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25 **UNITED STATES DISTRICT COURT**
26 **NORTHERN DISTRICT OF CALIFORNIA - SAN FRANCISCO DIVISION**

27 ROSEMARIE VARGAS,
28 KISHA SKIPPER, JAZMINE
29 SPENCER, DEILLO RICHARDS, on
30 behalf of themselves individually, and on
31 behalf of all others similarly situated,

32 Plaintiffs,

33 vs.

34 FACEBOOK, INC.

35 Defendant.

36 Case No. 3:19-cv-5081

37 **CLASS ACTION COMPLAINT**

38 **DEMAND FOR JURY TRIAL**

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Attorneys for Plaintiffs and Proposed Class Members.

1 *“The American real-estate industry believed segregation to be a moral principle. As*
2 *late as 1950, the National Association of Real Estate Boards’ code of ethics warned*
3 *that ‘a Realtor should never be instrumental in introducing into a neighborhood ...*
4 *any race or nationality, or any individuals whose presence will clearly be detrimental*
5 *to property values.’ Redlining was not officially outlawed until 1968, by the Fair*
6 *Housing Act.”*

7 —Ta-Nehisi Coates

8 *“Advertising works most effectively when it’s in line with what people are*
9 *already trying to do.”*

10 —Mark Zuckerberg

11 *“Facebook is discriminating against people based upon who they are and where*
12 *they live. Using a computer to limit a person’s housing choices can be just as*
13 *discriminatory as slamming a door in someone’s face.”*

14 —Ben Carson

15
16 Plaintiffs, by and through their attorneys, on behalf of themselves and all others
17 similarly situated, hereby allege the following in support of their Complaint:

18 **OVERVIEW OF CASE**

19 1. This case arises out of Defendant Facebook’s illegal discrimination in
20 violation of the Fair Housing Act (FHA), a statute promulgated to prohibit discrimination
21 in housing markets in the United States. The FHA prohibits both publishers and
22 advertisers from publishing tailored advertisements based on sex, familial status,
23 disability, national origin, race and other protected classes.

24 2. Facebook has created, implemented and/or maintained a pre-populated list
25 of demographics, behaviors and interests that makes it possible for real estate brokers and
26 landlords to exclude certain buyers or renters from ever seeing their ads. This action is
27 called “redlining” and Facebook’s practice of redlining is illegal and prohibited under the
28 FHA.

1 3. Defendant Facebook, under the auspices of being a social-networking site,
2 mines, collects, purchases, and assembles into individual profiles countless terabytes of
3 data in multitudes of categories (hereafter “demographics data”), about Facebook’s
4 approximately two billion active monthly users worldwide.

5 4. Facebook uses its demographics data to permit real estate brokers and
6 landlords to create, publish and send ads to certain groups of Facebook users. More
7 importantly, Facebook also uses its demographics data to permit Facebook and its
8 advertisers to avoid publishing, providing, or sending ads to Facebook users in certain
9 protected classes. As alleged more fully below, Facebook created, developed,
10 implemented, marketed, and used an advertising platform ("Ad Platform") that has
11 created and developed advertisements for housing. This Ad Platform allowed and/or
12 facilitated omission of certain Facebook users based on their real or perceived personal
13 characteristics, by purposefully and intentionally creating, developing, and/or using the
14 “Exclude People” feature. The Ad Platform also permits advertisers to include only
15 certain users with perceived “favored” personal characteristics, thereby excluding users
16 who lack the favored personal characteristics (the “Include People” feature).

17 5. Facebook thus created and developed its Ad Platform with its anti-diversity
18 Multicultural Affinity tool that Facebook and its advertisers have used to avoid
19 publishing, providing or sending information or content to users in protected classes,
20 while defendant published, provided, and/or sent the same information and content to
21 other Facebook users who are not in protected classes.

22 6. In 2016, ProPublica and other media outlets began reporting that Facebook’s
23 advertising platform violated fair housing laws.

24 7. Throughout 2017 until about March 2018 four nonprofit organizations
25 (NPOS) with the common mission of eliminating housing discrimination and
26 promoting residential integration, investigated Facebook’s conduct. The NPOS created
27 dozens of housing advertisements and completed Facebook's full ad submission and
28 review process in New York, Washington D.C., Miami, and San Antonio. The NPOS’s

1 investigation confirmed that Facebook provides the option for advertisers to exclude:
2 (a) families with children; (b) women; (c) users with interests based on disability;
3 and/or (d) users with interests based on national origin, from receiving advertisements.
4 Once these selections are made, Facebook approves and permits advertisers to publish
5 these ads in a discriminatory manner without Facebook users (i.e. consumers) ever
6 knowing they have been excluded.

7 8. Advertising in a discriminatory fashion is just as insidious and damaging
8 as discrimination at the point of rental or sale. In the past, excluded groups might see a
9 “for rent” sign or newspaper classified ad because the ads were and are located in a public
10 forum. Now, however, the clandestine nature of Facebook’s technology conceals housing
11 ads from entire groups of protected classes of people.

