, and hashes from the Internet Watch Foundation ("IWF"). We typically take in hashes on a weekly basis, which we bank to prevent the future upload of these images. Additionally, we recently started using IWF's URL list of webpages where images and videos of child sexual abuse have been found to help prevent accessing those URLs from our platform.

Because online child exploitation is an internet-wide problem, it demands an internet-wide solution, and we collaborate across industry through organizations like the Technology Coalition—an association dedicated solely to eradicating the sexual exploitation of children online—and hold leadership positions on international multi-stakeholder organizations like the

WePROTECT Global Alliance to end child exploitation. Our cross-industry efforts also include open sourcing our technologies for other members of industry to use and building out the capacity of small companies to develop systems to fight child sexual exploitation on their platforms. We also are committed to the development of a robust external ecosystem that supports the fight against child exploitation in all its forms on a global level and have invested in the development of technological tools to help organizations prioritize cases and find missing and exploited children.

We are committed to working with law enforcement, and we deeply respect and support the work law enforcement agencies do to keep us safe. We carefully review, validate, and respond to law enforcement requests, and we prioritize emergency situations, including terrorism and child abuse.

While we recognize that we will no longer be able to scan the content of messages, implementation of encryption across our services does not undercut our commitment to cooperating with law enforcement. Law enforcement will still receive valuable information in response to lawful requests. For example, encryption will have no effect on our responses to lawful requests in providing metadata, including potentially critical location, message header, or account information. Nor will Facebook's end-to-end encryption interfere with law enforcement's ability to retrieve messages stored on a device. People will also still be able to report concerning content to us, and we will be able to provide that content to law enforcement in response to legal process if available, or proactively, if appropriate. And we will continue to provide unencrypted content from the Facebook family of apps—including content from the public spaces of Instagram and Facebook, which we do not plan to encrypt—in response to lawful requests.

Our law enforcement outreach team has been talking with agencies around the world about the upcoming changes in our service. Our work on this is at an early stage, and we expect our engagement to become more intense as we further develop our thinking, in particular with US and UK law enforcement.

Questions from Representative Green

1. **Of the 21 companies and non-profits that comprise the Libra Association, please indicate which are headed by:**
 - A. **Women?**
 - B. **People of color?**
 - C. **LGBTQ+ persons?**
 - D. **White men?**

The Libra Association (the “Association”) includes a global and diverse set of companies; we do not have demographic information about those companies. Its members include social impact members such as Women’s World Banking, an organization focused on alleviating the toll that financial exclusion exacts on women. In addition, its board of directors (the “Board”) and the members of its general assembly (the “Council”) include women and representatives of various ethnic groups. Calibra, Inc. (“Calibra”), a wholly-owned, indirect subsidiary of Facebook, welcomes the Association’s commitment to further increasing its diversity and inclusion as it welcomes new members.

Moreover, as our CEO Mark Zuckerberg testified, a central tenet of the Libra project is to bring low-cost digital payment services to under-served populations which are comprised, in large part, of women and minorities. Research shows that access to financial services can help people lift themselves out of poverty, and it is especially important for women in developing economies. We believe this is a problem that can be solved, and we want to be part of that solution.

2. **In your responses, indicate the names of the persons referenced and their respective organizations.**

Please see the response to your Question 1.

Questions from Representative Lynch

Facebook has been the subject of scandal after scandal relating to the use and abuse of people’s personal information. Despite years of examples as to why we shouldn’t, you’re asking us again to trust you. This time you’re asking us to trust you with the sensitive financial information of potentially billions of people.

You stated in your testimony and during questions that there will be a wall between Facebook and its subsidiary Calibra, and that non-permissioned data won’t flow between the two.

- 1. The Facebook sign-up page contains links to your terms of service agreement, data policy, and cookies policy. How many people click on those links before signing up for Facebook? How many people read the entirety of your terms of service, data policy, or cookies policy?**

We believe that it’s important to communicate with people about the information that we collect and how people can control it. That is why we work hard to provide this information to people in a variety of ways: including in our Data Policy and in Privacy Basics, which provides walkthroughs of common privacy questions we receive. Last year, we asked people around the world to review information about their data and privacy, and to agree to our updated terms of service and data policy. Beyond simply disclosing our practices, we also think it’s important to give people access to their own information, which we do through our Download Your Information and Access Your Information tools, Activity Log, and Ad Preferences, all of which are accessible through our Privacy Shortcuts tool. We also provide information about these topics in context as people are using the Facebook service itself.

To provide more transparency and control around these practices, we have also been rolling out a new way to view and control your off-Facebook activity. Off-Facebook Activity lets you see a summary of apps and websites that send us information about your activity and allows you to disconnect this information from your account if you want to. For more information about this tool, please see our Help Center at <https://www.facebook.com/help/2207256696182627>.

Facebook seeks, as much as possible, to put controls and information in context within its service. While “up-front” information like that contained in the terms of service is useful, research overwhelmingly demonstrates that in-product controls and education are the most meaningful to people and the most likely to be read and understood. On-demand controls are also important, and we recently redesigned our entire settings menu on mobile devices from top to bottom to make things easier to find. We also created a Privacy Shortcuts menu where users can control their data in just a few taps, with clearer explanations of how our controls work. The experience is now clearer, more visual, and easier to find.

Facebook is committed to improving people’s experience of its own services as well as investing in new innovations and approaches to support improvements across the industry.

- 2. There are a lot of young people on your site, many of whom haven’t been through high school much less law school. How many of your users – if they read all the**

documentation – do you believe have a demonstrable understanding of what they’re agreeing to regarding the use of their personal data?

Please see the response to your Question 1.

We believe that it’s important to communicate with people about the information that we collect and how people can control it. That is why we work hard to provide this information to people in a variety of ways, as described in other responses. Across all of our documents, we strive to make them as readable and easy to understand as possible. We specifically try to write the content in our products and Help Center in plain language so it is easier to read. We also built a youth portal specifically aimed at our younger users that explains how our products work in an age-appropriate way. You can find the portal at <https://www.facebook.com/safety/youth/>.

- **Have you tested comprehension of your terms of service across the various demographic groups that use your site? If so, what have those results shown?**

Please see the responses to your Questions 1 and 2.

3. Will you include in your Calibra terms of service “permissioned” access for data to flow between Calibra and Facebook?

- **If so, will you provide consumers with a standalone, plain-language agreement to gain affirmative consent to share Calibra information with Facebook?**

Calibra, Inc. (“Calibra”) is being designed with a strong commitment to protecting customer privacy. We believe that customers hold rights to their data and should have simple, understandable, and accessible data-management controls.

Calibra will provide its wallet users with its privacy policy, and users will be required to agree to its terms of service before they sign up for or use the Calibra wallet service. Among other things, the privacy policy will disclose to Calibra customers what data Calibra will collect, how that data will be used, and lawful bases (where applicable) for any such use (whether that be consents collected by Calibra or otherwise). Calibra will also describe its data sharing practices in customer notices, where appropriate.

Except in limited circumstances, Calibra will not share customers’ account information or financial data with any third party or Facebook without customer consent. The limited cases where this data may be shared reflect our need to keep people safe, comply with the law, and provide basic functionality to the people who use Calibra. As a Facebook subsidiary, Calibra may also be legally obligated to share certain data with Facebook, so that Facebook can meet regulatory requirements. This could, for example, consist of aggregated payment numbers for financial and tax reporting or information necessary to comply with the law.

The user information that Calibra does collect and store will be subject to strong security and access controls. User payment credentials, such as the number of a debit card used to purchase Libra coins, provided by users to Calibra will not be accessible by Facebook or its

affiliates. And user transaction activity through Calibra will be private and will never be posted to Facebook, unless users themselves choose to share it.

Similar to other commerce platforms, there may be times when Facebook, acting in its capacity as a merchant or platform, will independently have access to information about completed transactions that take place on Facebook's commerce platform (e.g., purchase made, merchant, transaction amount, date, time). This may include transactions completed via Calibra with Libra as the payment method, though this would not involve a special transfer of information from Calibra to Facebook. In those situations, Facebook's independent access to transaction information will be the same as for other transactions on the Facebook platform completed using other payment methods like credit cards.

