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***Counsel for Plaintiff and the Proposed Class***

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

\_\_\_\_\_  
INTEGRITYMESSAGEBOARDS.COM, LLC,  
Individually and On Behalf of All Others  
Similarly Situated,  
  
Plaintiff,  
  
v.  
  
FACEBOOK, INC.  
  
Defendant.  
\_\_\_\_\_

)  
) Case No.  
)  
) **CLASS ACTION**  
)  
) **COMPLAINT FOR VIOLATION**  
) **OF CAL. BUSINESS AND**  
) **PROFESSIONS CODE §17200 ET**  
) **SEQ.**  
)  
) **JURY TRIAL DEMANDED**  
)  
)  
)  
)

1 Plaintiff IntegrityMessageBoards.com, LLC, individually and on behalf of all others similarly  
2 situated, by and through its counsel, and upon personal knowledge as to facts known to Plaintiff, and as  
3 to all other facts upon information and belief following investigation of counsel, alleges as follows against  
4 Defendant Facebook, Inc. (“Facebook”).

5 **INTRODUCTION**

6 1. Facebook is one of the world’s largest social media services companies, and provides its  
7 users with an online platform (“Platform”) to stay connected with family and friends through the sharing  
8 of photos, videos and other content.

9 2. As of June 30, 2018, Facebook reported 2.23 billion monthly active users, and 1.47 billion  
10 daily active users on average for June 2018.<sup>1</sup>

11 3. Facebook does not charge users to access the Platform. Instead, it generates substantially  
12 all of its revenue from selling advertising on the Platform to businesses seeking to market their products  
13 and services to Facebook users. During 2017, Facebook generated \$40.65 billion in revenue, of which  
14 \$39.94 billion was advertising revenue.<sup>2</sup>

15 4. To fuel its massive advertising revenues, Facebook collects vast amounts of data  
16 concerning its users. For example, on April 11, 2018, Facebook’s founder and CEO, Mark Zuckerberg  
17 (“Zuckerberg”), testified before the Energy and Commerce Committee of the United States House of  
18 Representatives (“House Testimony”).<sup>3</sup> During an exchange with Zuckerberg, Congressman Ben Ray  
19 Luján cited reports that Facebook has as many as 29,000 data points for an average Facebook user.

20 \_\_\_\_\_  
21 <sup>1</sup> <https://newsroom.fb.com/company-info/> (last accessed August 20, 2018). Facebook defines a daily  
22 active user (DAU) as a registered Facebook user who logged in and visited Facebook through its  
23 website or a mobile device, or used its Messenger application (and is also a registered Facebook  
24 user), on a given day. (Facebook, Form 10-K, for the fiscal year ended December 31, 2017 (“2017  
25 10-K”), at 35). Facebook defines a monthly active user (MAU) as a registered Facebook user who  
26 logged in and visited Facebook through its website or a mobile device, or used its Messenger  
27 application (and is also a registered Facebook user), in the last 30 days as of the date of measurement.  
28 (*Id.* at 36). Facebook views DAU’s, and DAUs as a percentage of MAUs, as measures of user  
engagement, and MAU’s as a measure of the size of its global active user community. (*Id.* at 35-36).

<sup>2</sup> 2017 10-K, at 34.

<sup>3</sup> See <https://energycommerce.house.gov/hearings/facebook-transparency-use-consumer-data/> (last  
accessed August 27, 2018); <https://www.washingtonpost.com/news/the->

1           5.       Facebook collects user data such as age, gender, work, education and location when a user  
2 activates or updates their account. Facebook captures additional data concerning its users' interests and  
3 behaviors when individuals communicate with each other and share content on the Platform. Finally,  
4 until recently, Facebook acquired data concerning user demographics such as household income and  
5 home ownership from third party data providers ("Third Party Data").<sup>4</sup>

6           6.       In his testimony to Congress on April 10-11, 2018, Zuckerberg repeatedly stated that  
7 Facebook does not sell any user data to marketers. Instead, Facebook purports to use such data to display  
8 ads to Facebook users for products and services that such users are likely to buy based on criteria such  
9 as age, location, education, household income and homeownership. Advertisers provide Facebook with  
10 a profile of the people they want to target, and Facebook then purports to display ads to that target  
11 audience.

12           7.       As Zuckerberg explained in his testimony on April 10, 2018, to the Senate's Committees  
13 on the Judiciary, and Commerce, Science and Transportation ("Senate Testimony"):<sup>5</sup>

14                   What we allow is for advertisers to tell us who they want to reach, and *then*  
15 *we do the placement*. So, if an advertiser comes to us and says, "All right,  
16 I am a ski shop and I want to sell skis to women," then we might have some  
17 sense, because people shared skiing-related content, or said they were  
18 interested in that, they shared whether they're a woman, and *then we can*  
19 *show the ads to the right people* without that data ever changing hands and  
going to the advertiser. That's a very fundamental part of how our model  
works and something that is often misunderstood. So I'm -- I appreciate  
that you brought that up.

20 \_\_\_\_\_  
21 [switch/wp/2018/04/11/transcript-of-zuckerbergs-appearance-before-house-](https://www.facebook.com/newsroom/2018/04/11/transcript-of-zuckerbergs-appearance-before-house-committee/?utm_term=.3b8e0e116d7b)  
[committee/?utm\\_term=.3b8e0e116d7b](https://www.facebook.com/newsroom/2018/04/11/transcript-of-zuckerbergs-appearance-before-house-committee/?utm_term=.3b8e0e116d7b) (last accessed August 27, 2018).

22 <sup>4</sup> On March 28, 2018, Facebook announced the termination of its Partner Categories program. As a  
23 result, as of August 15, 2018, Third Party Data such as household income and home ownership was  
24 no longer available to advertisers as targeting criteria. Facebook further stated that as of October 1,  
2018, no ads will be delivered based on Third Party Data. (See

25 <https://newsroom.fb.com/news/h/shutting-down-partner-categories/> and  
<https://www.facebook.com/business/help/298717656925097>) (last accessed August 20, 2018).

26 <sup>5</sup> See [https://www.judiciary.senate.gov/meetings/facebook-social-media-privacy-and-the-use-and-](https://www.judiciary.senate.gov/meetings/facebook-social-media-privacy-and-the-use-and-abuse-of-data)  
27 [abuse-of-data](https://www.judiciary.senate.gov/meetings/facebook-social-media-privacy-and-the-use-and-abuse-of-data) (last accessed on August 27, 2018); [https://www.washingtonpost.com/news/the-](https://www.washingtonpost.com/news/the-switch/wp/2018/04/10/transcript-of-mark-zuckerbergs-senate-hearing/?utm_term=.08d8f25b84bf)  
28 [switch/wp/2018/04/10/transcript-of-mark-zuckerbergs-senate-hearing/?utm\\_term=.08d8f25b84bf](https://www.washingtonpost.com/news/the-switch/wp/2018/04/10/transcript-of-mark-zuckerbergs-senate-hearing/?utm_term=.08d8f25b84bf)  
(last accessed August 27, 2018).

1 8. Businesses advertising on Facebook use its self-serve ad interface, Ads Manager, to  
2 launch and manage their advertising campaigns.<sup>6</sup> Ads Manager provides interfaces that walk advertisers  
3 through all of the steps necessary to create and launch ads on the Platform. One of those interfaces asks  
4 advertisers to define a target audience they wish to reach based on criteria such as age, location,  
5 education, and prior to August 15, 2018, household income and home ownership.

6 9. However, a 2016 survey of over 2,600 small business owners, and Plaintiff's analysis of  
7 its own Facebook ad campaign results (and surveys of Facebook users who responded to its ads), show  
8 that despite (i) providing advertisers with a tool in Ads Manager to define target audiences, and (ii)  
9 representing that it will display ads to the defined target audiences, Facebook deceived, and continues to  
10 deceive advertisers by programming its software to display a material percentage of ads to users who fall  
11 *outside* the target audiences defined by advertisers, and then charging advertisers for those mistargeted  
12 ads, in order to maximize its own revenue (beyond what it could have otherwise earned solely from  
13 legitimately targeted ads).

14 10. Indeed, Plaintiff's analysis of its own Facebook campaign results showed that at various  
15 points approximately 40% or more of its ads were apparently displayed to users who fell outside of  
16 Plaintiff's defined target audiences, resulting in accuracy of 60% or less at a time when Facebook was  
17 representing that its ad targeting was 89% accurate.

18 11. As a result of Facebook's programmatic disregard of advertisers' targeting instructions in  
19 order to maximize Facebook's ad revenue, Plaintiff and other advertisers paid for a material number of  
20 ads for which they would not have agreed to pay anything at all had they known the truth, and have been  
21 injured thereby.

22 12. On account of Facebook's deceptive and misleading promotion of the audience targeting  
23 tool in its Ads Manager and deceptive and misleading practice of programmatically displaying a material  
24 percentage of ads to users outside of advertisers' defined target audiences to maximize its own revenue,  
25 this action seeks injunctive relief and damages on behalf of Plaintiff and the Class (as defined below).

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<sup>6</sup> See <https://www.facebook.com/business/learn/facebook-ads-reporting-ads-manager> (last accessed August 20, 2018).