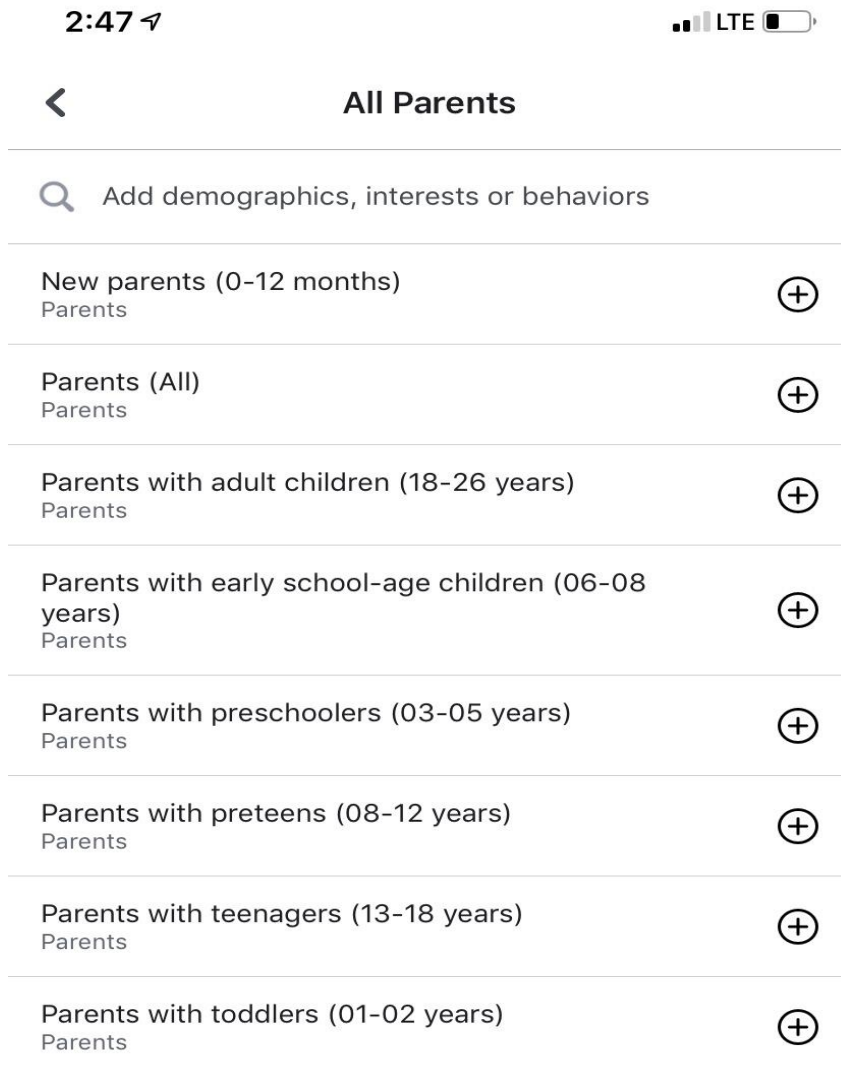
12 9. By way of example, by allowing an advertiser to preclude advertising to
13 women with school-age children, Facebook excludes such families from the advertising
14 audience, thereby denying access to that housing opportunity by making the ad invisible
15 to this protected class of users. At the same time, Facebook's ad platform allows that same
16 landlord's illegal efforts to maintain a segregated, adults-only rental complex.

17 10. Facebook’s algorithms for data collection and its Ad Platform allows
18 exclusion and denies access to housing.

19 11. By purposefully and intentionally creating, developing, and/or using both
20 (1) the “Exclude People” feature, and (2) the “Include People” feature), Defendant
21 knowingly and intentionally prevent ads and the information and content therein from
22 being published, provided, or sent to users who do not match certain personal
23 characteristics such as “African American (US),” “Asian American (US),” “Immigrant,”
24 “Hispanic US – English dominant,” “Christian,” “Moms,” and “people ages 21 to 55 who
25 live or were recently in the United States.”

26 12. Facebook, through its creation, development, implementation, promotion
27 and marketing of its Multicultural Affinity, Exclude People, or Include People tools,
28 permits its advertisers to select illegal preferences for its ads to Facebook users. By way

1 of example, as of August 16, 2019, Facebook's Ad Platform provided the following
2 protected categories for the advertiser to exclude:



2:49



Multicultural Affinity

Q Add demographics, interests or behaviors

African American (US)
Behaviors



Asian American (US)
Behaviors



Hispanic (US - All)
Behaviors



Hispanic (US - Bilingual)
Behaviors



Hispanic (US - English dominant)
Behaviors



Hispanic (US - Spanish dominant)
Behaviors



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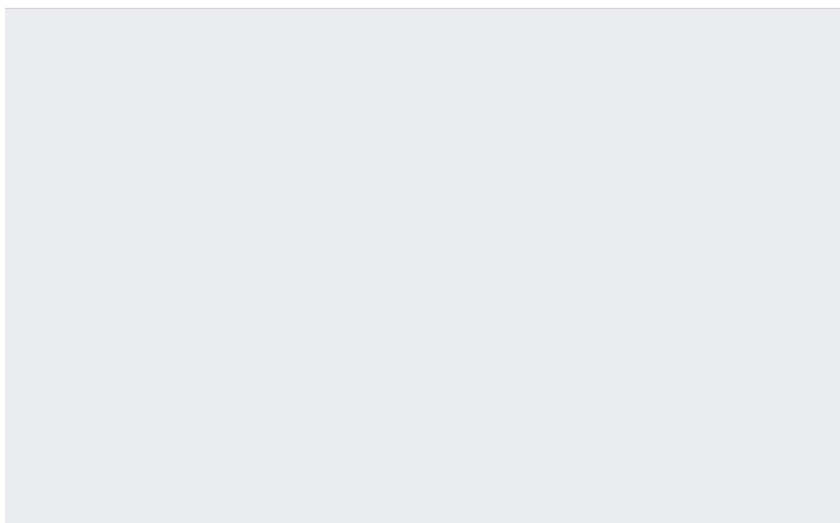
More Categories