Questions from Representative Ocasio-Cortez

1. **When, exact date including month and year, did you and Facebook COO Sheryl Sandberg first become aware of Cambridge Analytica's action to harvest the data of millions of Facebook users without their consent?**
 - a. ***Follow-Up:* Did anyone on your leadership team, including board members, know about Cambridge Analytica prior to the initial report by the Guardian on December 11, 2015? If so, who and when (exact date including month and year)?**
 - b. ***Follow-Up:* Did senior leadership, including board members, sell off Facebook stock ahead of the initial report by the Guardian on December 11, 2015? If so, who and when?**

Facebook first became aware that Aleksandr Kogan may have sold data to Cambridge Analytica on December 11, 2015, when *The Guardian* published an article reporting that Dr. Kogan and his company, GSR, may have passed information the app had obtained from Facebook users to SCL Elections Ltd. ("SCL")/Cambridge Analytica. Facebook then banned Kogan's app from our platform and investigated what happened and what further action Facebook should take to enforce our Platform Policies. Facebook considered the matter closed after obtaining written certifications and confirmations from Kogan, GSR, Cambridge Analytica, and SCL declaring that all such data they had obtained had been accounted for and destroyed.

Facebook and Mark Zuckerberg became aware from media reporting in March 2018 that the certifications we received may not have been accurate. Facebook immediately banned Cambridge Analytica and other potentially related parties from distributing advertising on Facebook or from using other aspects of our service. We also removed the personal accounts of some of their officers.

All Facebook stock sales by our executive officers and members of our Board of Directors are publicly reported in SEC filings, which are available on the SEC website and our investor relations website at <https://investor.fb.com/financials/default.aspx>. Facebook also requires that our executive officers and directors conduct all Facebook stock sales under a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 (subject to a limited exception for non-discretionary sales to cover tax withholding obligations in connection with restricted stock unit vesting). Through a Rule 10b5-1 trading plan, the executive officer or director contracts with a broker to sell shares of stock on a periodic basis, and the broker then executes trades pursuant to written parameters established by the executive officer or director when entering into the plan, without further direction by them. Facebook policy mandates that Rule 10b5-1 trading plans may only be entered into in an "open trading window" and are subject to a 90-day "cooling off period" before any trades may be commenced by the broker pursuant to the parameters set forth in the trading plan.

2. **Does Facebook, its subsidiaries (Instagram, WhatsApp, etc.), or products have direct or indirect agreements or partnerships with domestic law enforcement or**

intelligence agencies, international law enforcement agencies or intelligence agencies, or other foreign governments or companies? Has Facebook, or its subsidiaries (Instagram, WhatsApp, etc.), sold information to these law enforcement agencies?

To be clear, Facebook does not sell people's information. We have strict processes in place to handle the government requests we receive, and we disclose account records solely in accordance with our terms of service and applicable law, including the federal Stored Communications Act ("SCA"), 18 U.S.C. Sections 2701-2712.

Facebook provides training to law enforcement authorities around the world and publishes detailed guidelines to ensure they understand how to submit lawful and narrowly tailored requests for the production of data. If requests appear to be legally deficient, overly broad, or vague, our law enforcement response team will reject the requests outright or contact the law enforcement agency that issued the legal process for more information and work to narrow the scope of the legal process so that it is limited to the users and data relevant to the criminal investigation. We also have law enforcement response teams available around the clock to respond to emergency requests, as permitted by law, for matters involving imminent harm to a child or risk of death or serious physical injury to any person and requiring disclosure of information without delay.

As part of our ongoing effort to share more information about the requests we receive from governments around the world, Facebook regularly produces a report on government requests for user data to provide information on the nature and extent of these requests and the strict policies and processes we have in place to handle them. For more information, please see <https://transparency.facebook.com/government-data-requests>.

a. *Follow-Up:* Would it have been otherwise illegal for law enforcement agencies to obtain user information given search and seizure protections?

Facebook discloses account records solely in accordance with our terms of service and applicable law.

3. As you outlined in an October 25, 2019 New York Times Op-ed, you will establish "strict standards for publishers to be eligible to appear on Facebook News."² Will Facebook establish these standards and, if so, what guiding principles will be used to establish these standards?

Our guiding principle is that journalism plays a critical role in our democracy. When news is deeply reported and well-sourced, it gives people information they can rely on to make good decisions.

Facebook News features a wide range of content across four categories of publishers: general, topical, diverse, and local news. These publishers need to be in our News Page Index, which we developed in collaboration with the industry to identify news content. They also need

² See <https://www.nytimes.com/2019/10/25/opinion/sunday/mark-zuckerberg-facebook-news.html>.

to abide by certain integrity criteria. We assess, for example, misinformation—as identified based on third-party fact-checkers, Community Standards violations (e.g., hate speech), clickbait, and engagement bait. And we regularly check Pages’ integrity status to ensure eligibility criteria are being met. Lastly, publishers must serve a sufficiently large audience, with different thresholds for the four categories of publishers listed above. Our criteria will evolve over time to make sure people are seeing sources that are valuable to them and that we’re including reporting across these topics.

For more information about Facebook News, please visit <https://www.facebook.com/news/howitworks>. For more information about our News Page Index, please see <https://www.facebook.com/help/publisher/377680816096171>.

a. ***Follow-Up:* Will Facebook or its subsidiaries (Instagram, WhatsApp, etc.) stop paid political misinformation or remove untrue/unverified paid content from being published?**

We share your concern about misinformation. For content that does not stem from a political candidate, we work with independent, third-party fact checkers to help reduce the spread of false news and other types of viral misinformation, like memes or manipulated photos and videos. If content is deemed by a fact-checker to be false, its distribution will be reduced, and it will appear lower in News Feed. It will be accompanied by Related Articles from fact-checkers, and people trying to share the content will be notified of the additional reporting. They will also be notified if content they have shared in the past has since been rated false by a fact-checker. We also implement an overlaid warning screen on top of photos and videos marked as false. Additionally, we take action against Pages and domains that repeatedly share or publish content that is rated “False.” Such Pages and domains will see their distribution reduced as the number of offenses increases. Finally, Pages and domains that repeatedly publish or share false news will also lose their ability to register as a news Page on Facebook, and if a registered news Page repeatedly shares false news, its news Page registration will be revoked.

For advertising, we do not allow advertisers to run ads that contain content that has been marked false, or is similar to content marked false, by third-party fact-checkers. When a politician shares previously debunked content, including links, videos, and photos, we demote that content, display related information from fact-checkers, and reject its inclusion in advertisements.

b. ***Follow-Up:* Will Facebook or its subsidiaries (Instagram, WhatsApp, etc.) fact-check paid political or issue specific advertising?**

Direct speech from politicians is generally not eligible for our third-party fact-checking program. Our approach is grounded in Facebook’s fundamental belief in free expression, respect for the democratic process, and the belief that, especially in mature democracies with a free press, political speech is the most scrutinized speech there is. Just as critically, by limiting political speech, we would leave people less informed about what their elected officials are saying and leave politicians less accountable for their words.

4. **Are IFCN accredited news publications allowed to bypass any established Facebook standards given their accreditation through IFCN?**

- a. ***Follow-Up:* If so, does this thereby increase the quantity and visibility of articles by these publications on the Facebook or its subsidiaries?**

We're committed to fighting the spread of false news on Facebook. In certain countries and regions, we work with independent, third-party fact-checkers who are certified through the non-partisan International Fact-Checking Network (IFCN) to help identify and review false news.

Were these organizations to post false news, they would be eligible for third-party fact-checking. And, as discussed in the response to your Question 3 above, if content is deemed by a fact-checker to be false, its distribution will be reduced, and it will appear lower in News Feed. It will be accompanied by Related Articles from fact-checkers, and people trying to share the content will be notified of the additional reporting. They will also be notified if content they have shared in the past has since been rated false by a fact-checker. We also implement an overlaid warning screen on top of photos and videos marked as false. Additionally, we take action against Pages and domains that repeatedly share or publish content that is rated "False." Such Pages and domains will see their distribution reduced as the number of offenses increases. Finally, Pages and domains that repeatedly publish or share false news will lose their ability to register as a news Page on Facebook, and if a registered news Page repeatedly shares false news, its news Page registration will be revoked.

- b. ***Follow-Up:* Is Breitbart News an approved publication by the International Fact-Checking Network?**
- c. ***Follow-Up:* If so, will Breitbart News publications be prevented from being tagged as hate speech?**

Breitbart News is not certified by the IFCN, and it is therefore not part of our third-party fact-checking program. For a full list of signatories, please visit the IFCN's website here: <https://ifncodeofprinciples.poynter.org/signatories>. Moreover, third-party fact-checkers are also subject to our Community Standards, which prohibit hate speech. We do not allow hate speech on Facebook because it creates an environment of intimidation and exclusion and in some cases may promote real-world violence.

