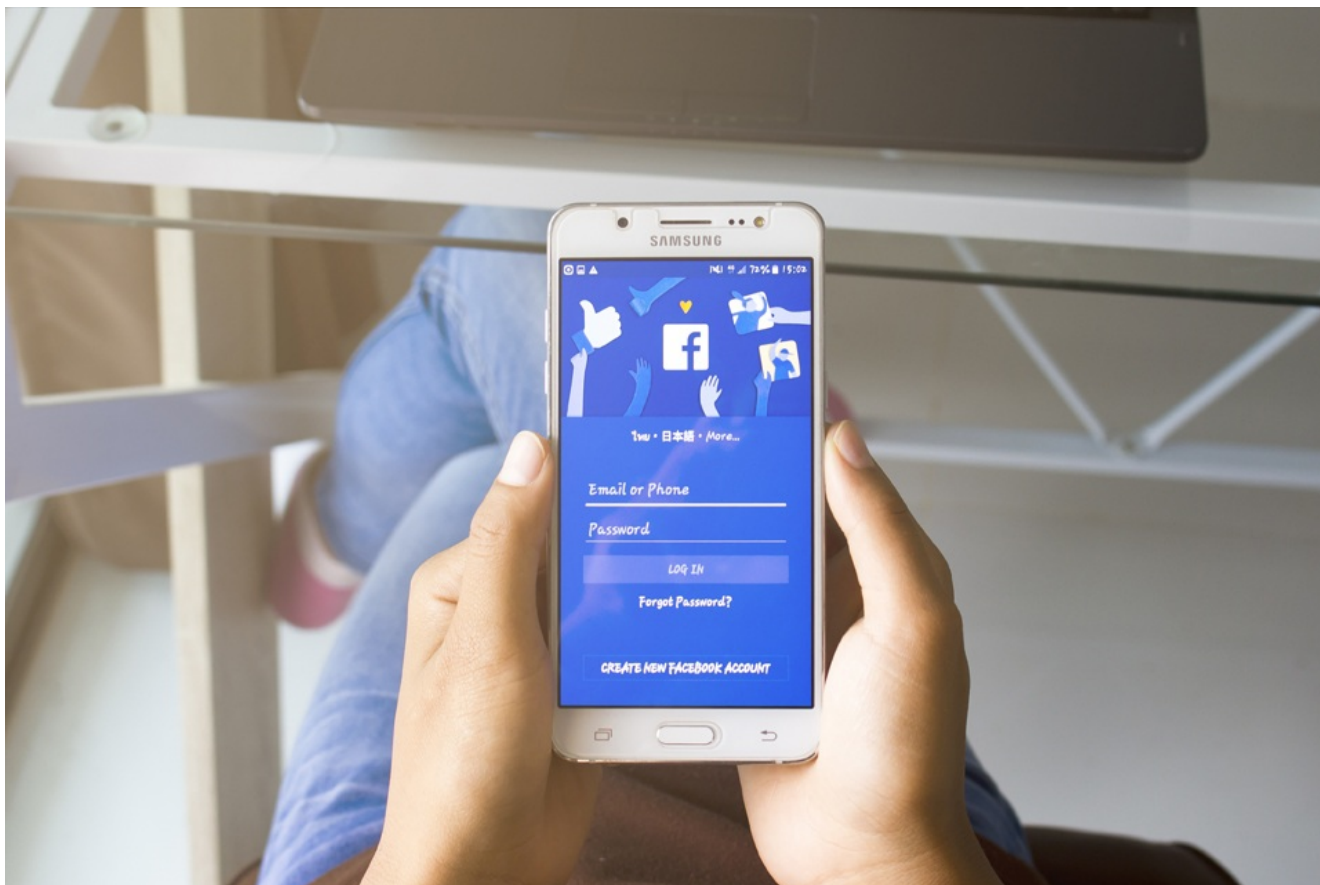


FTC Alleges Facebook Bought, Buried Rivals In New Antitrust Proceedings



The U.S. Federal Trade Commission filed a new antitrust complaint against Facebook Inc (FB.O) on Thursday, adding more details to the allegations that the social media giant gathered or bought rivals, and again seeking a court order to force the company to sell Instagram and WhatsApp.

This new complaint contains 80 pages, which is significantly more than the FTC's original complaint. It also contains additional information intended to support the FTC's position that Facebook is a monopolist. Since 2012, more than 65% of all U.S. personal social networking users have used Facebook.

On a 3-2 vote, the FTC filed the amended lawsuit and denied Facebook's request that agency head Lina Khan be removed. Khan was part of the team that filed the new complaint.

It requested a court order ordering Facebook to sell Instagram, which it bought for \$1 billion in 2012, and WhatsApp for \$19 billion in 2014.

According to the headline of the FTC statement, this Facebook antitrust matter is related to using an illegal "buy-or-bury" scheme to suppress competition.

Facebook has vowed to continue fighting the lawsuit.

"It is unfortunate that despite the court's dismissal of the complaint and conclusion that it lacked the basis for a claim, the FTC has chosen to continue this meritless lawsuit," a company spokesman said. "Our acquisitions of Instagram and WhatsApp were reviewed and cleared many years ago, and our platform policies were lawful."

Not the Same as Twitter

As Washington tries to tackle Big Tech's extensive market power, the Federal Trade Commission's high-profile case against Facebook is one of the most significant challenges the agency has brought against a tech company in decades.

"Facebook has been able to enjoy enormous profits for a considerable period of time despite causing customers dissatisfaction, suggesting both that it has monopoly power and that its competitors cannot overcome entry barriers and challenge its dominance," the amended complaint said.

In an attempt to reinforce Facebook's dominance, the Federal Trade Commission's complaint distinguished Facebook from apps such as TikTok and sites such as Twitter (TWTR.N), Reddit, and Pinterest (PINS.N) it said are not focused on connecting friends and family.

Following the statement in June by Judge James Boasberg of the U.S. District Court for the District of Columbia that the FTC's December complaint failed to show that Facebook had monopoly power in the social-networking market, the FTC filed an amended complaint.

A complaint claims Facebook began allowing apps in 2007 as a way to make its platform more attractive. However, as some apps developed into competing products, Facebook shut down the doors in 2013. Under pressure in Europe, Facebook reversed its stance in 2018.

"Having suspended its anticompetitive platform policies in response to anticipated public scrutiny, Facebook is likely to reinstitute such policies if such scrutiny passes," the complaint said.

Afternoon trading saw Facebook shares rise 0.2% to \$356.09.

The complaint clearly answers the concerns about the first version that Judge Boasberg expressed in his opinion, according to John Newman, an expert from the University of Miami School of Law. "There are not many new bombshells in here."

An antitrust expert suggested that because Instagram and WhatsApp were acquired years ago, a court might be resistant to ordering their sale.

"It is a better complaint because it states with much more specificity that Facebook dominates social networking," added Seth Bloom of Bloom Strategic Counsel.

Chair of the Senate Judiciary Committee's antitrust panel, Senator Amy Klobuchar, said she was pleased that the FTC held Facebook responsible for a "long history of anticompetitive behavior."

About the new FTC chair Khan, Public Citizen's Alex Harman stated that the re-filing of the case "should be a message to Facebook and other monopolists that the party is over."

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