Q transgender 

Disability Employers 191,000 people 

Transgenderism Additional Interests 44,800,000 people 

The Lesbian, Gay, Bisexual & Transgender Community Center Employers 3,840 people 



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More Categories

sex



Disability
Employers

191,000
people



Trader
Job Titles

585,000
people



Human sexuality
Additional Interests

502,000,000
people



Sex and the City
Additional Interests

5,200,000
people



Love & Sex
Additional Interests

1,920,000
people



Same-sex marriage
Additional Interests

14,800,000
people



Same-sex relationship
Additional Interests

876,000
people



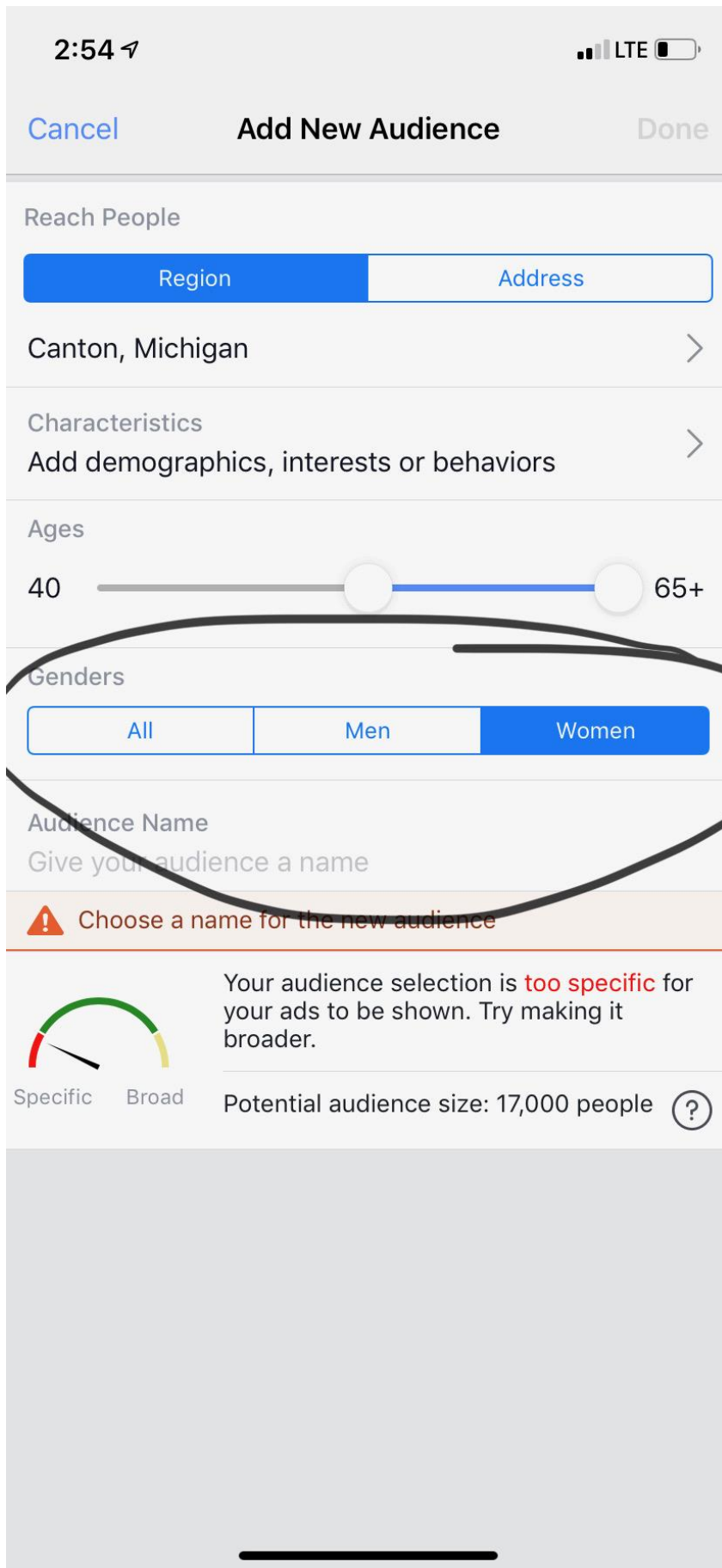
Sexology
Additional Interests

36,900,000
people



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1 13. Facebook is responsible, in whole or in part, for the creation, development,
2 and use of its advertising platform.

3 14. Facebook's affirmative conduct in promoting its advertisers' use of its
4 Multicultural Affinity, Exclude People, or Include People tools has resulted in the
5 unlawful discrimination of many Facebook users in violation of the Fair Housing Act.

6 15. Facebook's conduct, as further detailed herein, makes Facebook a creator or
7 developer of the information or content in the ads that are not published, not provided,
8 and not sent to Facebook users, based on the users' genuine or perceived protected
9 personal characteristics.

10 16. Facebook is an information content provider for the platforms, screening
11 tools, and ads that are published, provided, and sent to Facebook users based on those
12 users' protected personal characteristics, or the perception created by Facebook from data
13 collected by Facebook or acquired by Facebook from other data collection firms of those
14 users' protected personal characteristics.

15 17. Despite Facebook's corporate mission statement "*to give people the power*
16 *to build community and bring the world closer together,*" Facebook has created and
17 developed an Ad Platform with its anti-diversity Multicultural Affinity tool that permits
18 Facebook and its advertisers to not publish, not provide, and not send information or
19 content to many in Facebook's community while deciding to publish, provide, and send
20 the same information to other Facebook community members.