1 **JURISDICTION AND VENUE**

2 13. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §  
3 1332(d)(2)(A) because: (i) members of the Class are citizens of a State different from that of Defendant  
4 Facebook; and (ii) aggregating the claims of individual Class members, the total matter in controversy  
5 exceeds the sum or value of \$5,000,000, exclusive of interests and costs. Further, 28 U.S.C. § 1332(d)(5)  
6 does not apply because (i) the Defendant is not a State, State official, or other governmental entity against  
7 whom the Court may be foreclosed from ordering relief, and (ii) the number of members of the Class in  
8 the aggregate exceeds 100.

9 14. Venue is proper in this District pursuant to 28 U.S.C. §1391(b) since Defendant is  
10 headquartered in this District, and a substantial part of the events or omissions giving rise to the claims  
11 alleged herein occurred in this District.

12 **PARTIES**

13 15. Plaintiff IntegrityMessageBoards.com, LLC is a Louisiana limited liability company  
14 doing business as Investor Village. Non-party Ralph Kidd is the sole Managing Member of Plaintiff.

15 16. Defendant Facebook is a Delaware corporation with its principal place of business located  
16 at 1 Hacker Way, Menlo Park, California 94025, which is located in this District. Facebook’s common  
17 stock trades on the New York Stock Exchange (“NYSE”) under the ticker symbol “FB.” Facebook’s  
18 market capitalization as of August 20, 2018, was approximately \$502 billion.

19 17. Facebook disseminated the misrepresentations alleged herein from California; conceived,  
20 reviewed, approved, directed, and controlled the deceptive and misleading conduct alleged herein in  
21 California; and invoiced and collected the fees wrongfully earned from such deceptive and misleading  
22 conduct from California.

23 **SUBSTANTIVE ALLEGATIONS**

24 **1. Facebook’s Representations Regarding Ad Targeting**

25 18. When users activate or edit an account on the Platform, Facebook collects data such as  
26 age, gender, education, work and location. After they begin using the Platform, Facebook collects  
27 additional data concerning interests and behaviors. Facebook represents that it uses this data (and until  
28 recently, Third Party Data) to serve ads to audiences defined by its advertisers. As Zuckerberg explained

1 in his April 11, 2018 House Testimony in the following exchange with Congresswoman Doris Okada  
2 Matsui:

3 ZUCKERBERG: Congresswoman . . . one core tenet of our advertising  
4 system is that we don't sell data to advertisers. Advertisers don't get access  
5 to your data.

6 There's a -- there's a core misunderstanding about how that system works,  
7 which is that -- *let's say if you're -- if you're a shop, and you're selling  
8 muffins, right, it's -- you might want to target people in a specific town  
9 who might be interested in baking, or -- or some demographic.*

10 But we don't send that information to you. *We just show the message to  
11 the right people.* And that's a really important, I think, common  
12 misunderstanding...

13 MATSUI: Yeah. I understand that.

14 ZUCKERBERG: ... about how this system works.

15 MATSUI: But Facebook sells ads based at least on part of data users  
16 provide to Facebook. That's right. And the more data that Facebook  
17 collects -- allows you to better target ads to users or classes of users.

18 So, even if Facebook doesn't earn money from selling data, doesn't  
19 Facebook earn money from advertising based on that data?

20 ZUCKERBERG: Yes, Congresswoman, we run ads. That's the -- *the  
21 business model is running ads. And we use the data that people put into  
22 the system in order to make the ads more relevant, which also makes  
23 them more valuable.* But it's -- what we hear from people is that, if they're  
24 going to see ads, they want them to be good and relevant.

25 19. Zuckerberg's Congressional testimony matches the representations made on Facebook's  
26 website concerning the display of ads to audiences defined by its advertisers. For example, Facebook's  
27 website explains, "[w]hether you want your ad to be shown to people based on age, location, hobby, or  
28 something else—we can help you connect to the ones *who are likely to be interested in what your  
business offers.*"<sup>7</sup>

20. Similarly, in the following screenshots from a slideshow on Facebook's website (available  
as of June 6, 2018 at <https://www.facebook.com/ads/about>), Facebook represented, among other things,  
that after an advertiser defines the targeting criteria for an ad, Facebook will show the ad "to *people that*

<sup>7</sup> <https://www.facebook.com/business/learn/facebook-ads-choose-audience> (last accessed August 20, 2018).

1 *match the advertiser's target audience*" (third slide below), based on information shared with Facebook  
2 by its users, including information in their Facebook profiles (fourth slide below):

3

4 **Ads are an important part of Facebook**

5 Our ad products let businesses and organizations connect with the people who are most likely to be  
6 interested in their products and services. We believe the ads you see across the Facebook family of apps and  
7 services should be useful and relevant to you.

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## How advertisers reach people through Facebook Ads

Let's take a look at how advertisers create and run ads on Facebook, Instagram and our partner sites.



### Advertiser chooses a business goal

A business or organization chooses a goal, such as selling a product or increasing awareness of their brand name.



### Advertiser identifies audience

The advertiser decides who they want to reach with their ad.



### Advertiser creates ads

The advertiser creates ads to show on Facebook, Instagram and other websites and mobile apps through our advertising products.



### Facebook shows ads to advertiser's audience

We show ads to people that match the advertiser's target audience, based on information we know through the sources described below.

## How our system decides what ads to show

We use information from a few different sources, including those described below, to figure out which ads might be valuable to you.

### Activity on Facebook apps and services

One of the top ways we know what ads you might want to see is your activity on the Facebook family of apps and services. This includes things like:

- Pages you and your friends like
- Information from your Facebook and Instagram profile
- Places you check in using Facebook

[See your ad preferences](#)

### Information shared with a business

When you share information like your phone number or email address with a business, they may add it to a [customer list](#) that can be matched to your Facebook profile. Sources of this kind of information include:

- [Loyalty programs](#) (for example, a supermarket "club card")
- Information compiled by [data providers](#)
- Purchases at retail stores

[Learn more about customer lists](#)

### Other online activity

Advertisers use Facebook technologies such as the [Facebook pixel](#) to help them show ads to people who have visited their website or used their mobile app. Business and organizations can try to reach people who have done things like:

- Viewed a web page that uses a Facebook pixel
- Downloaded their mobile app
- Made a purchase (or simply added a product to a shopping cart)

[See your ad settings](#)

### Location

We use location data to do things such as show ads from advertisers trying to reach people in or near a specific place. We get this information from sources like:

- Where you connect to the internet (through [IP address](#) on computers, tablets and phones)
- Where you use your phone (through [GPS and Location Services](#))
- Your location from your Facebook and Instagram profile

[Learn more about location data](#)

21. When Plaintiff was advertising on the Platform, Facebook's website made similar representations concerning its ad targeting capabilities, explaining that (i) "[c]hoosing your audience with such reach, *accuracy* and affordability is what makes Facebook *an incredible place to advertise*," (ii) the



1 Facebook Platform “offers powerful and unique ways to show your ads *to the people most likely to care*  
2 *about your business,*” and (iii) “[w]hen you create a Facebook ad, *you can choose the audience that*  
3 *should see it.*”

4 22. When Plaintiff was advertising on the Platform, Facebook further represented that its ad  
5 targeting capabilities were superior to those of competitors such as Google and Adobe precisely because  
6 of the data that Facebook users share:

7 **Why is my third party analytics software showing that my ads were**  
8 **clicked outside of the location I targeted my ads to?**

9 Some third party analytics software, such as Google Analytics and  
10 Omniture (Adobe) may show clicks on your ads from outside of the  
11 location you’re targeting. This is because these platforms only use a  
12 person’s IP address to find a location. If someone is using a VPN, proxy  
13 server or even clicking ads from their mobile device, it can hide their true  
14 IP address and location.

15 Facebook can provide more accurate aggregated reporting because *we’re*  
16 *able to target ads to people based on the data they’ve added on Facebook,*  
17 such as their current city, and the locations of their friends.

18 23. In November 2017, Facebook published the results of a test in Latin American reportedly  
19 showing that Facebook advertising achieved accuracy rates of 91-94%.<sup>8</sup> In late November 2013,  
20 Facebook distributed a slide deck to its marketing partners to help them pitch Facebook’s advertising  
21 services to their clients. The deck included a slide claiming that, for narrowly targeted campaigns,  
22 Facebook was 89% accurate at that time:  
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27 <sup>8</sup> *How Combining TV and Facebook Advertising Yields Higher Results*  
28 ([https://www.facebook.com/iq/articles/how-combining-tv-and-facebook-advertising-yields-higher-  
results](https://www.facebook.com/iq/articles/how-combining-tv-and-facebook-advertising-yields-higher-results)) (last accessed August 21, 2018).