5. **What is the International Fact-Checking Network (IFCN) and are these standards in line with Facebook community guidelines?**

- a. ***Follow-Up:* Do you partner with every fact-checker accredited by the IFCN, or do you choose from among a list of accredited outlets which ones to partner with?**

- b. ***Follow-Up:*** Did senior Facebook officials, including Joel Kaplan or others, encourage you to make the Daily Caller subsidiary checkyourfacts.com part of Facebook's approved network of fact-checkers?

We started the third-party fact-checking program in December 2016. We currently partner with 55 fact-checking organizations around the world that fact-check content in 45 languages. Our partners are independent and certified through the non-partisan International Fact-Checking Network ("IFCN"). For a list of the IFCN-certified organizations we work with, please visit <https://www.facebook.com/help/publisher/182222309230722>.

All of our fact-checking partners are certified by the IFCN, which publishes a Code of Principles. IFCN signatories agree to commit to a standard of "non-partisanship and fairness" and agree to meet other journalistic standards like having a corrections policy and a policy of transparency of sources, methodology, and funding. We don't think it is appropriate for us to be the arbiters of truth, and so we rely on the IFCN to set guidelines for these high standards.

Ultimately, it's important that people trust the fact-checkers making these calls. That is part of why we work with IFCN to approve all our partners and make sure they have high standards of accuracy, fairness, and transparency.

The IFCN certified "Check Your Fact" as a fact-checking organization, not the Daily Caller. Check Your Fact is a subsidiary of The Daily Caller, Inc., and it exercises editorial independence over the creation of its fact-check content.

Questions from Representative Porter**Student Loan Debt**

In 2015, the Consumer Financial Protection Bureau's Student Loan Ombudsman sent you a letter alerting Facebook to the fact that predatory student lenders depend on Facebook for marketing purposes.³ These lenders use the platform to deceptively advertise and to generate leads for their "debt relief" schemes. Since these issues were first brought to Facebook's attention in 2015:

1. **How many companies have advertised or created business pages for student loan "debt relief" services on Facebook and Instagram?**
2. **How many companies have advertised or created business pages for student loan "debt relief" services on Facebook and Instagram where such advertisements included a description of fees or upfront costs required to obtain debt relief?**
3. **How many student loan "debt relief" business pages and advertisements have you removed from your platforms for violating your Community Standards or Advertising Policies?**
4. **What steps do you take to ensure that companies that advertise or that have created pages on your platform have the required licensure to provide services in the states in which your users reside?**
5. **What additional steps is Facebook taking to protect Facebook and Instagram users from predatory "debt relief" companies? What future actions is Facebook committed to taking to protect users from these types of scams?**

Our Advertising Policies prohibit ads promoting services using misleading or deceptive claims. Moreover, ads promoting financial services must clearly provide sufficient disclosures regarding associated fees, interest rates, etc., and must be targeted to people 18 years old or above. Finally, such ads must not directly request the input of a person's financial information.

Ads are subject to Facebook's ad review system, which relies primarily on automated review to check ads against our Advertising Policies, which are posted publicly at <https://www.facebook.com/policies/ads>. We use human reviewers to improve and train our automated systems, and in some cases, to review specific ads. We added several thousand reviewers last year as we expanded our coverage of ad review. We know that machines and people make mistakes, which is why the ad review system and enforcement aren't perfect. It is the advertiser's responsibility to ensure their ads comply with Facebook's Advertising Policies.

³ Herb Weisbaum, "Feds Ask Facebook, Google and Bing to Help Stop Student Loan Scams," *NBC News* (June 2015) at: <https://www.nbcnews.com/better/money/feds-ask-facebook-google-yahoo-help-stop-student-loan-scams-n380516>

Finally, we require advertisers to comply with all applicable laws and regulations. Our policies have long prohibited discrimination, and we have made significant changes to prevent advertisers from misusing our tools to discriminate in their ad targeting. As part of settlement agreements with civil rights organizations like National Fair Housing Alliance, and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit (“HEC”) ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available in this context. We’ve expanded our enforcement of these restrictions across all the tools businesses use to buy ads. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We’ve also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser’s intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we’ll also include ads that offer employment or credit opportunities in the Ad Library. We’re actively working with civil rights groups to inform our approach as we prepare to roll this out. We’ve also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

If we’re made aware of an advertiser in violation of a specific law or regulation by an authorized government entity, we will investigate and take appropriate enforcement action.

Privacy

1. In light of the data breaches reported in September of 2018⁴ and since, what changes to its authentication infrastructure has Facebook made to avoid further intrusions?

Because security is a never-ending process, we are constantly improving our ability to protect the data of people who use our services. As part of our response to the September 27, 2018 attack, we promptly patched the vulnerability involved in the attack by implementing code that prevented an access token from ever being generated in an “impersonated viewer context”—i.e., a context in which one user can see their data from the perspective of another user, such as the “View As” feature involved in the attack. This change eliminated the vulnerability entirely and prevented any further incidents involving a similar attack technique.

In addition to this change, we have implemented additional measures to strengthen our security posture more broadly, including the security of our authentication infrastructure. Specifically, we have:

⁴ Mike Isaac and Sheera Frenkel, “Facebook Security Breach Exposes Accounts of 50 Million Users,” *New York Times* (Sept. 2018) at: <https://www.nytimes.com/2018/09/28/technology/facebook-hack-data-breach.html>

- Significantly improved integrity checks to identify when people change how they access Facebook mid-way through their use of our products. This allows us to more accurately detect potential account compromise;
- Expanded our logging and improved our detection and alerts around the issuance and use of access tokens. These changes help Facebook to identify suspicious behavior faster than in the past, particularly involving access tokens, and to investigate suspicious behavior once identified;
- Created new rules in our automated analysis tool, Zoncolan, to surface potential insecure use in our codebase and report it to our product security team for investigation. This allows us to detect and fix potential issues in code before that code is put into production;
- Reviewed historical issues, both open and remediated, to identify potential patterns and consider reprioritizing the issues in light of the incident;
- Created documentation for engineers on secure use of access tokens and added that documentation to our existing security training for engineers. This helps ensure that engineers understand the proper ways to use access tokens;
- Increased the bounty for account takeover bugs reported to our bug bounty program to better reflect their higher potential value when one compromised account is used to take over others in a viral manner. Our aim is to encourage researchers to focus more on this issue; and
- Completed a project that we were already working on prior to the September 2018 incident, which now enables Facebook to cryptographically confirm, for any user session (i.e., an authorized period of user activity), that the session was generated through the user login process or other valid authentication mechanism. While this project was designed to protect against certain types of internal threats, its completion will also provide an additional measure of protection against certain types of external threats such as the September 2018 incident.

In addition to the changes we made in response to the data breach reported in September 2018, we have made a number of changes in response to the plaintext password logging issues reported in March 2019. The changes included, but were not limited to:

- Enhancing our existing heuristic data detection system to detect potential logging of plaintext passwords in our data warehouse. This allows us to detect previously unidentified historical logging and any new accidental logging that may occur so we can remediate it quickly;
- Creating new rules in two automated analysis tools, Zoncolan and Pysa, to identify flows in our code that could cause accidental logging of plaintext passwords. This allows us to detect potential logging before it occurs, upstream in the code;

- Enhancing our existing data sanitization framework to automatically detect potential passwords and make it easier for engineers to use. This helps us increase the use of the sanitization framework, preventing passwords from being logged; and
- Creating documentation for engineers on securely configuring logging. This helps ensure that engineers understand the proper ways to sanitize their logs of sensitive data.

2. How many people has Facebook added to its security teams since 2017, to combat data theft?

We heavily invest in our safety and security efforts and have thousands of people working on these issues. Protecting a global community of more than 2 billion involves a wide range of teams and functions, and our expectation is that those teams will continue to grow across the board. For example, we have information security, threat intelligence, and related engineering teams that are dedicated to traditional cybersecurity, including protecting people's accounts and information. We are continuing to expand these teams, along with other groups at Facebook working on security. Since 2011, we have also run an industry-leading bug bounty program where we encourage security researchers to responsibly disclose potential issues so we can fix the bugs. Our bug bounty program has been instrumental in helping us quickly detect new bugs, spot trends, and engage the best security talent outside of Facebook to help us keep the platform safe. Over the last two years, we have continued to innovate in this area by expanding the bug bounty program to include an industry-first data abuse bounty program, where researchers can report misuse of Facebook data, even where it may be happening off of our platform. As an additional check, we also have a so-called "red team" of internal security experts who plan and execute staged "attacks" on our systems. We then take the red team's findings and use them to build out protections to further strengthen our systems' security.