21 18. Ms. Sandberg, as Facebook's COO, stated that "We believe advertisers and
22 us should be held accountable for content and ads."
23 <https://www.nytimes.com/2018/06/28/technology/facebook-twitter-political-ads.html>

24 19. Facebook created a platform for its advertisers' targeting decisions as
25 demonstrated by the excerpts from a recent Bloomberg Businessweek article titled "How
26 Facebook Helps Shady Advertisers Pollute the Internet"
27 ([https://www.bloomberg.com/news/features/2018-03-27/ad-scammers-need-suckers-](https://www.bloomberg.com/news/features/2018-03-27/ad-scammers-need-suckers-and-facebook-helps-find-them)
28 [and-facebook-helps-find-them](https://www.bloomberg.com/news/features/2018-03-27/ad-scammers-need-suckers-and-facebook-helps-find-them)).

1 New York City, New York. She is a Facebook user who has used Facebook to seek
2 housing.

3 27. Plaintiff Kisha Skipper is, for all times relevant to this Complaint, a female
4 of African American descent, and a single parent with minor children residing in Yonkers,
5 New York. She is a Facebook user who has used Facebook to seek housing.

6 28. Plaintiff Jazmine Spencer is, for all times relevant to this Complaint, a
7 female of both African American and Hispanic descent, and a single parent with minor
8 children residing in New York, New York. She is a Facebook user who has used
9 Facebook to seek housing.

10 29. Plaintiff Deillo Richards is, for all times relevant to this Complaint, a male
11 of African American descent, who resides in Yonkers, New York. He is a Facebook user
12 who has used and continues to use Facebook to seek housing.

13 30. Defendant Facebook, Inc. (“Facebook”), a Delaware corporation with its
14 headquarters located in Menlo Park, California, operates a nationwide and international
15 online social network website which allows its users to communicate with each other
16 through written texts, photos, images and/or videos. A component of Facebook’s website
17 is its Ad Platform Multicultural Affinity tool which has allowed advertisers to engage in
18 illegal discriminatory preferences, based on the users’ personal characteristics (e.g. race,
19 sex, familial status, disability, etc.) or perceived personal characteristics.

20 **CLASS ALLEGATIONS**

21 31. Plaintiffs bring this class action on behalf of themselves and on behalf of all
22 other similarly situated for the class as defined:

23 All natural person Facebook users located within the United States, who
24 are in the protected classes of race, color, sex, familial status, and/or
25 disability/handicap or national origin, and who at any time from the
26 earliest date actionable under the limitations period until the date of
27 judgment in this action, and who:

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- 1 a. used Facebook and/or Facebook’s Marketplace to seek housing
2 and due to Facebook’s marketing, sourcing, advertising,
3 branding and/or other services that facially discriminate or have
4 a disparate impact, were excluded from receiving marketing,
5 sourcing, advertising, branding or other information for housing,
6 or
7 b. have not seen an housing-related advertisement on Facebook because
8 the ad’s buyer used the Ad Platform’s “Exclude People” functionality
9 to exclude the class member based on race, color, religion, sex, familial
10 status, or national origin.

11 32. **Numerosity/Impracticability of Joinder:** The members of the Class are so
12 numerous that joinder of all members would be impractical. The members of the class
13 are so numerous that joinder of all members would be unfeasible and impractical. Named
14 Plaintiffs are informed and believe, and on that basis allege that there are well over 50
15 persons within the Plaintiff Class. The identity of individuals qualifying for class
16 membership is readily ascertainable via inspection of Facebook’s records and other
17 documents maintained by Defendant.

18 33. **Commonality and Predominance:** There are common questions of law and
19 fact that predominate over any questions affecting only individual members of the class
20 so that a class action is superior to other forms of action. The claims of the Named
21 Plaintiffs are typical of those of every member of the Plaintiff Class. All the Class
22 Members were treated in a similar fashion and suffered similar harm as a consequence of
23 Defendant’s conduct.

24 34. For Named Plaintiffs and the Plaintiff Class, the common legal and factual
25 questions include, but are not limited to the following:

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1 **A. Common Factual Questions:**

- 2 1. Whether Defendant engaged in a nationwide practice which violated
3 the Fair Housing Act by denying protected groups access to
4 advertising for available housing.
5 2. Whether Plaintiffs suffered injury or damage as a result of
6 Defendant's common and nationwide practices.

7 **B. Common Legal Questions:**

- 8 1. Whether Defendant's creation of the Ad Platform violates the Fair
9 Housing Act.
10 2. Whether Defendant's maintenance of the Ad Platform violates the
11 Fair Housing Act.

12 34. **Typicality:** The Named Plaintiffs' claims are typical of the claims of the
13 members of the Class. Plaintiffs and all the members of the class have been injured by
14 the same wrongful practices of Facebook. Named Plaintiffs' claims arise from the same
15 practices and course of conduct that give rise to the claims of the members of the class
16 and are based on the same legal theories. Named Plaintiffs will fairly and adequately
17 represent the interests of the Plaintiff Class because Named Plaintiffs are members of the
18 class and Named Plaintiffs do not have an interest that is contrary to or in conflict with
19 those of the Plaintiff Class. There is a well-defined community of interest in the questions
20 of law and fact affecting the class of persons that Named Plaintiffs represent as a whole.
21 Each member of the Plaintiff Class was subjected to illegal practices of Defendant.