12 24. In connection with the slide above, Facebook advised its marketing partners that “in  
13 narrowly targeted campaigns, the average online reach is 38% accurate, but on Facebook, our average  
14 reach is 89% accurate. *Because of this high accuracy on Facebook, businesses aren’t seeing wasted*  
15 *impressions like they do in other mediums.*”<sup>9</sup>

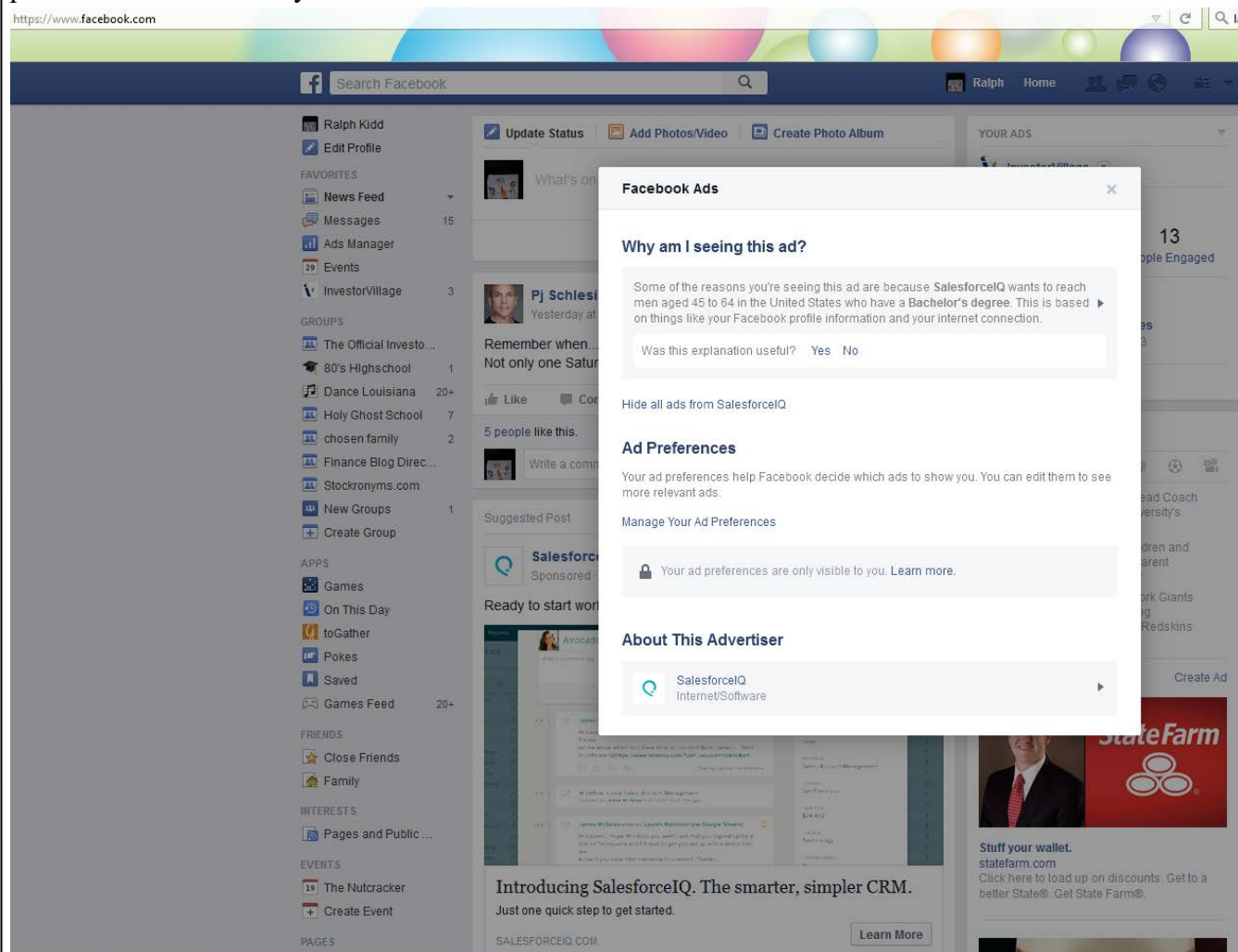
16 25. No later than November 2015, Facebook published the 89% accuracy statistic to its  
17 website in connection with the promotion of its ad targeting tools:

18 ***One of the biggest advantages to advertising on Facebook is your ability***  
19 ***to target specific groups of highly engaged people.*** In fact, compared to  
20 the average online reach of 38% for narrowly targeted campaigns,  
***Facebook is 89% accurate*** (Source: Nielsen OCR, August 2013).

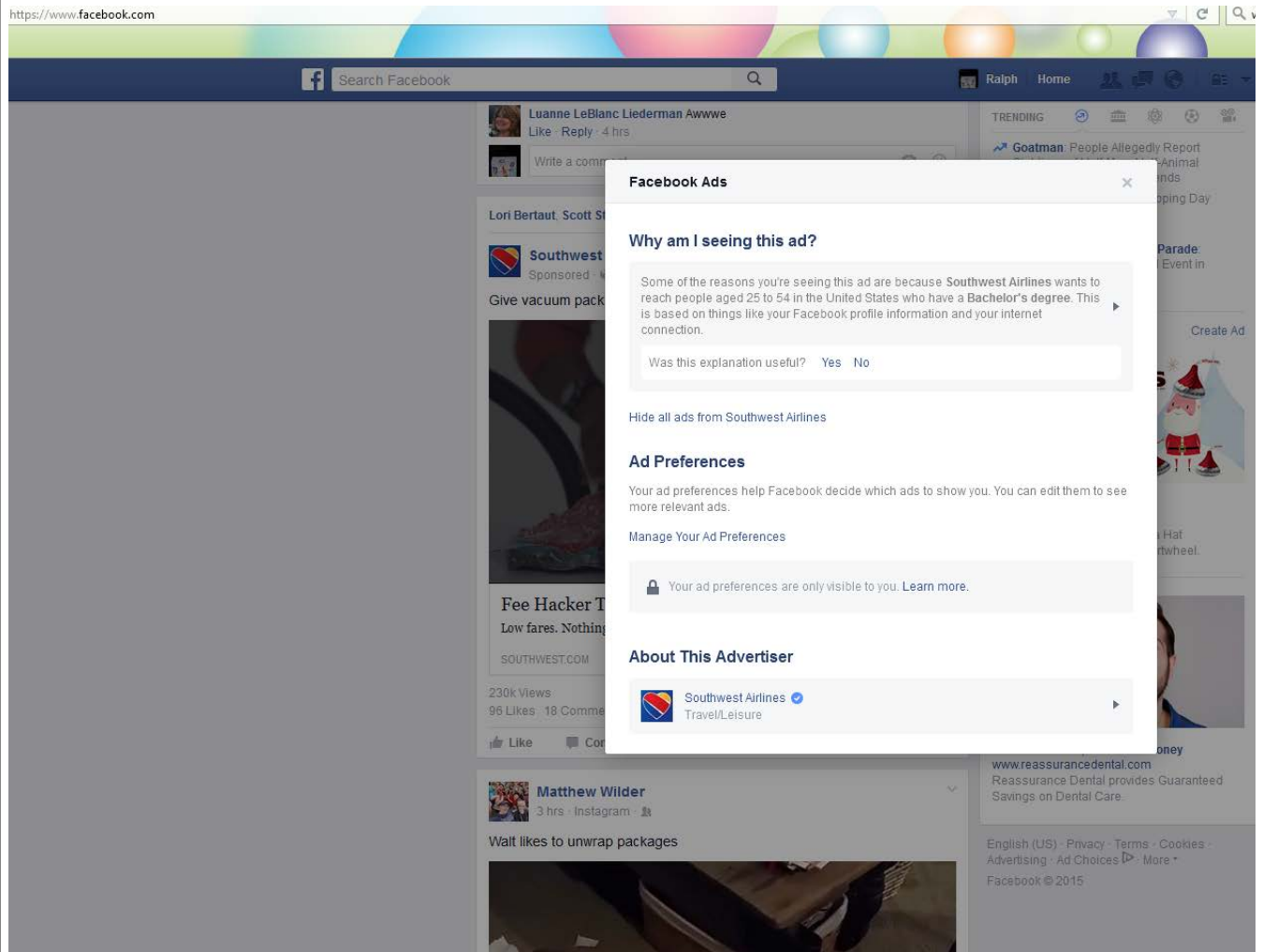
21 26. To monitor its targeting accuracy, Facebook’s software precisely tracks every ad that is  
22 displayed, and what data points caused the display of a particular ad to a particular user. Evidencing this  
23 level of tracking is a link labeled “Why Am I Seeing This Ad,” that accompanies every ad displayed to  
24 a Facebook user. This link lets Facebook users see at least some of the data points that caused Facebook  
25 to display a particular ad to them. For example, in November 2015, an ad for SalesforceIQ (a relationship  
26 intelligence platform that aggregates and analyzes data from emails and other sources) was displayed to

27  
28 <sup>9</sup> *Leaked Facebook Video Ad Pitch Deck Reveals Plans To Steal TV And YouTube Dollars*  
(<https://techcrunch.com/2013/12/13/facebook-vs-tv-and-youtube/>) (last accessed August 22, 2018).

