

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Joseph J. Simons, Chairman**
 Noah Joshua Phillips
 Rohit Chopra
 Rebecca Kelly Slaughter
 Christine S. Wilson

In the Matter of

**Aleksandr Kogan,
an individual, and**

**Alexander Nix, Individually and as Chief
Executive Officer of Cambridge Analytica,
LLC.**

**DOCKET NO. C-4693
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COMPLAINT

The Federal Trade Commission, having reason to believe that Aleksandr Kogan, an individual, and Alexander Nix, individually and at the relevant time, Chief Executive Officer of Cambridge Analytica, LLC, (collectively “Respondents”) have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

NATURE OF THE CASE

1. This action seeks to hold Respondents responsible for their deceptive acts and practices to harvest personal information from Facebook users for political and commercial targeted advertising purposes. Respondents, along with Cambridge Analytica, LLC, jointly and severally, developed, operated, analyzed, and used data obtained through an application on the Facebook platform called the “GSRApp,” also sometimes referred to publicly as the “thisisyourdigitallife” app. Using the Graph application programming interface (“Graph API”) Facebook made available to developers on its platform, the GSRApp harvested Facebook user profile data from approximately 250,000–270,000 Facebook users who directly interacted with the app, as well as 50–65 million of the “friends” in those users’ social networks. Cambridge Analytica, LLC, Alexander Nix, and Aleksandr Kogan obtained the app users’ consent to collect their Facebook profile data through false and

deceptive means. Specifically, they falsely represented that the GSRAApp did not collect any identifiable information from Facebook users who authorized it.

RESPONDENTS

2. Respondent Aleksandr Kogan (“Kogan”) is an American citizen currently residing in New York. Until September 2018, Kogan was a Senior Research Associate and Lecturer at the Department of Psychology at the University of Cambridge in the United Kingdom, where he established and led the Cambridge Prosociality and Well-Being Lab (“CPW Lab”). Kogan was also an owner and co-founder of the now-defunct U.K. corporation, Global Science Research, Ltd. (“GSR”). Kogan has been known at times by the married name, Aleksandr Spectre.
3. Respondent, Alexander James Ashburner Nix (“Nix”) is a British citizen currently residing in the United Kingdom. Until April 30, 2018, Nix was the Chief Executive Officer of Cambridge Analytica and also a director of SCL Elections Limited (“SCL Elections”), a privately held U.K. Corporation that has held an ownership interest in Cambridge Analytica. Individually or in concert with others, Nix formulated, directed, controlled, had the authority to control, or participated in the acts and practices alleged in this complaint. Nix currently resides in London, England. Nix, in connection with the matters alleged herein, transacts or has transacted business throughout the United States.
4. At all times material to this Complaint, acting alone or in concert with Cambridge Analytica, Kogan, or others, Nix purposefully directed his activities to the United States by directing, controlling, or participating in the collection and analysis of data from U.S. consumers and in the use of that data to create marketing products and services that target consumers throughout the United States. Nix’s activities directed at the United States gave rise to the deceptive claims alleged herein.

RELATED PARTIES

5. Cambridge Analytica, LLC (“Cambridge Analytica”) is a private Delaware limited liability company that was formed in December 2013, and had a principal office or place of business at 597 Fifth Avenue, 7th Floor, New York, NY 10017. Cambridge Analytica is part of the SCL Group Ltd. family of companies, as is SCL Elections. Cambridge Analytica has operated as a data analytics and consulting company that provides voter-profiling and marketing services. Cambridge Analytica describes itself on its website as “a data-science consultancy and marketing agency” that is “politically neutral.” In May 2018, Cambridge Analytica filed for bankruptcy, which proceedings are still ongoing.
6. During the relevant time period, Cambridge Analytica and SCL Elections conducted the business practices described below through an interrelated network of companies that have common business functions, ownership, officers, and employees. For example, Nix was both the head of SCL Elections and also the Chief Executive Officer of Cambridge Analytica. SCL Elections was placed into liquidation on April 17, 2019.

JURISDICTION

7. The acts or practices of Respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, and constitute “deceptive acts or practices involving foreign commerce” as set forth in Section 5 of the FTC Act.