22 35. **Superiority:** A class action is superior to any other form of action for the
23 fair and efficient adjudication of this lawsuit. Individuals such as Plaintiffs have a
24 difficult time prosecuting an individual action against Facebook, a large corporation with
25 tremendous economic resources. Even if any class member could afford individual
26 litigation against Defendant, it would be unduly burdensome to the court system.
27 Individual litigation of such numerous claims magnifies the delay and expense to all
28 parties and the court system. By contrast, a class action presents far fewer management

1 difficulties and affords the benefits of unitary adjudication, economics of scale, and
2 comprehensive supervision by a single court. Concentrating this litigation in one forum
3 will promote judicial economy and parity among the claims of individual class members
4 and judicial consistency in rulings. Notice of the pendency and any resolution of this
5 action can be efficiently provided to class members by mail, print, broadcast, internet,
6 and/or multimedia publication. Requiring each class member to both establish individual
7 liability and pursue an individual remedy would discourage the assertion of lawful claims
8 Facebook users who would be disinclined to pursue an action against it for fear of
9 retaliation as Facebook has the ability to bar user access. Proof of a common business
10 practice or factual pattern, of which the Named Plaintiffs were subjected to is
11 representative of the alleged class and will establish the right of each of the members of
12 the alleged class to recoveries on the claims alleged herein.

13 The prosecution of separate actions by individual class members, even if possible,
14 would create: (a) a substantial risk of inconvenient or varying verdicts or adjudications
15 with respect to the individual class members against the Defendant herein; and/or (b)
16 legal determinations with respect to individual class members which would, as a practical
17 matter, be dispositive of the other class members not parties to the adjudications or which
18 would substantially impair or impede the ability of class members to protect their
19 interests. Further, the claims of the individual members of the class are not sufficiently
20 large to warrant vigorous individual prosecution considering all of the concomitant costs
21 and expenses attending thereto. Plaintiff is unaware of any difficulties that are likely to
22 be encountered in the management of this action that would preclude its maintenance as
23 a class action.

24 36. **Adequacy:** The Named Plaintiffs are representatives who will fully and
25 adequately assert and protect the interests of the Class and have retained class counsel
26 who are experienced and qualified in prosecuting class actions. Neither Named Plaintiffs
27 nor their attorneys have any interest contrary to or in conflict with the Class.

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1 37. The Named Plaintiffs do not anticipate any difficulty in the management of
2 this litigation.

3 38. Facebook has, or has access to, email or other contact information for the
4 Class Members, which may be used for the purpose of providing notice of the pendency
5 of this action.

6 39. Named Plaintiffs request permission to amend the complaint to include other
7 individuals as class representatives if any of the Named Plaintiffs are deemed not to be
8 an adequate representative of the Plaintiff Class. Named Plaintiffs further request
9 permission to amend the complaint to revise the Plaintiff Class definition as appropriate
10 after discovery.

11 **THE FAIR HOUSING ACT**

12 40. The Fair Housing Act of 1968 (the “Act”) was enacted to provide “for fair
13 housing throughout the United States.” 42 U.S.C. § 3601.

14 41. The Act renders it unlawful:

15 To make, print, or publish, or cause to be made, printed, or published any notice,
16 statement, or advertisement, with respect to the sale or rental of a dwelling that
17 indicates any preference, limitation, or discrimination based on race, color,
18 religion, sex, handicap, familial status, or national origin, or any intention to make
19 any such preference, limitation, or discrimination.

20 42 U.S.C. § 3604(c).

21 42. Further, the regulations applicable to the Fair Housing Act provide a
22 definition for discriminatory notices, statements, and advertisements:

23 (3) selecting media or locations for advertising the sale or rental
24 of dwellings which deny particular segments of the housing
25 market information about housing opportunities because of race,
26 color, religion, sex, handicap, familial status, or national origin.

27 (4) Refusing to publish advertising for the sale or rental of
28 dwellings or requiring different charges or terms for such

1 advertising because of race, color, religion, sex, handicap,
2 familial status, or national origin.

3 24 C.F.R. § 100.75(c)(3).

4 43. Under the Act, it is unlawful to “represent to any person because of race,
5 color, religion, sex, handicap, familial status, or national origin that any dwelling is not
6 available for inspection, sale, or rental when such dwelling is in fact so available.” 42
7 U.S.C. § 3604(d).

8 44. The implementing regulations clarify that it is unlawful to “provide
9 inaccurate or untrue information about the availability of dwellings for sale or rental.” 24
10 C.F.R. § 100.80(a). This includes “limiting information, by word or conduct, regarding
11 suitably priced dwellings available for inspection, sale or rental, because of race, color,
12 religion, sex, handicap, familial status, or national origin.” 24 C.F.R. § 100.80(b)(4).

13 45. The Fair Housing Act renders it unlawful to:

14 [D]eny any person access to or membership or participation in
15 any multiple-listing service, real estate brokers’ organization or
16 other service, organization, or facility relating to the business of
17 selling or renting dwellings, or to discriminate against him in the
18 terms or conditions of such access, membership, or participation,
19 on account of race, color, religion, sex, handicap, familial status,
20 or national origin.

21 42 U.S.C. § 3606.

22 **RELEVANT BACKGROUND FACTS**

23 **A. Facebook, Inc.**

24 46. Facebook, Inc. is a technology and social networking company. It owns and
25 operates the world’s largest social media platform, including Facebook, Instagram,
26 Messenger, among others. Facebook also owns and develops software and technology.

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1 47. According to Facebook, “more than 2.7 billion people use at least one of our
2 family of services each month.” Company Info, Facebook Stats,
3 <https://newsroom.fb.com/company-info/> (last visited 8/14/19).

4 48. Facebook’s products and services “help people discover and learn about
5 what is going on in the world around them, enable people to share their opinions, ideas,
6 photos and videos, and other activities with audiences ranging from their closest friends
7 to the public at large, and stay connected everywhere by accessing [Facebook’s]
8 products.” *Facebook 2018 SEC Annual Report*, [https://s21.
9 q4cdn.com/399680738/files/doc_financials/annual_reports/2018-Annual-Report.pdf](https://s21.q4cdn.com/399680738/files/doc_financials/annual_reports/2018-Annual-Report.pdf), p.
10 8 (last visited 8/14/19).