1 Plaintiff’s Managing Member, Mr. Kidd, because the advertiser (Salesforce) “wants to reach men aged  
 2 45 to 64 in the United States who have a Bachelor’s degree. This is based on things like your Facebook  
 3 profile information and your Internet connection”:



21 27. Similarly, an ad for Southwest Airlines was displayed in November 2015 to Mr. Kidd  
 22 because the advertiser “wants to reach men aged 25 to 54 in the United States who have a Bachelor’s  
 23 degree. This is based on things like your Facebook profile information and your Internet connection”:  
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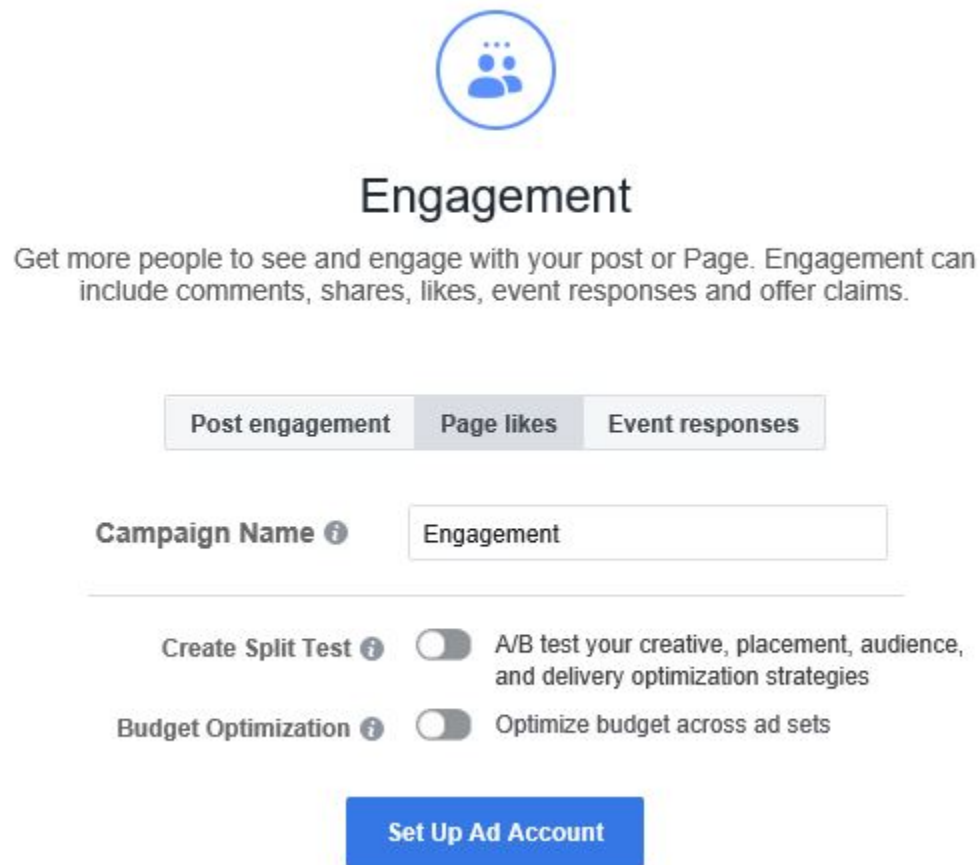
## 2. Defining a Target Audience With Ads Manager

28. Facebook's Ads Manager is an interface that walks advertisers through the steps necessary to create and launch advertising campaigns on the Platform.<sup>10</sup>

<sup>10</sup> See <https://www.facebook.com/business/learn/facebook-ads-basics> (last accessed August 20, 2018). Until recently, Facebook's self-serve ad program consisted of two different interfaces — Ads Manager for beginning advertisers, and Power Editor for more experienced advertisers. Those two interfaces were recently combined into a single tool called Ads Manager that features two different workflows — Quick Creation for experienced advertisers familiar with Power Editor, and Guided Creation for less experienced advertisers. See <https://www.facebook.com/business/m/one-sheets/ads-manager-convergence>, <https://www.facebook.com/business/help/898399293584952> and <https://www.facebook.com/business/help/161116027951840> (last accessed August 20, 2018). For purposes of this Complaint, the term "Ads Manager" shall be deemed to also refer to the Power Editor interface before it was merged into Ads Manager.

1           29. As the first step, advertisers create a “Campaign.” When creating a “Campaign,” the  
2 interface asks advertisers to identify their objective for the Campaign (e.g., building brand awareness,  
3 increasing website traffic, generating leads, etc.).

4           30. For example, within the “Engagement” subcategory of objectives, an advertiser can seek  
5 to secure more “Likes” for its Facebook Page:



21           31. When Plaintiff was advertising on the Platform, Facebook promoted the “Page Likes”  
22 objective as a mechanism “to *connect with more of the people who matter to you.*”<sup>11</sup>

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<sup>11</sup> Having a “Page” on Facebook is a prerequisite for advertising on Facebook. A “Page” is a free public profile hosted by Facebook through which businesses and other organizations, brands, public figures, and causes, can interact with individual Facebook users. To publicly endorse a business, individuals can “Like” its Facebook Page. See <https://www.facebook.com/business/products/pages> (last accessed August 20, 2018).

1           32. After identifying an objective, an advertiser creates an “Ad Account” and then an “Ad  
2 Set” within the Account. The Ad Set interface contains a tool that offers advertisers the ability to  
3 manually define a target audience of Facebook users based on criteria such as location, demographics  
4 (such as age, gender, education, (and until recently), income and home ownership), interests and  
5 behaviors.<sup>12</sup>

6           33. As an advertiser selects different targeting criteria, a meter embedded within the interface  
7 displays the Potential Reach of the ad based on the number of Facebook users within the target audience.  
8 For example, as per the screenshot on the next page, one of the target audiences defined by Plaintiff in  
9 Ads Manager consisted of users in the United States, ages 45-65+ with an interest in Investments AND  
10 who owned a home, AND were college graduates AND had household incomes over \$250,000. The  
11 meter indicated a Potential Reach of 61,000 people for that target audience:

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<sup>12</sup> Interests allow advertisers to reach individuals interested in a subject related to an advertiser’s  
27 product or service (such as organic food or action movies). Behaviors allow advertisers to reach  
28 individuals based on purchasing behaviors, device usage and other activities. *See*  
<https://www.facebook.com/business/learn/facebook-ads-choose-audience> (last accessed August 20,  
2018).

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Education Level **College grad** x

Choose education statuses | Browse

Fields of Study Add a field of study... x

Industries Choose industries | Browse x

Income **\$250,000 - \$350,000** x

**\$350,000 - \$500,000** x

**Over \$500,000** x

Choose income | Browse

Home Ownership **Homeowners** x

Choose home ownership | Browse

More Demographics ▾

Interests **Business and industry > Personal finance**

**Investment**

Search interests | Suggestions | Browse

Behaviors Search behaviors | Browse

Connections **Facebook Pages** x

Exclude people who like your Page ▾

**InvestorVillage** x

Add another Page

Save this audience

**Audience Definition**

Your audience is defined.

**Audience Details:**

- Location:
  - United States
- Interests:
  - Investment
- Education Level:
  - College grad
- Income:
  - \$250,000 - \$350,000, \$350,000 - \$500,000 or Over \$500,000
- Home Ownership:
  - Homeowners
- Excluded Connections:
  - Exclude people who like InvestorVillage
- Age:
  - 45 - 65+