RESPONDENTS’ BUSINESS PRACTICES

A. Agreement to Harvest Facebook User Profile Data for Commercial Purposes

8. In late 2013 or early 2014, Nix, SCL Elections, and Cambridge Analytica became aware of research by individuals at the Psychometrics Centre within the University of Cambridge that found that Facebook profile information could be used to successfully predict an individual’s personality traits according to the “OCEAN” scale, a psychometric model that measures an individual’s openness to experiences, conscientiousness, extraversion, agreeableness, and neuroticism.
9. Specifically, researchers developed an algorithm that could predict an individual’s personality based on the individual’s “likes” of public Facebook pages. For example, liking Facebook pages related to *How to Lose a Guy in 10 Days*, George W. Bush, and rap and hip-hop could be linked with a conservative and conventional personality. The researchers argued that their algorithm, which was more accurate for individuals who had more public Facebook page “likes,” could potentially predict an individual’s personality better than the person’s co-workers, friends, family, and even spouse.
10. Nix, SCL Elections, and Cambridge Analytica were interested in this research because Cambridge Analytica intended to offer voter profiling, microtargeting, and other marketing services to U.S. campaigns and other U.S.-based clients. Through mutual contacts, representatives of SCL Elections (who had dual roles at Cambridge Analytica) reached out to Kogan and academics affiliated with the Psychometrics Centre in early 2014 to discuss a potential working relationship to commercialize this research.
11. Kogan had expertise researching and analyzing Facebook data through his work at the CPW Lab, as well as his prior research collaborations with Facebook that analyzed aggregated Facebook data relating to how people worldwide connect and express emotions. Kogan was willing to enter into a commercial venture with SCL Elections, and after several months of discussion, the parties reached agreement about the scope of work (the “Project”).
12. Importantly, Kogan already had a Facebook app that was registered on the Facebook platform, the CPW Lab app, that could be repurposed to collect profile data from Facebook users and their “friends” through Facebook’s developer tool, Graph API (v.1).
13. Facebook’s Graph API (v.1) allowed developers to collect Facebook profile data from users who directly installed or otherwise interacted with the developer’s application or website through a Facebook Login (“App Users”), as well as from these users’ Facebook “friends.”

Facebook allowed this data collection even though the “friends” did not have any direct interaction with the app or website (“Affected Friends”). While Facebook had announced in April 2014 that it was introducing a new version of the Graph API—v.2—that would no longer allow developers to collect profile data from Affected Friends, only from the App Users themselves, existing apps had one year before these limitations went into effect, whereas new apps would automatically be limited. Kogan’s app was, thus, “grandfathered” into the more permissive data collection allowable under Graph API (v.1), making Kogan an appealing partner for Nix, Cambridge Analytica, and SCL Elections.

14. On May 29, 2014, Kogan incorporated GSR to carry out the Project, separate and apart from his duties at the University of Cambridge. Kogan was the Chief Executive Officer of GSR at all relevant times, and worked on all aspects of GSR’s products and services before it was dissolved in October 2017.
15. On June 4, 2014, GSR and SCL Elections entered into a GS Data and Technology Subscription Agreement (the “June 2014 Agreement”). Nix signed this agreement for SCL Elections. Under this agreement, GSR agreed to harvest Facebook profile data from App Users and Affected Friends in 11 U.S. states, generate personality scores for these individuals, and then match these profiles to U.S. voter records provided to GSR by SCL Elections. GSR would then send these matched records along with the associated personality scores back to SCL Elections. GSR retained the original data set and granted SCL Elections a license to access the data and to use the proprietary GSR personality scores. Following the creation of GSR and the signing of the June 2014 Agreement, Kogan repurposed the CPW Lab app to become the “GSRApp.”
16. Although SCL Elections is the entity that entered into the agreement with GSR, it was acting for and on behalf of Cambridge Analytica. SCL Elections entered into a Services Agreement with Cambridge Analytica whereby SCL Elections agreed, among other things, to (a) acquire, for and on behalf of Cambridge Analytica, demographic, transactional, lifestyle, and behavioral data about consumers in target populations; (b) identify and build target voter lists; (c) apply research techniques to understand better the habits and daily lives of target voter groups; and (d) apply psychological profiles to target groups of voters. In a separate agreement, SCL Elections also agreed to license all of its intellectual property to Cambridge Analytica.
17. SCL Elections and Cambridge Analytica played a significant and direct role in the development and implementation of the GSRApp, as well as in the analysis of the data the GSRApp collected. For example:
 - a. SCL Elections and Cambridge Analytica revised the terms of use for the GSRApp from the original CPW Lab app;
 - b. SCL Elections and Cambridge Analytica paid all costs—totaling over five hundred thousand dollars—related to implementing the GSRApp and analyzing the resulting data, including paying U.S.-based survey panel providers to

specifically target Facebook users located in the United States to take the GSRApp surveys;

- c. SCL Elections and Cambridge Analytica inserted specific questions to be included in some of the surveys, including a number of questions about national security in the United States because this was a particular topic of interest for one of Cambridge Analytica's U.S.-based clients;
- d. SCL Elections and Cambridge Analytica directly communicated with the U.S.-based survey panel provider about the timing and focus of the GSRApp surveys; and
- e. SCL Elections and Cambridge Analytica actively assisted in the matching of data harvested from App Users and Affected Friends located in the U.S. and Kogan's personality scores with U.S. voter registration records.

18. Nix was personally involved in the data harvesting Project. In addition to signing the June 2014 Agreement, he directly communicated and met with Kogan about the Project, personally authorized payment for Project-related costs, reviewed survey questions and specifically requested certain Facebook data or analysis, and directed internal actions within SCL Elections and Cambridge Analytica related to implementing the GSRApp, analyzing the GSRApp data, and using the GSRApp data for Cambridge Analytica clients in the United States.