11 49. Facebook collects vast amounts of data about its users, including:
12 information and content that users provide by signing in, creating or sharing content, and
13 messaging with others on Facebook platforms; information about people, pages,
14 accounts, and groups that users connect with and how users interact with them;
15 information about how users use Facebook’s platform, including the types of content a
16 user views and the duration of a user’s activity on Facebook’s platform; information
17 about transactions made on the Facebook platform, including purchases; and information
18 other users provide about a particular user through communications and interactions
19 between users. *See* [https:// www.facebook.com/policy.php](https://www.facebook.com/policy.php) (last visited 8/14/19).

20 50. According to a report in Fortune magazine, “when you sign up for a
21 Facebook account, you’re required to share: name, gender, date of birth, email or mobile
22 number.” (Fortune.com/2018/03/21/Facebook-personaldata-cambridgeanalytics) (last
23 visited 8/14/19). From there, Facebook gathers and stores additional personal data, which
24 can be used to target ads to its users. *Id.* Facebook gathers and stores data about: every
25 ad users’ click on; any additional personal information added to the users’ profile; every
26 IP address used to log in to Facebook; every friend and deleted friend in users’ network;
27 and all of the users’ activity (stored in Facebook’s activity log). *Id.*

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1 51. Facebook uses the data about its users to in a variety of ways. One such use
2 is to personalize and target advertisements to its users based on users' characteristics
3 garnered from the data Facebook collects.

4 **B. Facebook's Advertising Platform**

5 52. In addition to its business as a technology and social networking company,
6 Facebook is in the advertising business.

7 53. In fact, Facebook generates "substantially all" of its revenue from selling
8 advertisements. *Facebook 2018 SEC Annual Report*, [https://s21.q4cdn.com](https://s21.q4cdn.com/399680738/files/doc_financials/annual_reports/2018-Annual-Report.pdf)
9 [/399680738/files/doc_financials/annual_reports/2018-Annual-Report.pdf](https://s21.q4cdn.com/399680738/files/doc_financials/annual_reports/2018-Annual-Report.pdf), p. 12. In
10 2018, Facebook generated \$55.01 billion in advertising revenue out of \$55.84 billion in
11 total revenue. *Facebook 2018 SEC Annual Report*, p. 38. In 2017, Facebook generated
12 \$39.94 billion in advertising revenue out of \$40.65 billion total revenue. *Facebook 2017*
13 *SEC Annual Report*, [https://s21.q4cdn.com/399680738/files/](https://s21.q4cdn.com/399680738/files/doc_financials/annual_reports/FB_AR_2017_FINAL.pdf)
14 [doc_financials/annual_reports/FB_AR_2017_FINAL.pdf](https://s21.q4cdn.com/399680738/files/doc_financials/annual_reports/FB_AR_2017_FINAL.pdf), p. 36 (last visited 8/14/19).

15 54. Facebook does not merely publish advertisements for a fee on its websites
16 and applications. Rather, Facebook is integrally involved in both the creation and
17 publication of advertisements on its platforms.

18 55. Facebook collects millions of data points about its users, draws inferences
19 about each user based on this data, and then charges advertisers for the ability to micro
20 target ads to users based on Facebook's inferences about them. These ads are then shown
21 to users across the web and in mobile applications. Facebook promotes and distinguishes
22 its advertising platform by proclaiming that "most online advertising tools have limited
23 targeting options . . . like location, age, gender, interests and potentially a few others. . . .
24 But Facebook is different. People on Facebook share their true identities, interests, life
25 events and more."² As Facebook explains, its advertising platform enables advertisers

26
27 ² Facebook Business, *Your Guide to Digital Advertising*,
28 www.facebook.com/business/help/1029863103720320?helpref=uf_permalink
(visited August 16, 2019).

1 to “[r]each people based on . . . zipcode . . . age and gender . . . specific languages . . . the
2 interests they’ve shared, their activities, the Pages they’ve like[d] . . . [their] purchase
3 behaviors or intents, device usage and more.”³ Thus, Facebook “use[s] location-related
4 information-such as your current location, where you live, the places you like to go, and
5 the businesses and people you’re near to provide, personalize and improve our Products,
6 including ads, for you and others.”⁴

7 56. Advertisers pay Facebook to show targeted ads to users on Facebook, among
8 other platforms. Targeted ads are generally placed through a platform called Ads
9 Manager.

10 57. Facebook holds out its advertising platform as a powerful resource for
11 advertisers in many industries, including housing and housing-related services. For
12 example, Facebook promotes its advertising platform with “success stories,” including
13 stories from a housing developer, a real estate agency, a mortgage lender, a real-estate-
14 focused marketing agency, and a search tool for rental housing.

15 **i. How Facebook’s Advertising Platform Works**

16 **a. *Facebook Collects User Data***

17 58. Facebook collects and extracts data about its users’ demographics, interests,
18 and behavior both on and off Facebook’s platform, including the pages that a user and a
19 user’s friends like, information from a user’s Facebook and Instagram profiles; a user’s
20 activities with businesses not affiliated with Facebook, including purchases and emails;
21 a user’s activity on other websites and apps; and a user’s location. [https://
22 www.facebook.com/about/ads](https://www.facebook.com/about/ads) (last visited 8/14/19).

23
24
25 ³ Facebook Business, *Your Guide to Digital Advertising*,
26 www.facebook.com/business/help/1029863103720320?helpref=uf_permalink
(visited August 16, 2019).