3. Is Facebook willing to do everything within its power to reduce future instances of data theft?

Protecting the security of information on Facebook is at the core of how we operate. Security is built into every Facebook product, and we have dedicated teams focused on each aspect of data security. From encryption protocols for data privacy to machine learning for threat detection, Facebook's network is protected by a combination of advanced automated systems and teams with expertise across a wide range of security fields. Our security protections are regularly evaluated and tested by our own internal security experts and independent third parties. For the past eight years, we have also run an open bug bounty program that encourages researchers from around the world to find and responsibly submit security issues to us so that we can fix them quickly and better protect the people who use our service.

4. Will Facebook hire a third-party monitor to review data protection measures and complaints, to avoid future exfiltration of personally identifiable information (PII)? If not, why not?

Facebook already engages with third parties to review data protection measures, including to perform security compliance assessments under the SOC2, ISO27001, PCI DSS, and SOX audit standards. In 2019, Facebook reached an agreement with the Federal Trade

Commission that provides a comprehensive new framework for protecting people’s privacy and the information they give us. As part of that settlement, a committee of Facebook’s board of directors will meet quarterly to ensure we’re living up to our commitments. The committee will be informed by an independent privacy assessor whose job will be to review the privacy program on an ongoing basis and report to the board. The assessor will do an initial assessment 6 months after the Order takes effect and every 2 years thereafter.

5. Does Facebook store data about individuals who do not have Facebook accounts?

As we explain on our website, see <https://about.fb.com/news/2018/04/data-off-facebook/>, Facebook does receive some information from devices and browsers that may be used by non-users. For example:

- When people visit apps or websites that use our technologies—such as the Facebook Pixel—our servers log (i) standard browser or app records of the fact that a particular device or user visited the website or app (this connection to Facebook’s servers occurs automatically when a person visits a website or app that contains our technologies, such as a Facebook Pixel); and (ii) any additional information the publisher of the app or website chooses to share with Facebook about the person’s activities on that site (such as the fact that a purchase was made on the site). This is a standard feature of the internet, and most websites and apps share this same information with multiple third parties whenever people visit their website or app for business purposes, such as measuring their advertising performance. When the person visiting a website featuring Facebook’s tools is not a registered Facebook user, Facebook does not have information identifying that individual, and it does not create profiles for this individual.
- In addition, Facebook may receive some basic information about devices when people use Facebook apps before registering for a Facebook account. This device data includes things like device model, operating system, IP address, app version, and device identifiers. We use this information to provide the right version of the app, to help people who want to create accounts (for example, optimizing the registration flow for the specific device), to retrieve bug fixes, and to measure and improve app performance. We do not use this information to build profiles about non-registered users and only store a limited set of information about them.
- We also get information about people from contact books that people upload. We obtain express consent in our products from people before they can upload their contacts to Facebook. We disclose how we use contacts in our Data Policy. We let people upload all of the contacts in their address book on their device, whether or not those contacts involve registered users (since the user choosing to upload ultimately controls what goes into their address book and is choosing to take that information to various services to use it). The uploader can access or remove these contacts at any time, as described at <https://www.facebook.com/help/355489824655936>. When a person uploads contact information that we’re unable to match to a Facebook account, we make it possible for the user to invite their contact to join Facebook or to attend events. When someone new to Facebook signs up for an account, we also use the fact that their contact information

was uploaded to Facebook to suggest people they might want to be friends with, as well as to determine whether the new account is genuine and not fake.

- We also get basic information, including from non-users, when people visit Facebook webpages. For example, business pages on Facebook are accessible to anyone via the internet without logging in to Facebook or having a Facebook account. When people visit our public webpages, we receive information such as IP address and browser information, which is standard information that any website receives when people visit it.

If a person doesn't have a Facebook account but believes Facebook may have information about them, they can contact us to request a copy of their information. A contact form is available at <https://www.facebook.com/help/contact/180237885820953>.

6. Does Facebook aggregate information it collects from people who do not have Facebook accounts?

Please see the response to your Question 5 above.

7. Does Facebook possess data that consists of: information from cookies and pixels across the web combined with the real names of individuals who do not have Facebook accounts?

No. When the person visiting a website featuring Facebook's tools is not a registered Facebook user, Facebook does not have information identifying that individual, and it does not create profiles for this individual.

8. Should consumers have any expectation of privacy with regard to the information they choose to share on Facebook, if they select the most restrictive privacy settings?

Yes. When people share on Facebook, they can choose who sees what they post, including sharing it publicly, with friends, or with a narrower audience. We are always looking for additional steps we can take to give people greater control of their privacy.

9. Is consumer data valuable information that must be protected? How does Facebook assess the monetary value of consumers' PII, in the context of legal damages?

Regardless of monetary value, users own the information that they put on Facebook, and we have a deep responsibility to protect it. That's why we are committed to building products in a privacy-protective way.

Political Speech

You, Mr. Zuckerberg, defended your decision to allow politicians to lie in the political ads they run on Facebook with: “I just think that in a democracy, people should be able to see for themselves what politicians are saying.”⁵

1. Does Facebook allow political lies in countries where Facebook operates that are not democracies.?

We want to help people better understand the sources of news content they see on Facebook so they can make informed decisions about what they are reading. To that end, we started the third-party fact-checking program in December 2016. We currently partner with 55 fact-checking organizations around the world that fact-check content in 45 languages. Our partners are independent and certified through the non-partisan International Fact-Checking Network (IFCN). All of our fact-checking partners are certified by the IFCN, which publishes a Code of Principles. IFCN signatories agree to commit to a standard of “non-partisanship and fairness” and agree to meet other journalistic standards, like having a corrections policy and a policy of transparency of sources, methodology, and funding. We don’t think it is appropriate for us to be the arbiters of truth, and so we rely on the IFCN to set guidelines for these high standards.

Additionally, we will begin labeling media outlets that are wholly or partially under the editorial control of their government as state-controlled media. This label will appear both on their Page and in our Ad Library. We will hold these Pages to a higher standard of transparency because they combine the opinion-making influence of a media organization with the strategic backing of a state.

2. How does Facebook counter propaganda in countries without free and fair elections?

Please see the response to your previous question.

3. How much revenue has Facebook generated from political advertisements alone, each year for the past five years?

Given the sensitivity around political ads, we have considered whether we should stop allowing them altogether. From a business perspective, the controversy certainly isn’t worth the small part of our business they make up. We estimate these ads from politicians will be less than 0.5 percent of our revenue next year. That’s not why we’re doing this. The reality is we believe deeply that political speech is important, and that’s what is driving us. Political ads are an important part of voice—especially for local candidates, up-and-coming challengers, and advocacy groups that may not get much media attention otherwise. Banning political ads favors incumbents and whoever the media covers.

⁵ Tony Romm, “Facebook CEO Mark Zuckerberg says in interview he fears ‘erosion of truth’ but defends allowing politicians to lie in ads.” *Washington Post* (Oct. 2019) at: <https://www.washingtonpost.com/technology/2019/10/17/facebook-ceo-mark-zuckerberg-says-interview-he-fears-erosion-truth-defends-allowing-politicians-lie-ads/>

We don't believe that it's an appropriate role for us to referee political debates and prevent a politician's speech from reaching its audience and being subject to public debate and scrutiny.

Personal Liability

On October 1st, the Verge published transcripts from two July meetings that you, Mr. Zuckerberg, held with your employees. In response to a question, you said: "So one of the things that I've been lucky about in building this company is ... I kind of have voting control of the company, and that's something I focused on early on. And it was important because, without that, there were several points where I would've been fired. For sure, for sure." Your voting control effectively makes you the sole, final arbiter of all of Facebook's decisions.

In that same conversation, you continued that "concentration [of power] within a person" has been "very valuable." You referenced two major decisions you made unilaterally and despite almost unanimous opposition: the decision not to sell Facebook to Yahoo in 2006 and your 2018 decision to change the algorithm that determines what appears on users' news feeds.⁶

- 1. Given your preeminence in the company, should you be held personally liable if Facebook is charged with crimes? If not, why not?**

Corporate responsibility starts with strong leadership, and Mark Zuckerberg takes his leadership responsibilities at Facebook very seriously. At the same time, the management of Facebook is a team effort, and that team answers to a highly experienced and respected Board of Directors, the majority of whom are independent directors. Our Board demands that Mark and the rest of our executive team adhere to the highest ethical and legal standards, and we in turn expect the same from all of our teams at every level.

