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14  
15 **UNITED STATES DISTRICT COURT**  
16 **NORTHERN DISTRICT OF CALIFORNIA**

17  
18 OHIO PUBLIC EMPLOYEES RETIREMENT  
19 SYSTEM, on behalf of itself and all others  
similarly situated,

20 Plaintiff,

21 v.

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

23  
24 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 dissention,  
 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. 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."

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.

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 “tweens” 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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