27 ⁴ Facebook Business, *Your Guide to Digital Advertising*,
28 www.facebook.com/business/help/1029863103720320?helpref=uf_permalink
(visited August 16, 2019).

1 59. Indeed, Facebook’s website provides information to its users or prospective
2 users as to how ads are targeted.

3 **Why you see a particular ad**

4 Our ad system prioritizes what ad to show you based on what advertisers
5 tell us their desired audience is, and we then match it to people who
6 might be interested in that ad. This means we can show you relevant
7 and useful ads without advertisers learning who you are. We don’t sell
8 any individual data that could identify you, like your name.

9
10 When an advertiser wants to reach...

11 **Bike enthusiasts**

12 Between **18 – 35** years old

13 **Female**

14 Within **20 miles** of my store

15 Interested in **bicycling**

16 **Mobile** users
17

18
19 We show their ad to people like...

20 **Facebook user**

21
22 **30** years old

23 **Female**

24 **Menlo Pak, CA**

25 Interested in **bicycling**, movies,
26 cooking

27 **iPhone user**, car shopper, gamer
28

www.facebook.com/about/ads (last visited 8/14/19).

1 60. “We use the information we have (including your activity off our Products,
2 such as the websites you visit and the ads you see) to help advertisers and other partners
3 measure the effectiveness and distribution of their ads and services...” *Data Policy*,
4 Facebook, <https://www.facebook.com/policy.php>. (last visited 8/15/19)

5 ***b. Facebook Creates and Assigns Categories Using Data***

6 61. Upon information and belief, Facebook evaluates, analyzes, and processes
7 the user data to create thousands of different categories, which are based on information
8 that users have provided to Facebook and on information that Facebook has inferred from
9 the user’s actions and behaviors. Louise Matsakis, *Facebook’s Targeted Ads Are More*
10 *Complex Than It Lets On*, *Wired* (April 25, 2018),
11 <https://www.wired.com/story/facebooks-targeted-ads-are-more-complex-than-it-lets-on/>

12 62. Then Facebook assigns applicable categories to each user. Julia Angwin, et
13 al, *Facebook Doesn’t Tell Users Everything It Really Knows About Them*, *ProPublica*,
14 (Dec. 27, 2016), <https://www.propublica.org/article/facebook-doesnt-tell-users-everything-it-really-knows-about-them> (Clarification January 24, 2017).

15 63. These categories include age, ethnic affinity, sex, race, geographic location,
16 marital status, personality type, and thousands of other interests.

17 ***c. Advertisers Use Facebook’s Tools to Target Their Audience***

18 64. Facebook sells advertisers the ability to target advertisements to people who,
19 according to Facebook’s assessment of the data it collects, share certain personal
20 attributes and/or are likely to respond to a particular ad. Users may disclose some data
21 about themselves when they set up their profiles, such as name and gender. However,
22 users disclose most of this data unwittingly through the actions they, and those associated
23 with them, take, on and off of Facebook’s platforms.

24 65. Advertisers are directed to first choose their objective by answering, “what’s
25 the most important outcome I want from this ad?” *Here’s How to Create a Facebook Ad*,
26 Facebook, <https://www.facebook.com/business/ads> (last visited 8-15-19).

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28 ///

1 66. Facebook then instructs advertisers to select their audience: “Using what you
2 know about the people you want to reach – like age, location, and other details – choose
3 the demographics, interests and behaviors that best represent your audience.” *Here’s How*
4 *to Create a Facebook Ad*, Facebook, <https://www.facebook.com/business/ads> (last
5 visited 8/15/19).

6 67. In the ad targeting phase, Facebook provides the advertiser with a variety of
7 tools for selecting an ad’s “eligible audience.” In other words, the advertiser can specify
8 attributes that the users who will be shown the ad must have and attributes that users who
9 will be shown the ad must not have. Second, in the ad delivery phase, Facebook selects
10 the ad’s “actual audience,” meaning Facebook chooses which users will actually be
11 shown the ad from among the pool of eligible users.

12 68. During the ad targeting phase, Facebook provides an advertiser with tools to
13 define which users, or which types of users, the advertiser would like to see an ad.
14 Facebook has provided a toggle button that enables advertisers to exclude men or women
15 from seeing an ad, a search-box to exclude people who do not speak a specific language
16 from seeing an ad, and a map tool to exclude people who live in a specified area from
17 seeing an ad by drawing a red line around that area. Facebook also provides drop-down
18 menus and search boxes to exclude or include (i.e., limit the audience of an ad exclusively
19 to) people who share specified attributes. Facebook has offered advertisers hundreds of
20 thousands of attributes from which to choose, for example to exclude “women in the
21 workforce,” “moms of grade school kids,” “foreigners,” “Puerto Rico Islanders,” or
22 people interested in “parenting,” “accessibility,” “service animal,” “Hijab Fashion,” or
23 “Hispanic Culture.” Facebook also has offered advertisers the ability to limit the audience
24 of an ad by selecting to include only those classified as, for example, “Christian” or
25 “Childfree.”

26 69. Advertisers are offered three different Facebook tools to assist them in
27 targeting their audience with greater degrees of specificity: Facebook Core Target
28

1 Audiences, Facebook Custom Audiences, and Lookalike Audiences. See
2 <https://www.facebook.com/business/ads/ad-targeting> (last visited 8/15/19).