Content Moderation⁷

- 1. How did Facebook come to the determination that its content moderators only need nine minutes of "wellness time" per day to maintain their mental health?**

The safety and well-being of all our content reviewers is a high priority. All content reviewers—whether full-time employees, contractors, or those employed by partner companies—have access to mental health resources, including trained professionals onsite for both individual and group counseling. Indeed, if someone is affected by the content that they are reviewing, they can get up and take an immediate break, go to a space that is dedicated for well-being, or request from their manager to review another content type, if that opportunity

⁶ Casey Newton, "Read the Full Transcript of Mark Zuckerberg's Leaked Internal Facebook Meetings," *Verge* (Oct. 2019) at: <https://www.theverge.com/2019/10/1/20892354/mark-zuckerberg-full-transcript-leaked-facebook-meetings>

⁷ All facts referenced in this section are derived from the following citation:

Casey Newton, "The Trauma Floor: The Secret Lives of Facebook Moderators in America," *Verge* (Feb. 2019) at: <https://www.theverge.com/2019/2/25/18229714/cognizant-facebook-content-moderator-interviews-trauma-working-conditions-arizona>

exists. And all reviewers have full healthcare benefits. We care deeply about the people who do this work; they help keep Facebook safe for all the rest of us.

While each day can differ for a content reviewer, typically shifts last no more than 8 hours, and much less than 8 hours is spent reviewing content. A typical day would include elements such as reviewing content, receiving coaching, taking mandatory and wellness breaks, having lunch, participating in team huddles or meetings, or training. Counseling is also offered onsite during the day.

2. **It has been reported that the warehouses where content moderators do their work are plagued by abnormal workplace behavior. Employees have described a workplace “perpetually teetering on the brink of chaos.” On how many occasions have moderators been disciplined, by Cognizant or Facebook?**

If Cognizant holds this or any other information referenced in these questions, please obtain that information from Cognizant and include it in your response. If you cannot do so, please explain your inability to obtain project-related information from a Facebook vendor. If you cannot obtain the requested information from Cognizant, please also explain why Facebook would engage in a contractual relationship with a vendor it entrusts with user data if Facebook cannot oversee all aspects of the project.

Our content review centers are not warehouses. We have just over 20 sites around the world in locations such as Morocco, the Philippines, the United States, Spain, Portugal, Latvia, Germany, and Ireland, and each site resembles Facebook’s own offices.

We are not in a position to comment on the personnel decisions of another company, nor do we comment on our own personnel decisions for privacy reasons.

However, we are committed to providing support for our content reviewers, as we recognize that reviewing certain types of content can be difficult. Facebook actively requests and funds an environment that ensures this support is in place for the reviewers employed by our partners, with contractual expectations around space for resiliency and wellness. Additionally, we’re kicking off a biannual audit and compliance program this year for content review teams. This includes formal audits, unannounced onsite checks, and vendor partner self-reporting.

3. **On how many occasions have moderators been disciplined, by Cognizant or Facebook, for smoking marijuana during the work day?**

Please see the response to your Question 2 above.

4. **How many times have moderators been disciplined, by Cognizant or Facebook, for engaging in sexual acts in the workplace?**

Please see the response to your Question 2 above.

5. Does Facebook or Cognizant pressure moderators not to discuss the emotional toll the job takes on them, even with loved ones?

Facebook cares deeply about the well-being of all of our content reviewers. We have a team of clinical psychologists who are tasked with designing, delivering, and evaluating resiliency programs for everyone who works with objectionable content. This group works closely with our vendor partners and each of their dedicated resiliency professionals to help build resiliency programming standards for their teams and share best practices. We collaborate with our partners to ensure they are providing the necessary levels of support, including psychological support, to anyone reviewing Facebook content. Indeed, Facebook actively requests and funds an environment that ensures this support is in place for the reviewers employed by our partners. This includes the environment they work in, with contractual expectations around space for resiliency and wellness, wellness support, and benefits including healthcare, paid time off, and bonuses.

As it relates to non-disclosure agreements, content reviewers are asked to sign these for two reasons. The first is safety. As we saw with the tragic shooting at YouTube's headquarters last year, there are real safety concerns for these teams in their role, or perceived role, in enforcing Facebook's Community Standards. There are many people that will make assumptions about the work that they do, and we want to ensure that they aren't put in a position of being targeted based on that work.

Secondly, to protect the privacy of our users, content reviewers have access to certain private information as part of their job. Facebook has legal obligations to take steps to protect and secure certain of that information and, as with any organization that handles personal information, we have rules on how that should be managed and limits on how it may be discussed outside of work.

This agreement is in no way intended to prevent reviewers from discussing the broad rewards and challenges they experience at work with loved ones or healthcare providers.

Content review at our size can be challenging, and we know we have more work to do. We are committed to supporting our content reviewers in a way that puts their well-being first.

6. Full-time Facebook employees are afforded well-documented and extensive perks like free meals, twenty-one days of paid vacation, and four months of parental leave.⁸ Why don't full-time content moderators have access to the same workplace benefits and perks afforded other Facebook employees? Do you consider the work of moderators to be less-important than that of all other Facebook employees? Does Facebook have the resources to provide identical workplace benefits to moderators?

Workplace benefits and perks are different for full-time Facebook employees and full-time content moderators because the majority of our content reviewers are people who work full-

⁸Aine Cain, "The 11 coolest perks at Facebook, the best place to work in America," *Business Insider* (Dec. 2017) at: <https://www.businessinsider.com/facebook-employee-perks-benefits-2017-11>

time for our partners and work at sites managed by these partners. This means that they are awarded benefits through their employer.

We have a global network of partner companies so that we can quickly adjust the focus of our workforce as needed. This approach gives us the ability to, for example, make sure we have the right language or regional expertise and allows us to quickly hire in different time zones. Our partners have a core competency in this type of work and are able to help us adjust as new needs arise or when a situation around the world warrants it.

That said, content review offices often look and feel like Facebook offices and have many of the same amenities. We view the work of both Facebook employees and content reviewers employed by our partners as critical to keeping our community safe. We ensure all of our partners pay our reviewers above industry average and significantly above the minimum wage in every country where they operate. We also have requirements of our partners, including quality-focused incentives, no sub-contracting, overtime and premiums for night and weekend shifts, and healthcare that meets the standards of the Affordable Care Act in the US and appropriate healthcare standards internationally. Moreover, *all* content reviewers—whether full-time employees or those employed by partner companies—have access to well-being and resiliency resources. This includes access to onsite trained professionals for individual and group counseling.

7. In each of the past five years, what overall accuracy score has Facebook’s content moderation program attained?

Facebook doesn’t maintain a single “overall accuracy score” globally. We know that people and technology can make mistakes, and there is no review process that is perfect or always accurate. In total, content reviewers review more than two million pieces of content every day. We issue a transparency report with a more detailed breakdown of the content we take down.

Our content reviewers undergo extensive training when they join and thereafter are regularly trained and tested with specific examples on how to uphold our Community Standards and take the correct action on a piece of content. This training occurs when policies are clarified or as they evolve. Our reviewers are not working in an empty room. There are quality control mechanisms as well as management onsite to help or provide guidance to reviewers if needed. When a reviewer is not clear on the action to take based on our Community Standards, they can pass the content decision to another team for review. We also audit the accuracy of reviewer decisions on an ongoing basis to coach them and follow up on improving when errors are made. And when we are made aware of incorrect content removals, we review them with our Community Operations team to prevent similar mistakes in the future.

We recognize that our policies are only as good as the strength and accuracy of our enforcement—and our enforcement is not perfect. We make mistakes because our processes involve people, and people are not infallible. We are always working to improve.

That's why Facebook and Instagram offer user appeals to help us identify and rectify when we've made a mistake, provide ongoing training for content reviewers, and continually work to evolve our policy development and enforcement processes.

8. What accuracy score must individual employees maintain? How many mistakes are they permitted to make per week, per month, and per year?

Finding the right balance between content reviewer well-being, quality, effectiveness, and efficiency to ensure that we are getting to reports as quickly as possible for our community is very challenging at the size we operate in. Effectiveness of the decisions content reviewers make is important to ensure we are taking the right actions for the community. And efficiency is important to ensure that we serve the Facebook community in a timely fashion. However, we both allow and encourage our reviewers to take the time they need to make a determination when reviewing a piece of content.

We issue a transparency report with a more detailed breakdown of the content we take down. There are bound to be mistakes, and we try to learn from our mistakes. As discussed above, we have training programs and onsite guidance available for content reviewers to use when reviewing content.

9. How does Facebook reconcile moderator accuracy scores when the Workplace software displays conflicting information about individual pieces of content? Is there an expedited process through which moderators can dispute a decision categorized as mistaken, if the mistake was influenced by inaccurate information provided on Workplace, so those employees aren't forced to use their parsimoniously-monitored working hours to do so?

Please see the response to your Question 8 above. There are bound to be mistakes when it comes to applying our Community Standards to each piece of content our reviewers encounter, and we try to learn from those mistakes. As discussed above, we have training programs and onsite guidance available for content reviewers to use when reviewing content.

Any reviewer who feels like a decision they made was incorrectly labeled can appeal that decision to ensure that their work is being fairly evaluated.

10. It was reported that quality assurance managers (QAs) are routinely harassed by moderators who disagree with their auditing decisions, despite an official policy prohibiting that retaliation. One QA described returning to his car in the evening to find a group of moderators waiting with the intent to intimidate him to change his ruling. How are QAs meaningfully protected from retaliation by moderators?

Both Facebook and our partners do not stand for any violence or intimidation in the workplace. We have multiple security and safety mechanisms in place, including dedicated onsite security. We regularly follow up with all partners to reiterate specific security measures.

We recently updated our review system to create greater anonymity between content reviewers and auditors in order to reduce the potential for bias or intimidation.

- 11. Are moderators permitted to carry concealed weapons in the workplace? Are full-time Facebook employees permitted to carry concealed weapons in the workplace? Are moderators screened for weapons upon entering the workplace, given the high number of moderators who seek mental health counseling as the result of the distress they experience in performing their jobs?**

Possessing a firearm in the workplace is against Facebook policy and that of our partners.

As discussed, both Facebook and our partners do not stand for any violence or intimidation in the workplace. We have multiple security and safety mechanisms in place, including dedicated onsite security. We regularly follow up with all partners to reiterate specific security measures.

- 12. How many restrooms per moderator does Facebook provide at each content moderation site? How many individual stalls per moderator does Facebook provide? Is time waiting in line to use the restroom deducted from a moderator's break or wellness time?**

We do not maintain these statistics and cannot speak to the number of restrooms our partners have. But we work closely with each partner to ensure that each site has the proper amenities. And content review offices often look and feel like Facebook offices and have many of the same amenities.

- 13. How many restrooms per employee does Facebook provide at each of its other offices (those where work unrelated to content moderation occurs)?**

We do not maintain these statistics for each specific building and work with construction, consulting, and design companies where we have offices to ensure our employees have the amenities and resources necessary and as required by local law, including restroom facilities.

- 14. Are moderators permitted to use wellness time to go to the restroom, when lines are shorter? Will Facebook clarify this policy with Cognizant?**

Content reviewers are able to go to the restroom and take a break when they need one. We have clear contracts with each of our partners that ensure our expectations in terms of pay, benefits, security, and a variety of other areas, such as wellness priority and full flexibility for resilience breaks, are met.

- 15. Are Muslim workers permitted to use their wellness time to perform one of their five daily prayers? Will Facebook clarify this policy with Cognizant?**

As a company, Facebook provides religious accommodations to our employees and expects and requires the same of all of our partners.

16. Does Facebook or Cognizant provide substance abuse-specific counseling to moderators? Does Facebook or Cognizant monitor moderators for substance dependency?

As discussed, the safety and well-being of all our content reviewers is one of our highest priorities. All content reviewers—whether full-time employees or those employed by partner companies—have access to well-being and resiliency resources. This includes access to trained professionals for individual and group counseling, as well as health insurance benefits.

17. For how long are moderators employed by Facebook/Cognizant, on average?

Attrition levels differ significantly by country and market, but we see significantly lower attrition levels at all of our sites than the global average in this industry.

18. What percentage of individuals who enter moderator training graduate from the program and become employed by Facebook/Cognizant? What are the leading reasons trainees do not become employed as moderators after completing the training?

Reviewers are employed by our partners, with associated pay and benefits, throughout their training process. We are not in a position to comment on the personnel decisions of another company or of those of partner employees who choose not to continue in the field of content review.

19. Given the prevalence of mental health issues reported by moderators as stemming from their employment, will Facebook commit to providing moderators with counseling for up to a year beyond their date of initial employment?

What happens in the world makes its way on to Facebook and that, unfortunately, often includes things that don't belong on our platform and go against our Community Standards. This content therefore needs to come down. AI has made massive progress over the years in many areas, which has enabled us to proactively detect the vast majority of the content we remove. But it's not perfect. Many of the decisions we make include cultural nuance and intent, which still require human eye and judgment, which is why people will continue to be part of the equation. We recognize that at times the content that one might see can be difficult, and we take our responsibility to support the people that do this job very seriously.

That is why everyone who reviews content for Facebook goes through an in-depth, multi-week training program on our Community Standards and has access to psychological support to ensure their well-being, which can include onsite support with trained practitioners, an on-call service, and access to private healthcare from the first day of employment. We are also employing technical solutions to limit their exposure to graphic material as much as possible.

Because people, technology, and society change, we do not believe our work in this space is ever complete, and we are committed to continued improvements that maintain our role as an industry leader in content moderation.

Transparency

In 2018, Facebook agreed to share posts, links and other data with researchers studying misinformation on the site.⁹ However, nineteen months later, much of the datasets requested remain unavailable to academics, which you have explained is the result of your data privacy concerns.¹⁰ The information you have made available is also significantly less comprehensive than you initially described.¹¹ As the result of this dearth of information, researchers say they have very little additional insight into the disinformation campaigns Facebook is now allowing politicians to run on the platform, and seven nonprofits that financed the research efforts have threatened to end their investments.¹²

1. **What steps is Facebook taking to give researchers access to the datasets they have requested?**

Please see the response to your Question 3 below.

2. **When will researchers have access to all of the data that Facebook originally intimated that they would make available? Please provide a timeline that includes reference to specific dates Facebook intends to make additional information available.**

Please see the response to your Question 3 below.

3. **How will Facebook hold itself accountable to this timeline?**

Most of the bugs outlined in the *New York Times* article referenced in these questions date back to April and May 2019, when Facebook first rolled out the Ad Library API. Our goal at that time was to make the API easily accessible and broadly available as quickly as possible, which we believed was preferable to providing a bulk download system specifically optimized for the academic community. Since then, we have either addressed or are working to address the deficiencies identified in the reporting, and we continuously solicit feedback from researchers and journalists with whom we have engaged. Among other things, we have:

- Fixed the infinite loop and invalid page bugs referenced in the article;
- Added to the FAQs an explanation that the snapshot URL can be used as a unique identifier and that API users can change the limit to return 5,000 ads per page, in response to the Mozilla letter;

⁹ Elliot Schrage and David Ginsberg, "Facebook Launches New Initiative to Help Scholars Assess Social Media's Impact on Elections," *Facebook* (April 2018) at: <https://about.fb.com/news/2018/04/new-elections-initiative/>

¹⁰ Davey Alba, "Ahead of 2020, Facebook Falls Short on Plan to Share Data on Disinformation," *New York Times* (Sept. 2019) at: <https://www.nytimes.com/2019/09/29/technology/facebook-disinformation.html>

¹¹ Solomon Messing; Bogdan State; Chaya Nayak; Gary King; Nate Persily, "Facebook URL Shares," *Harvard Dataverse* (July 2018) at: <https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/EIAACS>

¹² *supra* note 7

- Made it easy to run queries yielding more than 50,000 results, enabling users to analyze large chunks of data;
- Enabled empty search strings allowing for easy downloading of all ads for a given country (by leaving the search term blank); and
- Added page IDs in the downloadable report to make it easier to analyze and track ads from specific advertisers.

We've already seen use of the API bring more transparency to political advertising on Facebook. Noteworthy examples of such use include the following:

- A public dashboard analyzing Facebook data created by German data science researchers (<https://political-dashboard.com/facebook.html>);
- A public compilation of data on political advertising via social media platforms created by ad.watch database (<https://ad.watch/about.html>);
- A published analysis of Facebook ads placed by 2020 US presidential candidates (<https://medium.com/applied-data-science/56-070-165-facebook-ad-spend-of-us-presidential-candidates-broken-down-by-age-and-gender-2dcc32fe2c02>); and
- An analysis of Canadian political advertising on Facebook (<https://www.cbc.ca/news/technology/liberal-conservative-facebook-ads-2019-election-1.5225348>).

China

1. **You, Mr. Zuckerberg, have said that Libra and Facebook provide important counterbalances to China's influence—because China surveils its citizens and uses information coercively. Why then did Facebook share user data, without consent, with hardware manufacturers like Huawei, which has been designated by U.S. officials as a national security threat?**

In the early days of mobile, the demand for Facebook outpaced our ability to build versions of the product that worked on every phone or operating system. It's hard to remember now, but back then there were no app stores. So companies like Facebook, Google, Twitter, and YouTube had to work directly with operating system and device manufacturers to get their products into people's hands. This took a lot of time, and Facebook was not able to get to everyone.

To bridge this gap, we built a set of device-integrated APIs that allowed companies to recreate Facebook-like experiences for their individual devices or operating systems. Over the last decade, around 70 companies have used them—including many household names such as Amazon, Apple, Blackberry, HTC, Microsoft, and Samsung. All these partnerships were built on a common interest—the desire for people to be able to use Facebook or Facebook features, whatever their device or operating system.

Given that these APIs enabled other companies to recreate the Facebook experience, we controlled them tightly from the start. These partners signed agreements that prevented people's Facebook information from being used for any other purpose than to recreate Facebook-like experiences and our partnership and engineering teams approved the Facebook experiences these companies built. Users were required to log in to Facebook on their device (through a login flow that was often custom to the app), similar to how they would have to log into Facebook on the Facebook website or mobile app. Friends' information, like photos, was accessible on those experiences if people made a decision to share their information with those friends. We are not aware of any abuse of user data by Huawei (or other device integration partners), and Huawei has publicly confirmed that it has never collected or stored any Facebook user data on its servers.

Now that iOS and Android are so popular, fewer people rely on these APIs to create bespoke Facebook experiences. That is why we announced in April 2018 that we were winding down access to them. We have since wound down the majority of these partnerships. As always, we are working closely with our partners to provide alternative ways for people to still use Facebook.

Criminal Investigations

1. **According to a story in the New York Times published in March of this year, Facebook is under a federal criminal investigation in the Eastern District of New York for data deals you struck with device manufacturers, one of which is Huawei.¹³ Can you confirm whether Facebook is the subject of a criminal investigation related to this or any other matter at this time?**

We are unable to comment on the existence or details of any potential investigation. For more information about the partnerships that were the subject of the *New York Times* article, please see the response to the question immediately above.

Environment

1. **You, Mr. Zuckerberg, and your foundation, the Chan Zuckerberg Initiative, have made it a priority to invest in clean energy. Facebook owns WhatsApp, a platform in which armies of trolls pushed fake news about now-Brazilian President Bolsonaro ahead of his election. The groups of propagandists, facilitated by your company, helped him win.¹⁴ And now, the Amazon is burning at a rate of one football field per minute. The fire was started by humans, and the President is encouraging the forest's destruction.¹⁵**

¹³ Michael LaForgia, Matthew Rosenberg and Gabriel J.X. Dance, "Facebook's Data Deals Are Under Criminal Investigation," *New York Times* (March 2019) at: <https://www.nytimes.com/2019/03/13/technology/facebook-data-deals-investigation.html>

¹⁴ Daniel Avelar, "WhatsApp fake news during Brazil election 'favoured Bolsonaro,'" *The Guardian* (Oct. 2019) at: <https://www.theguardian.com/world/2019/oct/30/whatsapp-fake-news-brazil-election-favoured-jair-bolsonaro-analysis-suggests>

¹⁵ Tom Phillips, "Chaos, chaos, chaos: a journey through Bolsonaro's Amazon inferno," *The Guardian* (Sept. 2019) at: <https://www.theguardian.com/environment/2019/sep/09/amazon-fires-brazil-rainforest>

Scientists have tabulated that a “dieback” scenario would cost between \$957 billion and \$3.59 trillion over thirty years. Mitigation tactics to avert such a dire scenario would cost \$64 billion. Activities to preserve the forest, like organized water management, would cost \$122 billion.¹⁶

How much environmental philanthropy will the Chan Zuckerberg Initiative contribute to mitigate the harm caused by your company?

WhatsApp was built for private messages: to help people chat with their loved ones or conduct business. Instead of encouraging users to build an audience and share widely, WhatsApp is designed to help people share with others they know or get helpful information from a business. In that sense, it is not a broadcast platform. WhatsApp places limits on group sizes and how users send messages, including limiting forwards. Indeed, approximately 90 percent of the messages sent on WhatsApp are from one person to another, and the majority of groups have fewer than ten people.

As with any communications platform, sometimes people attempt to exploit the service. Some may want to distribute click-bait links designed to capture personal information, while others want to promote an idea. Regardless of the intent, automated and bulk messaging violate our terms of service, and one of WhatsApp’s priorities is to prevent and stop this kind of abuse. WhatsApp takes a multi-pronged approach to this challenge while also working to maintain the private nature of the service. It has built sophisticated machine learning systems to detect abusive behavior and ban suspicious accounts at registration, during messaging, and in response to user reports. WhatsApp removes over two million accounts per month for bulk or automated behavior—over 75 percent without a recent user report.

WhatsApp also maintains limits on how many groups an account can create within a certain time period and bans accounts with suspicious group behavior, if appropriate, even if their activity rates are low or have yet to demonstrate high reach. Whenever a user gets added to a group from someone outside their contact list, WhatsApp displays an option that asks if the user wants to “report” or “exit” the group. Given the increased concern about abusive activities from politically motivated actors, this is an area of deep focus.

Finally, if an account accumulates negative feedback, such as when other users submit reports or block the account, systems evaluate the account and take appropriate action. WhatsApp makes it easy for users to report a problem and encourages users to do so. Whenever a user receives a message for the first time from an unknown number, WhatsApp displays options that enable them to “report” or “block” the sender’s account. In addition, users can report a problem to WhatsApp at any time in an individual or group chat. When a user sends a report, WhatsApp’s machine learning systems review and categorize the reports to better understand the motivation of the account, such as whether they are trying to sell a product or seed

¹⁶ David M. Lapolaa, Patricia Pinhob, Carlos A. Quesadac, Bernardo B. N. Strassburgd, Anja Rammigf, Bart Kruijtg, Foster Brownh, Jean P. H. B. Omettoj, Adriano Premebidak, Jose A. Marengol, Walter Vergaram, and Carlos A. Nobren, “Limiting the high impacts of Amazon forest dieback with no-regrets science and policy action,” *Proceedings of the National Academy of Sciences* (Nov. 2018) at: <https://www.pnas.org/content/pnas/115/46/11671.full.pdf>

misinformation. This new information not only helps WhatsApp ban accounts, but it also helps WhatsApp improve its machine learning systems to take earlier action in the future.

WhatsApp is constantly advancing its anti-abuse operations to keep its platform safe.

When it comes to the Chan Zuckerberg Initiative, a philanthropic organization and a separate entity from Facebook, Facebook cannot speak to its future plans. The Chan Zuckerberg Initiative has given nearly \$1.9 billion since its founding in 2015 to advance scientific research that is aimed at curing disease, supporting K-12 education efforts focused on empowering teachers and ensuring that all students get an education that is tailored to their needs, and funding groups who are working to address housing affordability in California and criminal justice reform nationwide. For more information, including a database of their grantmaking investments by focus areas, please visit [czi.org](https://www.czi.org).

Questions from Representative Pressley**Libra Credit and Debt**

1. **Yes or no: Within the Calibra ecosystem, will Libra Association partners be able to target consumers with products based on the existence, size or transactions of their Calibra wallet?**

- o **Follow up: Can Uber target Calibra users who spend a lot on taxis with an Uber credit card offer?**

No. Calibra, Inc. (“Calibra”) has no plans to show ads, including in its standalone app, from Libra Association members or from anyone else.

Except in limited circumstances, Calibra will not share customers’ account information or financial data with any third party or Facebook without customer consent. For example, Calibra customers’ account information and financial data will not be used to improve ad targeting on the Facebook, Inc. family of products. The limited cases where this data may be shared reflect our need to keep people safe, comply with the law, and provide basic functionality to the people who use Calibra. As a Facebook subsidiary, Calibra may also be legally obligated to share certain data with Facebook, so that Facebook can meet regulatory requirements. This could, for example, consist of aggregated payment numbers for financial and tax reporting or information necessary to comply with the law. Accordingly, third parties will not be able to use Calibra data to target ads.

2. **Will Calibra or the Libra Association lend or extend credit to individuals or institutions?**

- o **If yes: Will you use traditional credit scoring to determine rates?**

Facebook and Calibra have no near-term plans to provide credit in connection with Calibra. Any such credit would only be offered by Facebook or Calibra, directly or through partners, in compliance with applicable law. We also understand that the Libra Association (the “Association”) has no plans to do so.

The Association will not operate any custodial wallet, exchange, or other similar end-user-facing services on the Libra blockchain, and will not have direct relationships, contractual or otherwise, with end users of Libra coins.

3. **Will Calibra or the Association issue ANY Libra associated debt?**

Calibra has no plans to issue Libra-denominated debt. Our understanding is that the Association also does not expect to issue any Libra-denominated debt.

4. **Are there any plans to restructure or repackage Libra assets to offset your risk?**

Calibra has no plans to restructure or repackage Libra coins into financial instruments to be used for risk mitigation purposes. Our understanding is that the Association also has no plans to do so.

Fair Housing

You have expressed that you support fair housing and maintain a commitment to do all you can to eliminate discrimination on your various platforms. However, these statements conflict with Facebook’s legal briefs in the *National Fair Housing Alliance* case where your company made affirmative claims that it is not liable for discriminatory content on its platforms or discriminatory ad campaigns because of broad exemption it enjoys under the Communications Decency Act.

5. Do you believe Facebook is subject to the civil rights mandates of the federal Fair Housing Act?

Discrimination and discriminatory advertising have no place on Facebook’s platform, and we remove such content as soon as we become aware of it.

Our policies have long prohibited discrimination, and we have made significant changes to prevent advertisers from misusing our tools to discriminate in their ad targeting. As part of settlement agreements with civil rights organizations like National Fair Housing Alliance (“NFHA”), and based on ongoing input from civil rights experts, we have taken the industry lead by changing the way advertisers may select the audience for housing, employment, and credit (“HEC”) ads. Specifically, we have eliminated the ability to target HEC ads based on age, gender, or zip code, and we have severely restricted the number of interest category targeting options available. We’ve expanded our enforcement of these restrictions across all the tools businesses use to buy ads. Even before we made these changes this year, advertisers were prohibited from using any multicultural affinity interest segments, either for inclusion or exclusion, when running HEC ads. We’ve also added a housing ad section in the Ad Library, so it will be easy to search for and view US ads about housing opportunities. People can search for and view all active housing opportunity ads targeted at the US that started running—or were edited—on or after December 4, 2019, regardless of the advertiser’s intended audience. People will be able to search the housing ad section by the name of the Page running an ad or the city or state to which the ad is targeted. In the next year, we’ll also include ads that offer employment or credit opportunities in the Ad Library. We’re actively working with civil rights groups to inform our approach as we prepare to roll this out. We’ve also committed to studying the potential for algorithmic bias, including in our ad algorithms, with input from the civil rights community, industry experts, and academics.

Under the settlement with the *National Fair Housing Alliance*, Facebook agrees to study how the reconstituted Lookalike Audience tool—the ‘Special Ad Audiences’ tool—impacts delivery of ads created in the Housing-Employment-Credit Flow with respect to unintended bias, regarding gender and more generally. Facebook has also agreed to study the potential for unintended biases in algorithmic modeling on its platform generally, regarding ad delivery operations and otherwise, and to implement feasible reforms as part of its ongoing commitment to nondiscrimination in advertising on its platforms.

6. **How is Facebook addressing this concern and what steps has it put into place to study and assess discriminatory patterns that result from its “lookalike” audience feature and other unintended biases associated with its algorithmic models, in ad delivery or otherwise?**

Concerns about bias and fairness in algorithms are important—not just for Facebook, but for the industry at large. We take this issue seriously, and we want to be a leader in this space. We’ve built and continue to expand teams working on this issue. As part of the National Fair Housing Alliance (“NFHA”) settlement, we’ve committed to studying the potential for unintended bias, including in our ad delivery algorithms, with input from the civil rights community, industry experts, and academics, and we’ve similarly committed to working toward the right solutions.

Civil Rights

7. **How many civil rights leaders has Mark Zuckerberg met with, who were those leaders and when did he meet with them?**

- o **What commitments Mr. Zuckerberg make to leaders at these meetings?**

Mark continues to meet with people and groups who represent different communities. This includes the civil rights community. It’s important to him that he hear directly from people who are interested in and affected by our products and services. Mark has discussed a range of issues with civil rights leaders, including voter and census suppression and hate and misinformation. Indeed, we recently announced a census interference policy that bans misleading information about when and how to participate in the census and the consequences of participating. We are also introducing a new advertising policy that prohibits ads that portray census participation as useless or meaningless or advise people not to participate in the census. These policies are due in large part to the work being done with the civil rights community through our civil rights audit and represent the culmination of a months-long process between Facebook, the US Census Bureau, and experts with diverse backgrounds to develop thoughtful rules around prohibiting census interference on our platforms and making sure people can use their voice to be counted.

8. **BLM: Did Facebook’s algorithmic system suppress #BlackLivesMatter and other activist movements as it was promoting images like the Ice Bucket Challenge? Yes or no**

No. News Feed looks at multiple signals to determine what is most relevant to an individual. As discussed below, a person’s News Feed is not static, but is rather informed by the user’s own Facebook activity, such as their likes, comments, and other content. We do not demote content (show it lower in News Feed) unless it has violated specific policies against content (e.g., clickbait or engagement bait) that our community has told us they do not want to see.

At Facebook, we use algorithms to assist our internal teams, offer customized user experiences, and help us achieve our mission of building a global and informed community.

Some well-known algorithm use-cases include those used to generate and display search results (see <https://about.fb.com/news/2018/11/inside-feed-how-search-works/>), to prioritize the content people follow with their personalized News Feed (see <https://about.fb.com/news/2018/05/inside-feed-news-feed-ranking/>), and to serve ads that may be relevant to them.

As a company, we are committed to helping our users understand these uses. We publish a series of blog posts called News Feed FYI (see <https://about.fb.com/news/category/news-feed-fyi/>) that highlights major updates to News Feed and explains the thinking behind them. We also recently launched a new feature called, “Why am I seeing this post?” (see <https://about.fb.com/news/2019/03/why-am-i-seeing-this/>) to help people on Facebook better understand and more easily control what they see from friends, Pages, and Groups in News Feed. This feature, which is similar to a tool introduced in 2014 for understanding why people see certain ads on Facebook, is based on user feedback asking for more transparency around what appears in News Feed and easier access to News Feed controls. Additionally, we are promoting a series of educational initiatives and campaigns to help people learn about the technology that underlies our various products and features, which includes AI and machine learning, through our series called “Inside Feed” (see <https://about.fb.com/news/category/inside-feed/>).

9. Has Facebook partnered or shared data with LEOS for the purposes of immigration enforcement?

We disclose account records solely in accordance with our terms of service and applicable law, including the federal Stored Communications Act (“SCA”), 18 U.S.C. Sections 2701-2712. If requests appear to be legally deficient, overly broad, or vague, our law enforcement response team will reject the requests outright or contact the law enforcement agency that issued the legal process for more information and work to narrow the scope of the legal process so that it is limited to the users and data relevant to the criminal investigation.

The information that immigration enforcement agencies or any other law enforcement authority in the US may request from a provider depends on the type of legal process authorizing the disclosure. Under US law, a valid subpoena issued in connection with an official criminal investigation is required to compel the disclosure of basic subscriber records (defined in 18 U.S.C. Section 2703(c)(2)), which may include: name, length of service, credit card information, email address(es), and a recent login/logout IP address(es), if available. A court order issued under 18 U.S.C. Section 2703(d) is required to compel the disclosure of certain records or other information pertaining to the account (not including contents of communications), which may include message headers and IP addresses, in addition to the basic subscriber records identified above. A search warrant issued under the procedures described in the Federal Rules of Criminal Procedure or equivalent state warrant procedures upon a showing of probable cause is required to compel the disclosure of the stored contents of any account, which may include messages, photos, videos, timeline posts, and location information.

Our policy is to notify people who use our service of requests for their information prior to disclosure unless we are prohibited by law from doing so or in exceptional circumstances, such as child exploitation cases, emergencies, or when notice would be counterproductive. We will also provide delayed notice upon expiration of a specific non-disclosure period in a court order and where we have a good-faith belief that exceptional circumstances no longer exist and

we are not otherwise prohibited by law from doing so. Law enforcement officials who believe that notification would jeopardize an investigation are directed to obtain an appropriate court order or other appropriate process establishing that notice is prohibited.

In the first half of 2019, we received about 50,000 requests from US law enforcement authorities in connection with criminal investigations and produced some data in response to 88 percent of those requests. For more information about our responses to government requests broken down by country, please see our Transparency Report at <https://transparency.facebook.com/>.