Potential Reach: 61,000 people

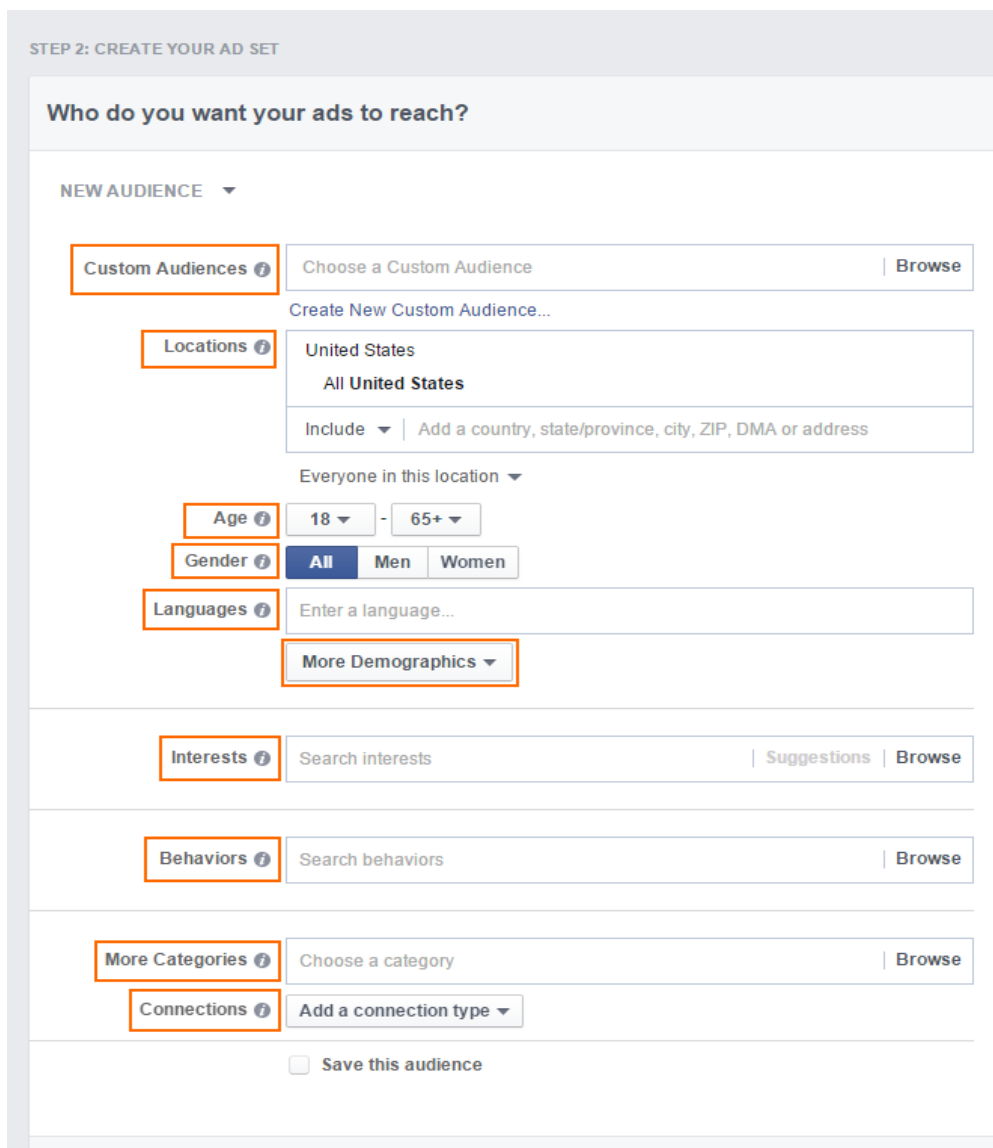
34. Before October 2015, the audience definition interface (“Pre-October 2015 Interface”) displayed multiple targeting categories, and an advertiser would select targeting criteria within those categories. Adding multiple targeting criteria within a single category (such as multiple interests) increased the size of the audience, while adding new targeting criteria within a new category (like education level), decreased the size of the audience.

35. For example, assume hypothetically that an advertiser started off with an audience consisting of individuals aged 18-65+ in the United States with an interest in the Beatles, and the audience size was 2,500,000. If the advertiser added an interest in Elvis Presley, the audience size would increase because the Pre-October 2015 Interface would interpret this additional criteria as creating an expanded audience of individuals aged 18-65+ in the United States with an interest in the Beatles OR Elvis Presley. But if the advertiser then added “Education Level: College grad” as a targeting criteria, the audience size would decrease because the Pre-October 2015 Interface would interpret this additional criteria as creating

1 an audience of individuals aged 18-65+ in the United States with an interest in the Beatles OR Elvis  
 2 Presley, AND a College grad.

3 36. When Plaintiff was advertising on the Platform, Facebook represented concerning the Pre-  
 4 October 2015 Interface that, “[w]ith the ad creation tool, *you can choose the type of people who should*  
 5 *see your ad*. Just add traits and interests to make your audience broad or narrow—it all depends on who  
 6 you want to reach . . . Select demographics like locations, age, gender, and languages. And choose other  
 7 traits like level of education, if they have children, are recently married, or even if they own a home.  
 8 *When you run your ads, we’ll serve it in the places you selected.*”

9 37. The following screenshot depicts the Pre-October 2015 Interface:

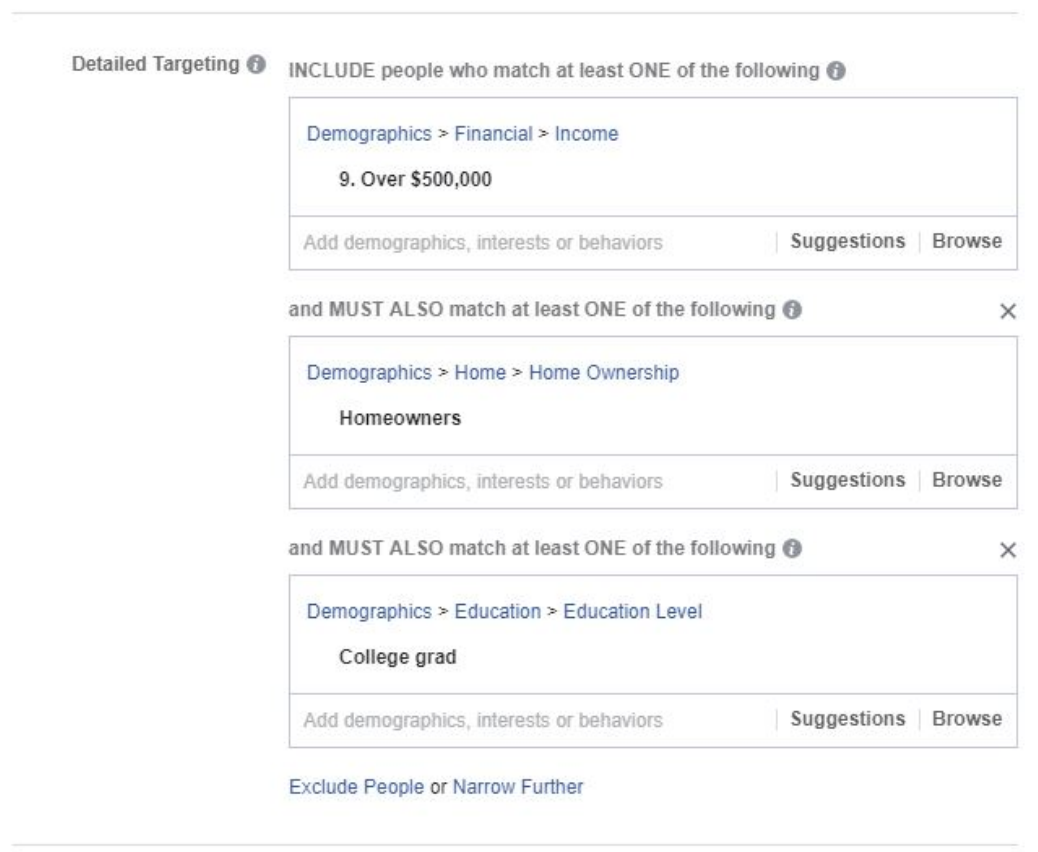




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38. In October 2015, Facebook launched its “Detailed Targeting” feature, which offers advertisers more granular control to build narrower or broader targeting tiers within a single category using “AND/OR” Boolean logic (“Post-October 2015 Interface”).<sup>13</sup>

39. For example, using Detailed Targeting, an advertiser can build a (i) narrow audience that will only include people who own a home AND who are interested in cooking AND who have children, or (ii) a broad audience that will include people who are homeowners OR who like cooking OR who are parents. The following screenshot illustrates how the “Detailed Targeting” interface would be used to narrow an audience:



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40. Facebook represents that Detailed targeting “*allows you to refine the group of people we show your ads to.*”<sup>14</sup>

<sup>13</sup> Facebook Flex Targeting: Now You Can Have Your Cake AND-OR Eat It Too (<https://www.digitalmarketer.com/facebook-flex-targeting/>) (last accessed August 20, 2018).

<sup>14</sup> <https://www.facebook.com/business/help/182371508761821> (last accessed August 20, 2018).

1 41. Importantly, the target audience defined by the advertiser circumscribes the objective  
2 identified during the Campaign phase so that the objective is limited to the defined target audience. As  
3 Facebook represented when Plaintiff was advertising on the Platform:

4 **How does my objective impact who sees my ads?**

5 When you start advertising, you'll get to select an objective for your  
6 campaign.

7 Your ads will automatically be optimized to show to the people who are  
8 most likely to take actions that will help you achieve your objective. For  
9 example, if you are advertising an app **and your objective is to get more  
downloads**, your ads will be set up to show **to people within your target  
audience** who are most likely to install your app.

10 \* \* \*

11 **When I choose an objective, do I pay each time someone takes one of  
those actions?**

12 In general, you'll pay for impressions (CPM) on your ad. By default,  
13 your ad will be optimized to show to the people **who are most likely to  
take the actions that will help you meet your objective within your  
target audience**. Each impression your ad receives is likely to add value  
14 to your campaign.

15 42. Similarly, when Plaintiff was advertising on the Platform, Facebook also represented:  
16

17 When you choose Promote your page, your ad will be optimized to **reach  
people in your audience** who are likely to take the action of liking your  
18 Page.

19 43. When Plaintiff was advertising on the Platform, Facebook further represented that when  
20 optimizing for Page likes:

21 By default, your ad is optimized **to reach people within your chosen  
audience** who are likely to click the Like button for your Page.  
22

23  
24 44. After selecting targeting criteria and determining audience size, the next step within the  
25 Ad Set interface is placement, which allows an advertiser to determine where its ad will be displayed  
26 (which presently includes not just the Facebook website, but also other Facebook social media channels  
27 such as Instagram and Messenger, and third party apps and websites within Facebook's Audience  
28 Network).

1 45. Finally, the Ad Set interface asks the advertiser to set a campaign budget and schedule. In  
2 this context, Facebook explains how it will optimize delivery of the ad given the advertiser's Campaign  
3 objective, defined target audience, and budget. When Plaintiff advertised on Facebook, Facebook  
4 represented that, where the objective is "Page Likes," ads will be "optimized to reach people *within your*  
5 *chosen audience* who are likely to click the Like button for your page," and "optimized to reach people  
6 *in your audience* who are likely to take the action of liking your Page."

7 46. As part of the budgeting step, an advanced option allows advertisers to modify their bid  
8 strategy. However, bid amounts are not the only factor relevant to getting an ad displayed to an individual  
9 within an advertiser's target audience. Instead, Facebook "auctions" off advertising space based on  
10 several factors. As Facebook explains:

11 An auction takes place whenever someone is eligible to see an ad. The  
12 "participants" in an auction are *ads targeted to an audience the eligible*  
13 *person falls into. Billions of these auctions take place everyday . . .* The  
14 ad that wins an auction and gets shown is the one with the highest total  
value. Total value isn't how much an advertiser is willing to pay us to show  
their ad. It's combination of 3 major factors:

- 15 • Bid
- 16 • Estimated action rates
- 17 • Ad quality and relevance.<sup>15</sup>

18 47. Facebook defines the three major factors above controlling ad display as follows:

19 **Bid**

20 You tell us your cost goals with your bid strategy and we bid for you to  
21 help you meet that goal. This may include a bid cap (for the lowest cost  
22 bid strategy) or cost target (for the target cost bid strategy) to guide our  
bidding.

23 **Estimated action rates**

24 Each ad set is optimized for an action (an "optimization event"). Estimated  
25 action rates represent how likely we think a given person is to take that  
26 action. This helps differentiate between an ad being generally relevant to  
27 someone's interests and it being likely to cause them to take the action  
you're optimizing for. We base our estimates on the previous actions of the  
person you're trying to reach and your ad's historical performance data.

28 <sup>15</sup> <https://www.facebook.com/business/help/430291176997542> (last accessed August 20, 2018).

### Ad quality and relevance

We represent how interested we think a person will be in seeing your ad with measures of its overall quality and specific relevance. For example, if your ad has gotten lots of negative feedback, that can decrease its total value. Or, if the person has a history of being interested in what you're advertising, that can increase its total value.

48. In other words, *billions of times per day*, Facebook's ad display software looks at all the ads targeting the audience into which a particular user falls, and then uses a highly automated and complex algorithm that *programmatically* and *instantly* determines what ad (among all the possible alternatives) to display to that user. The process of displaying ads to users is thus entirely *objective*, based on logical rules programmed into the algorithm by Facebook (that is, given the *billions* of ad auctions occurring per day, there are no humans making subjective decisions about what ads to display to which users).

49. Moreover, as noted above, Facebook represents that its software tracks every ad that is displayed, and what data points caused the display of a particular ad to a particular user. Thus, it is possible for Facebook to determine on an automated Yes/No basis for every ad that Facebook has displayed whether the data points of a particular user to whom an ad was displayed matched — or did not match — the target audience defined for that ad by the advertiser using the targeting tool in Ads Manager (and if it did not match, what rule(s) caused the software to display the ad anyway).

### **3. Plaintiff's Business: Investor Village**

50. Plaintiff operates Investor Village, which offers a platform to individual "Main Street" investors to connect and communicate with other like-minded investors concerning publicly-traded stocks. The free version of the platform features online discussion forums devoted to specific stocks, while premium members who pay a subscription fee enjoy access to advanced features such as enhanced navigation of discussions, private messaging capability, real-time stock quotes, and interactive charts. The goal of the platform is to provide investors with access to high quality investing insights and information to inform their investment decisions.

51. While investors of all socioeconomic levels use Investor Village, Plaintiff focuses its marketing efforts on more highly educated investors with substantial incomes and assets. That focus is driven in part by the demographics of the Investor Village membership base — 84.4% have a college

1 degree or higher, 63.3% have incomes of \$100,000 or greater, 59.4% have investment portfolios worth  
2 \$250,000 or more, and 82.6% own their own home. In terms of age, 80.6% are 45 years or older.

3 52. These more highly compensated and educated members constitute Plaintiff's most  
4 valuable members since they are the most likely to pay to subscribe to Investor Village's premium  
5 services. Additionally, Plaintiff has also found that, whether a given discussion on Investor Village  
6 revolves around a biotech, financial, industrial, metal, energy or other publicly-traded stock, highly  
7 compensated and educated members tend to contribute the most meaningful and valuable insights to the  
8 discussions because of their financial sophistication, industry experience, and substantial positions in the  
9 relevant stocks. In turn, their insightful contributions increase overall member engagement and generate  
10 greater word-of-mouth among other highly compensated and educated investors, which drives increased  
11 revenue from more subscriptions, and more advertising views as site traffic rises.

12 53. Investor Village's website is located at: <https://www.investorvillage.com/>, and its  
13 Facebook Page can be accessed at: <https://www.facebook.com/investorvillage/>.

14 **4. Plaintiff's June 2015 Promoting IV Advertising Campaign**

15 54. In June 2015, Facebook displayed a "teaser" ad to Plaintiff depicting what Plaintiff's ad  
16 could look like were it to advertise on Facebook.

17 55. On June 23, 2015, Plaintiff launched its first ad campaign on Facebook using Ads  
18 Manager. Named "Promoting IV," the ad set within the Campaign targeted individuals 44 years and  
19 older, who live in the United States and have an interest in at least one of a number of different approaches  
20 to investing. There was no targeting based on household income, home ownership or education. The  
21 campaign ran for two days, and Facebook charged Plaintiff \$13.16 for the ads. Plaintiff does not allege  
22 that this campaign gave rise to liability on Facebook's part.

23 **5. Plaintiff's August 2015 IV Likes Advertising Campaign**

24 56. The June 2015 "Promoting IV" campaign did not deliver users falling within Investor  
25 Village's most valuable demographic — highly compensated and educated investors. Plaintiff concluded  
26 that this was because it had failed to select audience criteria in Ads Manager targeting that demographic.  
27 Accordingly, on August 29, 2015, with the goal of targeting highly compensated and educated investors,  
28 Plaintiff launched a new advertising Campaign called "Investor Village – Page Likes" ("IV Likes

1 Campaign”) with the objective of increasing “Likes” *within this demographic* for Investor Village’s  
2 “Page” on Facebook.

3 57. To that end, after creating the IV Likes Campaign and identifying its objective, Plaintiff  
4 created an “Ad Set” called “US-45+” (“US 45 Ad Set”) that used the Pre-October 2015 Interface to define  
5 the following target audience:

- 6 • Location: United States AND
- 7 • Interests: Investment AND
- 8 • Education Level: College grad AND
- 9 • Household Income: \$250,000-\$350,000; \$350,000-\$500,000; or Over \$500,000  
AND
- 10 • Home Ownership: Homeowners AND
- 11 • Age: 45-65+

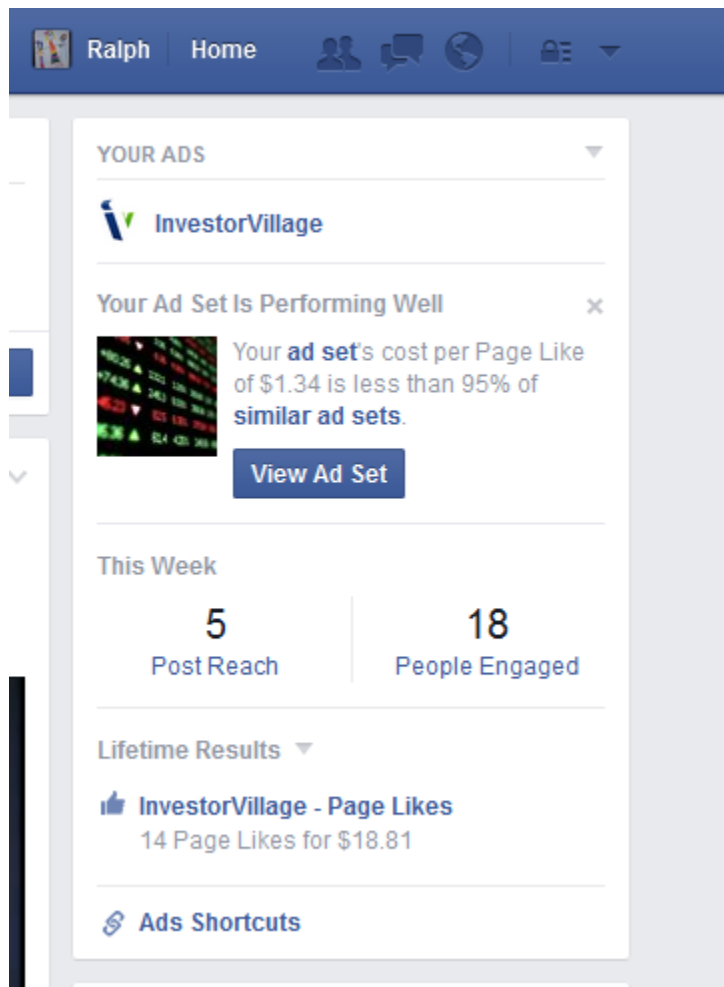
12 58. As per the screenshot in paragraph 33 above, the audience meter measured the potential  
13 reach of the defined audience as 61,000.

14 59. Plaintiff elected to be charged for impressions, or CPM; i.e., every time its ad was  
15 displayed to a Facebook user within the defined target audience.<sup>16</sup>

16 60. On August 29, 2015, Plaintiff launched the IV Likes Campaign. On the first day, it had  
17 generated three Likes for the Investor Village Page.

18 61. On August 31, 2015, Facebook encouraged Plaintiff with a message that its “Ad Set Is  
19 Performing Well”:

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26  
27 <sup>16</sup> Cost per thousand (CPM) is a marketing term that denotes the price of 1,000 advertisement  
28 impressions on one webpage. For example, if a website publisher charges \$2.00 CPM, an advertiser  
must pay \$2.00 for every 1,000 impressions of its ad.



62. By the afternoon of September 1, 2015, Facebook’s reporting interface indicated that it had generated twenty-one Likes. Plaintiff noticed, however, that at least four of those “Likes” — nearly 20% — were from Facebook users who were outside the target audience that Plaintiff had defined since, according to their Facebook profiles, they did not graduate college.

63. Additionally, another four of those Likes were from Facebook users who, based on their Facebook profiles and other reliable third party data that Plaintiff accessed, clearly did not possess household income over \$250,000.

64. In total, nearly 40% of the initial “Likes” from the IV Likes Campaign were outside the target audience Plaintiff had defined using the targeting tools in Ads Manager (*i.e.*, users who are College graduates AND have household income over \$250,000 AND are homeowners), even though Facebook claimed at the time that its ad targeting was 89% accurate.

1           65.     Concerned it may have set up its targeting incorrectly, on or about September 4, 2015,  
2 Plaintiff reviewed various representations by Facebook on its website regarding its ad targeting  
3 capabilities, including the representations in paragraphs 21 and 36 above. In reliance on those  
4 representations, Plaintiff continued the IV Likes Campaign.

5           66.     As Plaintiff continued to monitor the results of the IV Likes Campaign, it noticed that a  
6 material percentage of the Likes continued to be from Facebook users who fell outside the defined target  
7 market (“Outside Likers”) because they were not college graduates, and/or did not possess household  
8 income over \$250,000, which resulted in an accuracy rate far lower than the 89% that Facebook was  
9 touting at the time.

10          67.     On or about October 30, 2015, Plaintiff reviewed various representations by Facebook on  
11 its website regarding its ad targeting capabilities, including the representations in paragraphs 31 and 41  
12 above. In reliance on those representations, Plaintiff continued the IV Likes Campaign.

13          68.     In November 2015, Plaintiff surveyed six of the users who liked its Page as a result of the  
14 IV Likes Campaign. *Every single one of those users* confirmed that they did *not* meet the household  
15 income criteria (including five out of six by a significant margin), and *only one* of those users graduated  
16 college.

17          69.     Plaintiff’s further analysis of the Outside Likers indicated that many of them had a  
18 substantial number of seemingly unrelated Page “Likes” displayed on their Facebook profiles. Indeed,  
19 some of these additional, unrelated Page “Likes” appeared immediately after the relevant individual  
20 “Liked” the Investor Village Page. Additionally, Plaintiff noticed that many of the Outside Likers  
21 “Liked” many of the same unrelated Pages (i.e., the Page “Likes” of the Outside Likers overlapped).

22          70.     Based on Facebook’s claimed accuracy rate of 89% at the time, it is highly improbable  
23 that the outcomes described above resulted from unintentional targeting errors or were designed to  
24 enhance the effectiveness of Plaintiff’s campaign. Instead, Plaintiff’s findings indicate that Facebook was  
25 programmatically displaying a material percentage of Plaintiff’s ads — far greater than 11% — to users  
26 outside the defined target market who were serial “Likers;” *i.e.*, had a historical propensity to  
27 indiscriminately “Like” many unrelated Pages (a metric that Facebook concededly tracks using the  
28 Estimated Action Rate data described above in paragraph 47).



1           71. Facebook engaged in this deceptive conduct to boost its own revenue beyond what it could  
2 have otherwise earned solely from legitimately targeted advertising. By displaying Plaintiff's ads to  
3 numerous serial Likers who fell outside of Plaintiff's defined target audience, Facebook generated more  
4 "Likes," which created the false impression that the IV Likes Campaign was more successful than it  
5 otherwise actually was. Plaintiff was thereby induced to continue the IV Likes Campaign and continue  
6 paying Facebook for ad impressions outside the defined target audience for which it would not have  
7 agreed to pay anything at all had it known the truth (given Plaintiff's use of Ads Manager to specifically  
8 target its core demographic of highly compensated and educated investors).

9           72. Yet, even though Facebook was programmatically displaying a material percentage of  
10 Plaintiff's ads to users outside the audience defined by Plaintiff for the IV Likes Campaign, it still charged  
11 Plaintiff for all of the impressions generated by those displays. Plaintiff ultimately paid \$1,409.69 to  
12 Facebook for impressions generated in connection with the IV Likes Campaign.

13           **6. Plaintiff's January 2016 SCD Likes Advertising Campaign**

14           73. On January 7, 2016, Plaintiff launched a new Facebook advertising campaign ("SCD  
15 Likes Campaign") for its Small Cap Directory ("SCD"). SCD is a database that provides investors with  
16 tools to search for and research over 18,700 small and micro-cap stocks.

17           74. For its Campaign objective, Plaintiff selected increasing "Likes" for SCD's "Page" on  
18 Facebook. Plaintiff then used the Post-October 2015 Interface to define the following target audience for  
19 an "Ad Set" within that campaign called "US, CA-45+":

- 20           • Location: Canada OR United States AND
- 21           • Education Level: College grad AND
- 22           • Income: Over \$500,000 AND
- 23           • Home Ownership: Homeowners AND
- 24           • Age: 45-65+

25           75. The audience meter measured the potential reach of the defined audience as 250,000  
26 people.

27           76. For the SCD Likes Campaign, elected to be charged for Likes (rather than impressions).

1           77.     However, after launching the SCD Likes Campaign, Plaintiff found that a material  
2 percentage of the Likes generated by the Campaign (for which Plaintiff paid) were from users outside of  
3 Plaintiff's defined target audience (because they were not college graduates and/or did not have  
4 household income over \$500,000), which resulted in an accuracy rate materially lower than the 89% that  
5 Facebook was touting at the time.

6           78.     Even more significantly, when Plaintiff compared the list of Outside Likers from the SCD  
7 Likes Campaign to the Outside Likers for the IV Likes Campaign, there were overlaps.

8           79.     Based on Facebook's claimed accuracy rate of 89% at the time, it is highly improbable  
9 that the outcomes above resulted from unintentional targeting errors or were designed to enhance the  
10 effectiveness of Plaintiff's campaign. Instead, Plaintiff's findings indicate that Facebook was  
11 programmatically displaying a material percentage of Plaintiff's ads to users outside the defined target  
12 market who were serial "Likers."

13           80.     Facebook engaged in this deceptive conduct in order to boost its own revenue beyond  
14 what it could have otherwise earned solely from legitimately targeted advertising consistent with its  
15 representations. Yet, even though many of the Likes generated by the SCD Likes Campaign were from  
16 users outside of Plaintiff's defined target audience for that Campaign, Facebook still charged Plaintiff  
17 for all of the Likes generated by the Campaign. Plaintiff ultimately paid \$242.17 to Facebook for Likes  
18 generated in connection with the SCD Likes Campaign.

19           81.     Plaintiff was not the only advertiser to experience anomalies with the targeting of its  
20 Facebook ads. In 2016, a leading Do-It-Yourself website design company called Weebly surveyed more  
21 than 2,600 self-described small business owners that sell online in some capacity. When asked about their  
22 Facebook advertising, **62 percent** said their paid ads on Facebook were missing the target.

23           82.     Weebly shared the findings of its survey with Small Business Trends, which published an  
24 article on January 3, 2017 entitled "62 Percent of Small Business Owners Say Facebook Ads Miss Their  
25 Targets, Weebly Reports." The article stated:

26                   Does your small business have presence on Facebook (NASDAQ:FB)?

27                   It makes sense. If everyone and their grandmother is there, your small  
28                   business should be, too.

1 The trick is reaching all these people. And Facebook’s targeted marketing  
2 tools seemingly allow you to do just that.

