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

OHIO PUBLIC EMPLOYEES RETIREMENT
SYSTEM, on behalf of itself and all others
similarly situated,

Plaintiff,

v.

META PLATFORMS, INC. f/k/a FACEBOOK,
INC., MARK ZUCKERBERG, DAVID M.
WEHNER, and NICK CLEGG,

Defendants.

Case No. 3:21-cv-08812

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

CLASS ACTION

DEMAND FOR JURY TRIAL

1 Plaintiff Ohio Public Employees Retirement System (“Plaintiff”), by and through its
2 counsel, alleges the following upon information and belief, except as to those allegations
3 concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and
4 belief are based upon, *inter alia*, counsel’s investigation, which included review and analysis of:
5 (i) regulatory filings made by Meta Platforms, Inc. f/k/a Facebook, Inc. (“Facebook” or the
6 “Company”) with the United States Securities and Exchange Commission (“SEC”); (ii) press
7 releases, presentations, and media reports issued by and disseminated by the Company; (iii) analyst
8 and media reports concerning Facebook; and (iv) other public information regarding the Company,
9 including testimony provided by a Facebook whistleblower during an October 5, 2021 hearing
10 before the United States Senate Sub-Committee on Consumer Protection, Product Safety, and Data
11 Security.

12 **I. INTRODUCTION**

13 1. This securities class action is brought on behalf of all persons or entities that
14 purchased or otherwise acquired shares of Facebook Class A common stock between April 29,
15 2021 and October 21, 2021, inclusive (the “Class Period”). The claims asserted herein are alleged
16 against Facebook and certain of the Company’s senior executives (collectively, “Defendants”),
17 and arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange
18 Act”) and Rule 10b-5, promulgated thereunder.

19 2. This matter arises from an egregious breach of public trust by Facebook, which
20 knowingly exploited its most vulnerable users—including children throughout the world—in order
21 to drive corporate profits. At the same time, Defendants repeatedly misrepresented to investors
22 and the public that use of Facebook’s products does not harm children, that the Company takes
23 aggressive and effective measures to stop the spread of harmful content, and that Facebook applies
24 its standards of behavior equally to all users. Facebook investors recently learned the truth when
25 former Facebook employee turned whistleblower, Frances Haugen, came forward with internal
26 documents showing that Defendants were aware that Facebook’s platforms facilitate dissension,
27 illegal activity, and violent extremism, and cause significant harm to users, especially children, but
28

1 Facebook refused to correct these issues. All told, these disclosures erased more than \$100 billion
2 in shareholder value and subjected Facebook to immense reputational harm.

3 3. Facebook operates the world's largest family of social networks, enabling more
4 than three billion users worldwide to connect and share content through mobile devices, personal
5 computers, and virtual reality headsets. The Company's products include its flagship social
6 networking platform, Facebook, which allows people around the world to connect, share, discover,
7 and communicate with each other on personal computers and mobile devices. Facebook's other
8 products include: Instagram, a community for sharing photos, videos, and private messages;
9 Facebook Messenger, a messaging application for people to connect with friends, family, groups,
10 and businesses across platforms and devices; and WhatsApp, a messaging application used by
11 people and businesses to communicate. The Company generated the vast majority of its \$86 billion
12 in revenue in 2020 by selling advertisement placements to marketers which Facebook then pushes
13 to its users across its platforms.

14 4. Throughout the Class Period, the Company repeatedly assured investors that it has
15 "the most robust set of content policies out there" and touted the aggressive steps it takes to ensure
16 the safety and security of its users by preventing misinformation and harmful content from
17 spreading through its platforms. Facebook also stated that it was committed to keeping people
18 safe and assured investors that it enforces its content policies evenly across all users. These and
19 similar statements made throughout the Class Period were false.

20 5. Thousands of recently leaked internal Facebook documents paint a remarkably
21 different picture. Those documents show that Defendants were acutely aware that the products
22 and systems central to Facebook's business are riddled with flaws that sow dissention, facilitate
23 illegal activity and violent extremism, and cause significant harm to users, but Facebook lacks the
24 will or ability to correct them. Despite this knowledge, Facebook opted to maximize its profits at
25 the expense of the safety of its users and the broader public, exposing Facebook to serious
26 reputational, legal, and financial harm. Moreover, Facebook has taken significant steps to attract
27 pre-teens to its products, which the Company viewed as "a valuable but untapped audience,"
28 despite knowing that those products have a toxic effect on the well-being of their most vulnerable

1 users, particularly teenage girls. Defendants also knew that Facebook’s user metrics were
2 unreliable and artificially inflated and that the number of duplicate accounts created by users
3 comprised a greater proportion of Facebook’s active users than the Company represented. As a
4 result of Defendants’ misrepresentations, shares of Facebook common stock traded at artificially
5 inflated prices during the Class Period.