B. The GSRApp Harvested Large Quantities of Facebook Profile Data from App Users and Affected Friends Through False and Deceptive Means

19. The GSRApp asked users to answer survey questions and consent to their Facebook profile data being collected, including public Facebook page "likes." Kogan then used the initial participants' survey responses and Facebook "likes" to train his algorithm so that it could predict the users' personality traits based solely on the Facebook "likes" data. This process, which was inspired by original research by others at the University of Cambridge, allowed Kogan to provide personality scores for the Affected Friends, from whom he collected Facebook data but had no survey responses.
20. Kogan then assigned a confidence level to each personality score based on the number of public page "likes" for each U.S.-based App User and Affected Friend, generally requiring a Facebook user to have "liked" at least 10 public Facebook pages to be confident of the personality score.
21. Cambridge Analytica, Nix, and Kogan then conducted a small trial to determine how well Facebook profile information could be matched with U.S. voter records and information from other public databases. The Project would have little value to SCL Elections and Cambridge Analytica if the personality scores could not be matched with actual U.S. voters.

22. The initial trial was a success and showed that the Facebook profile data could be matched with U.S. voter records. Based on this success, Respondents implemented the GSRApp on a wider scale using the Qualtrics survey platform, based in Provo, Utah.
23. Qualtrics recruited U.S.-based consumers through four waves of survey panels over the summer of 2014. Each wave asked different questions of the participants such that Kogan’s personality scores covered a broad range of topics, including political enthusiasm, political orientation, frequency in voting, consistency in voting for the same political party, and views on particular controversial issues. Survey participants who completed the survey and authorized the GSRApp to harvest their Facebook profile information were paid a nominal fee of a few dollars for participating in the survey.
24. At the point in every survey in which the GSRApp asked U.S. consumers to authorize the GSRApp to collect their Facebook data, the GSRApp made the following representation:

In this part, we would like to download some of your Facebook data using our Facebook app. We want you to know that we will NOT download your name or any other identifiable information—we are interested in your demographics and likes.
25. Contrary to this representation, the GSRApp collected the Facebook User ID of those users who authorized it. A Facebook User ID is a persistent, unique identifier that connects individuals to their Facebook profiles. Cambridge Analytica, Nix, and Kogan included this representation after finding that half of the survey participants initially refused to grant the GSRApp permission to collect their Facebook profile data.
26. Cambridge Analytica, Nix, and Kogan harvested a significant amount of Facebook profile data from App Users and the Affected Friends located in the U.S. through the GSRApp. Specifically, they harvested the following Facebook profile data from App Users: Facebook User ID; gender; birthdate; location (“current city”); friends list; and “likes” of public Facebook pages. They harvested from Affected Friends their Facebook User ID; name; gender; birthdate; location (“current city”); and “likes” of public Facebook pages.
27. Over the course of the Project, Cambridge Analytica, Nix, and Kogan harvested Facebook profile data from approximately 250,000–270,000 App Users located in the U.S., and harvested profile data from approximately 50–65 million Affected Friends, including at least 30 million identifiable U.S. consumers.
28. In January 2015, GSR and SCL Elections entered into a supplemental agreement (“January 2015 Agreement”) regarding additional data from the Project that SCL Elections and Cambridge Analytica wanted. Pursuant to the January 2015 Agreement, GSR provided data and analysis for App Users and Affected Friends for the remaining 39 U.S. states. GSR also provided a more limited set of personality analyses for these consumers than it had provided for consumers in the initial 11 U.S. states.

29. In April 2015, GSR and SCL Elections entered into an addendum to the January 2015 Agreement (“Addendum”), pursuant to which GSR provided SCL Elections and Cambridge Analytica with the underlying Facebook data used to “train” the algorithm that generated the OCEAN personality scores. GSR also provided SCL Elections and Cambridge Analytica with additional information about whether the App Users and Affected Friends included in the second set of data provided pursuant to the January 2015 Agreement had “likes” for about 500 specific pages identified by SCL Elections and Cambridge Analytica.
30. Nix, SCL Elections, and Cambridge Analytica reported to Kogan that they had very positive feedback from their clients and had expressed an interest in continuing to work with Kogan and GSR on other similar projects. While Kogan and GSR were interested in working on follow-up projects, the parties could not reach an agreement and discontinued their work together after GSR transferred the data agreed to in the Addendum in May 2015.
31. In December 2015, several news reports were published regarding Cambridge Analytica’s use of Facebook data. Following these reports, Facebook demanded that Kogan, Cambridge Analytica, and its SCL affiliates delete all Facebook data in their possession. While Kogan and SCL Elections certified to Facebook that they had deleted the data obtained through the GSRApp, individuals or other entities still possess this data and/or data models based on this data.

VIOLATION OF THE FTC ACT

Deceptive Claim Concerning the Collection of Personal Identifiable Information

32. Through the means described in Paragraph 24, Respondents represented, directly or indirectly, expressly or by implication, that the GSRApp did not collect any identifiable information from Facebook users who authorized the app.
33. In fact, as described in Paragraphs 25-26, the GSRApp collected identifiable information from Facebook users who authorized the App, including the Facebook User ID of those users who used it. Therefore, the representation set forth in Paragraph 32 is false or misleading.

THEREFORE, the Federal Trade Commission, this Eighteenth day of December, 2019, has issued this Complaint against the Respondents.

By the Commission.

April J. Tabor
Acting Secretary

SEAL: