

THE LIES OF FACEBOOK

On paper, [Facebook, Inc.](#) (NASDAQ: FB) is one of the most successful companies in history. With a market capitalization that peaked at over \$600 billion, Facebook has been the envy of blue chip executives, entrepreneurs, and venture capitalists since it exploded onto the global stage. Facebook claims to have over 2 billion Monthly Active Users (MAUs), to a large extent determines which media outlets live and die, connects friends and family members across continents, and is nearly its own sovereign nation.

What seems too good to be true often is. The zeitgeist has changed markedly since 2007, when the company was the obsession of virtually every Silicon Valley investor, having built its Platform to make the world "more open and connected." Yet as bad as things have been of late for Facebook, with endless privacy breaches and Russian interference in the 2016 presidential election hanging over Menlo Park like a spectre, we believe that the situation is far worse than investors realize. Facebook has been lying to the public about the scale of its problem with fake accounts, which likely exceed 50% of its network. Its official metrics—many of which it has stopped reporting quarterly—are self-contradictory and even farcical. The company has lost control of its own product.

Fake accounts affect Facebook at its core in numerous ways:

- Its customers purchase advertising on Facebook based on the fact that it can supposedly target advertisements at more than 2 billion real human beings. To the extent that users aren't real, companies are throwing their money down the drain.
- Fake accounts click on advertising at random, or "like" pages, to throw off anti-fraud algorithms. Fake accounts look real if they do not follow a clear pattern. This kind of activity defrauds advertisers, but rewards Facebook with revenue.
- Fake accounts often defraud other users on Facebook, through scams, fake news, extortion, and other forms of deception. Often, they can involve governments.

Preaching that programmers should "move fast and break things," CEO [Mark Zuckerberg](#) has clarified over time that growth at any cost is his only priority. But documents recently revealed show that since 2012, management has worried about where it can find more warm bodies to sign on. Fake accounts have been keeping the company that Columbia professor Tim Wu has called an "attention merchant" afloat. The cost of Zuckerberg's dissembling, dating all the way back to 2004, has accrued, and is finally coming due. Accordingly, it is increasingly likely that Facebook will go the way of AOL, CompuServe, and Prodigy—if legal liability doesn't bankrupt it first.

References on PlainSite

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2/16/2018	District Of Columbia District Court	1:18-cr-00032-DLF-1	USA v. INTERNET RESEARCH AGENCY LLC et al	Mueller Trump Investigation President Donald J. Trump Russia
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