6 6. The truth began to emerge on September 13, 2021, when *The Wall Street Journal*
7 published the first of a series of articles, referred to as “The Facebook Files.” Those articles, citing
8 a trove of internal Company documents obtained from a whistleblower, later revealed as Frances
9 Haugen, demonstrated the extent to which Facebook knows its platforms contain flaws that cause
10 significant harm to users, but which the Company makes minimal or ineffectual efforts to address.
11 Specifically, the September 13 article reported that, despite the Company’s public assurances that
12 Facebook applies its standards of behavior equally to all users, the Company has exempted
13 millions of high-profile users from some or all of its rules, permitting numerous violations of the
14 Company’s Code of Conduct. Internal documents reveal how the Company’s favoritism towards
15 such high-profile users is widespread and that Facebook was “not actually doing what we say we
16 do publicly.”

17 7. On each of the next four days, *The Wall Street Journal* published an additional
18 installment of “The Facebook Files,” each of which detailed a distinct problem with Facebook’s
19 platforms and extensively cited internal Facebook documents leaked by the whistleblower. On
20 September 14, 2021, *The Wall Street Journal* reported that, despite the Company publicly
21 downplaying the harmful effects of Instagram on young users, Facebook’s own research
22 demonstrates that Facebook “make[s] body image issues worse for one in three teen girls” many
23 of whom “blame Instagram for increases in the rate of anxiety and depression” and have linked
24 suicidal thoughts and eating disorders to their experiences on Instagram.

25 8. The September 15, 2021 installment detailed how Facebook’s 2018 change to its
26 algorithm that controls what content a user will see led to the spread of content that is objectionable
27 and harmful to users. Internally, Facebook employees described the algorithm change as having
28

1 “unhealthy side effects” on important content, like news and politics, and led to “[m]isinformation,
2 toxicity, and violent content” becoming “inordinately prevalent.”

3 9. On September 16, 2021, *The Wall Street Journal* revealed that Facebook has weak
4 and ineffective responses to the use of its platforms by drug cartels and human traffickers as a
5 facilitator of their criminal enterprises and that content violating the Company’s domestic
6 servitude policy routinely makes its way on to Facebook’s platforms without detection and
7 removal.

8 10. The September 17, 2021 installment revealed that, even for topics on which
9 Facebook committed itself to representing a specific viewpoint, the Company was unable or
10 unwilling to manage content on its platforms in line with its own representations.

11 11. On September 28, 2021, the day after Facebook announced that it had paused its
12 development of a version of Instagram specifically targeted at children, *The Wall Street Journal*
13 published an article, citing internal Company documents, that detailed Facebook’s significant
14 efforts to monetize use of the Company’s products by pre-teens ages 10 to 12. Those documents
15 show that Facebook focused on “twens” because they represented “a valuable but untapped
16 audience.”

17 12. In the wake of *The Wall Street Journal* reports, on October 3, 2021, the Facebook
18 whistleblower revealed her identity as former Facebook project manager, Frances Haugen, during
19 a bombshell televised interview on the CBS News program, *60 Minutes*. During the interview,
20 Ms. Haugen revealed that Facebook repeatedly “has shown it chooses profit over safety,”
21 concluding that “I don’t trust that they’re willing to actually invest what needs to be invested to
22 keep Facebook from being dangerous.”

23 13. The following day, on October 4, 2021, CBS News published an article which
24 included the eight whistleblower complaints against Facebook that Ms. Haugen has filed with the
25 SEC, alleging that Facebook has repeatedly misled the public and investors on several issues.

26 14. On October 21, 2021, after the market closed, *The Wall Street Journal* published
27 an article, citing internal Company documents, that raised significant concerns about the accuracy
28 and reliability of some of Facebook’s publicly reported user metrics. Those documents show that

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