3 ***It’s just that not every small business owner believes these promoted  
4 messages are hitting their marks.***

5 According to a new survey of small business owners from Weebly, a DIY  
6 drag and drop web design company, ***62 percent say their paid ads on  
7 Facebook are missing the target.***

8 83. One reader named “Scott” shared the following comment to the article:

9 I have run 2, week long ad campaigns spread a year apart because the first  
10 one went so bad, I was hesitant to throw my money away again and the  
11 second campaign only brought (1) new page like while the first one  
12 brought 35 new page likes but here’s the rub, ***on both campaigns I targeted  
13 locally within 35 miles of my location, yet on the first campaign out of 35  
14 new page likes, only one (1) was local and many of them were as far away  
15 as 150 miles!*** What’s up with that!?<sup>17</sup>

### 12 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

13 84. Plaintiff brings this class action pursuant to Federal Rule of Civil Procedure 23(a) and  
14 (b)(2) and (b)(3) on behalf of itself and members of the Class, consisting of: All persons or entities within  
15 the United States who, from December 1, 2013, to the present (“Class Period”), paid Facebook for  
16 advertisements displayed to Facebook users who fell outside the target audiences defined by such persons  
17 or entities using Ads Manager.<sup>18</sup>

18 85. Excluded from the Class are Defendant, and its subsidiaries and affiliates; its current and  
19 former officers, directors, and employees (and members of their immediate families); and the legal  
20 representatives, heirs, successors or assigns of any of the foregoing.

21 86. Plaintiff reserves the right to amend the Class definition if further investigation and/or  
22 discovery reveal that the Class should be expanded, divided into subclasses, or modified in any way.

23 87. As required by Fed. R. Civ. P. 23(a)(1), the members of the Class are so numerous that

24  
25 <sup>17</sup> *62 Percent of Small Business Owners Say Facebook Ads Miss Their Targets, Weebly Reports*  
(<https://smallbiztrends.com/2017/01/do-facebook-ads-work.html>) (last accessed August 20, 2018).

26 <sup>18</sup> The Class Period starts on December 1, 2013, because as noted in paragraph 23 above, Facebook  
27 began disseminating the August 2013 Nielsen finding that its accuracy for narrowly targeted  
28 campaigns was 89%, in late November 2013.

1 joinder of all members is impracticable. On a January 27, 2016, conference call with analysts to discuss  
2 Facebook's 4Q and Full Year 2015 results, Zuckerberg represented that Facebook has "more than 2.5  
3 million active advertisers." According to a 2017 Reuter's interview with Facebook COO Sheryl  
4 Sandberg, Facebook had more than 5 *million* businesses advertising on its Platform *each month* as of  
5 April 2017.<sup>19</sup>

6 88. As required by Fed. R. Civ. P. 23(a)(2) and (b)(3), there are questions of law and fact  
7 common to the Class, and those common questions predominate over any questions affecting only  
8 individual members. Among the common questions of law and fact include:

- 9 • Whether Facebook misrepresented to prospective advertisers that it would display  
10 their ads to Facebook users who fell within the target audiences defined by those  
11 advertisers using Ads Manager;
- 12 • Whether Facebook deceived and misled its advertisers by programmatically  
13 displaying ads to a material percentage of Facebook users who fell outside the  
14 target audiences defined by those advertisers using Ads Manager;
- 15 • Whether Facebook charged advertisers for ads displayed to a material percentage  
16 of Facebook users who fell outside the target audiences defined by those  
17 advertisers using Ads Manager;
- 18 • Whether the misrepresentations and deceptive and misleading practices of  
19 Facebook alleged herein violated California's Unfair Competition Law; and
- 20 • Whether members of the Class have sustained damages and, if so, what is the  
21 proper measure of relief.

22 89. As required by Fed. R. Civ. P. 23(a)(3), Plaintiff's claims are typical of the claims of other  
23 members of the Class since Plaintiff and all members of the Class defined target audiences for ads using  
24 Facebook's Ads Manager, and then paid Facebook for ads that were displayed to Facebook users outside  
25 the defined target audiences.

26 90. As required by Fed. R. Civ. P. 23(a)(4), Plaintiff will fairly and adequately protect the  
27 interests of the members of the Class. Plaintiff has no interests adverse or antagonistic to those of the  
28 Class and has retained counsel experienced in complex class action litigation.

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<sup>19</sup> See Facebook's Sandberg says number of monthly advertisers tops 5 million  
(<https://www.reuters.com/article/us-facebook-advertising-idUSKBN17C1FC>) (last accessed August  
20, 2018).



1 anything at all had they known the truth about Facebook's misconduct.

2 97. Plaintiff suffered injury in fact and has lost money or property as a result of Facebook's  
3 violation of the fraudulent prong under the UCL. In deciding to start and continue advertising on  
4 Facebook, Plaintiff saw and reasonably relied upon representations by Facebook that it would display  
5 Plaintiff's ads to Facebook users within the target audiences defined by Plaintiff using Ads Manager.

6 98. Facebook knew or had reason to know that Plaintiff regarded, or was likely to regard those  
7 representations as important to Plaintiff's decision to advertise on Facebook. Moreover, a reasonable  
8 advertiser would have attached importance to those representations in advertising on Facebook.  
9 Accordingly, Facebook's misrepresentation that it would display Plaintiff's ad to Facebook users within  
10 the target audiences defined by Plaintiff when, in fact, it was programmatically displaying a material  
11 percentage of ads to Facebook users outside those defined audiences to boost Facebook's own revenue,  
12 constituted a material misrepresentation.

13 99. As a result of Facebook's material misrepresentations as alleged herein, Plaintiff paid for  
14 ads for which it would not have agreed to pay anything at all had it known the truth about Facebook's  
15 misconduct. Accordingly, Facebook's material misrepresentations were the immediate cause of  
16 Plaintiff's losses.

17 100. As a result, Facebook's deceptive conduct, as alleged herein, violates the UCL's  
18 prohibition against "fraudulent" conduct.

### 19 **Unfair Practices**

20 101. Facebook's deceptive and misleading conduct, as alleged herein, is oppressive, immoral,  
21 unethical, and unscrupulous, caused Plaintiff and the Class substantial injury (given the millions of  
22 businesses advertising on Facebook), and violates established public policy against deceptive conduct by  
23 businesses. Further, it allowed Facebook to have an unfair advantage over competitors who accurately  
24 and truthfully represent their ad targeting practices.

25 102. Facebook engaged in unfair and deceptive acts and business practices by misrepresenting that  
26 it would deliver ads to the audiences defined by advertisers using Ads Manager, and then  
27 programmatically displaying a material percentage of ads to Facebook users *outside* defined target  
28 audiences in order to maximize its own ad revenue, and lure advertisers to advertise on Facebook rather

1 through Facebook competitors, such as Google and Yahoo.

2 103. Additionally, the justifications or reasons for, or the utility or benefit (if any) of  
3 Facebook's unfair and deceptive acts and business practices are substantially outweighed by the  
4 substantial economic injury and harm that such conduct caused to Plaintiff and other members of the  
5 Class.

6 104. Finally, the harm caused by Facebook's deceptive conduct is not one that Plaintiff and  
7 members of the Class could have reasonably avoided, given Facebook's representations that it is highly  
8 accurate in its placement of ads in accordance with the specific criteria identified by advertisers and  
9 because Facebook conceals that it is programmatically displaying a material percentage of ads to  
10 Facebook users outside the audiences defined by advertisers.

11 105. Plaintiff suffered injury in fact and has lost money or property as a result of Facebook's  
12 violation of the unfairness prong under the UCL as detailed in paragraphs 97-99 above.

13 106. As a result, Facebook's unfair and deceptive acts and business practices, as alleged herein,  
14 violate the UCL's prohibition against "unfair" conduct."

15 **Unlawful Practices**

16 107. Facebook's deceptive conduct, as alleged herein, violates California's False Advertising  
17 Law, Cal. Bus. & Prof. Code §§ 17500, *et seq.* ("FAL"), because Facebook misrepresented that it would  
18 deliver ads to the audiences defined by advertisers using Ads Manager, and then programmatically  
19 displayed a material percentage of ads to Facebook users *outside* defined target audiences in order to  
20 maximize its own ad revenue. As a result, Facebook's representations to advertisers were untrue and  
21 misleading, and Facebook knew (or by the exercise of reasonable care should have known) that they were  
22 and are untrue and misleading.

23 108. Plaintiff suffered injury in fact and has lost money or property as a result of Facebook's  
24 violation of the unlawful prong under the UCL as detailed in paragraphs 97-99 above.

25 109. As a result, Facebook's deceptive conduct, as alleged herein, violates the UCL's  
26 prohibition against "unlawful" conduct."

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff, individually and on behalf of all others similarly situated, demands judgment against Defendant as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and appointing Plaintiff as the Class representative, and Plaintiff's counsel as class counsel;

B. Finding and declaring that Defendant's misconduct, as alleged herein, violates the California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 *et seq.*, and other applicable California law as set forth herein;

C. Awarding damages, or restitution of monies Defendant unlawfully obtained from Plaintiff and the Class as a result of Defendant's misconduct alleged herein;

D. Awarding injunctive and other equitable relief available under applicable law, including without limitation, an order enjoining Defendant from continuing to programmatically display ads to Facebook users outside the audiences defined by advertisers in Ads Manager;

E. Awarding Plaintiff and the other members of the Class pre-judgment and post-judgment interest, attorneys' fees, expenses and other costs; and

F. Awarding such other and further relief as this Court may deem just and proper.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated: August 28, 2018

Respectfully submitted,

By: /s/ Solomon B. Cera

**CERA LLP**

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