3 70. These tools empower advertisers to target audiences by Facebook's pre-
4 determined categories and enable advertisers to include or exclude certain categories
5 from their audiences. See [https://business.facebook.com/ads/audience-](https://business.facebook.com/ads/audience-insights/people?act=1006195749575790&business_id=838507093214687&age=18-)
6 [insights/people?act=1006195749575790&business_id=838507093214687&age=18-](https://business.facebook.com/ads/audience-insights/people?act=1006195749575790&business_id=838507093214687&age=18-)
7 [&country=US](https://business.facebook.com/ads/audience-insights/people?act=1006195749575790&business_id=838507093214687&age=18-). (last visited 8/15/19)

8 71. Facebook enables advertisers to exclude categories of people from viewing
9 advertisements based on the categories Facebook has created by extracting user data and
10 making inferences about those users.

11 72. Advertisers are also permitted to draw a line around a geographic area that
12 it wishes to include or exclude from its audience. Once an advertiser has selected its target
13 audience, it submits its ad to Facebook for approval. Upon approval, Facebook publishes
14 the advertisement pursuant to the advertiser's directives.

15 73. During the ad delivery phase, Facebook selects from among the users
16 eligible to see an ad which users will actually see it. Facebook bases this decision in large
17 part on the inferences and predictions it draws about each user's likelihood to respond to
18 an ad based on the data it has about that user, the data it has about other users whom it
19 considers to resemble that user, and the data it has about "friends" and other associates
20 of that user. To decide which users will see an ad, Facebook considers sex and close
21 proxies for the other protected classes. Such proxies can include which pages a user visits,
22 which apps a user has, where a user goes during the day, and the purchases a user makes
23 on and offline.

24 74. Upon information and belief, Facebook alone, not the advertiser, determines
25 which users will constitute the "actual audience" for each ad.

26 75. Facebook charges its advertisers different prices to show the same ad to
27 different users. The price to show an ad to a given user is based, in large part, on how
28 likely Facebook believes that user is to interact with the particular ad. To decide how an

1 ad will be priced for each user, Facebook considers sex and close proxies for the other
2 protected classes. Such proxies can include which pages a user visits, which apps a user
3 has, where a user goes during the day, and the purchases a user makes on and offline.
4 Facebook alone sets the price the advertiser will pay to have Facebook show each ad to
5 each user. Furthermore, Facebook uses the pricing differentials it sets to determine which
6 users will see which ads rather than allowing advertisers to make that decision. As
7 Facebook explains, “If there are more and cheaper opportunities among men than women,
8 then we’d automatically spend more of [an advertiser’s] overall budget on the men.”⁵

9 **C. Facebook’s Discriminatory Housing Advertisements**

10 76. Upon information and belief, Facebook has approved advertisements which
11 exclude (or include) categories of protected classes, including sex, age, race or skin color,
12 or geographic boundaries which effectively discriminate in a similar manner.

13 77. When an advertiser excludes a specific category from its audience and
14 Facebook publishes its advertisement, Facebook ensures that the advertisement is not
15 visible to anyone that it has characterized as belonging to that specific category.

16 78. Upon information and belief, as recently as 2019, Facebook mined user data
17 to create categories of users defined by race or skin color *other than white* and permitted
18 advertisers to exclude those categories from the audience of housing advertisements. *See*
19 <https://nationalfairhousing.org/facebook-settlement/> (last visited 8/15/19)

20 79. Upon information and belief, Facebook approved and published housing
21 advertisements which excluded African Americans from the audience. *See, e.g.,* Julia
22 Angwin, et al, *Facebook (Still) Letting Housing Advertisers Exclude Users By Race*,
23 ProPublica, (November 21, 2017), [https://www.propublica.org/article/facebook-](https://www.propublica.org/article/facebook-advertising-discrimination-housing-race-sex-national-origin)
24 [advertising-discrimination-housing-race-sex-national-origin](https://www.propublica.org/article/facebook-advertising-discrimination-housing-race-sex-national-origin) (last visited 8/15/19).

25
26
27 ⁵ *Facebook, Why did my cost per result go up when I increased my budget?*
28 [https://web.archive.org/web/20160930124257/https://www.facebook.com/business/help?pref=faq_content] (archived on Sep. 30, 2016 by The Internet Archive).

1 Specifically, on or about November 14, 2017, ProPublica purchased dozens of rental
2 housing ads on Facebook and requested that these ads “not be shown to certain categories
3 of users, such as African American, mothers of high school kids, people interested in
4 wheelchair ramps, Jews, expats from Argentina and Spanish speakers.” *Id.* “Every single
5 ad was approved within minutes.” *Id.* An additional ProPublica ad, which sought to
6 exclude potential renters “interested in Islam, Sunni Islam and Shia Islam” took 22
7 minutes to approve. *Id.*

8 80. Upon information and belief, Facebook approved and published housing
9 advertisements for sale and rental properties which excluded African Americans and
10 single parents and/or that were based on sex, familial status and other protected classes
11 from the ad’s target audience.

12 81. Upon information and belief, Facebook continues to publish certain
13 advertisements which exclude users based on protected classes under the Fair Housing
14 Act. By way of example, Facebook continues to publish advertisements that exclude
15 African Americans from a target audience for advertisements for the availability of
16 housing.

17 82. Facebook’s conduct results in certain audiences receiving ads about
18 availability of housing for sale or rental, while users in certain protected classes do not
19 receive such ads.

20 83. Facebook’s conduct prevents Plaintiffs and the putative class from receiving
21 advertisements for the sale or rental of available housing.

22 84. Facebook’s conduct violates the Fair Housing Act of 1968, which prohibits
23 the publication of advertisements which discriminate against a protected class.

24 85. As a direct and proximate result of Facebook’s discriminatory practices
25 described herein, Plaintiffs have suffered and will continue to suffer damages and
26 ongoing violations of their civil rights under the Fair Housing Act.

27 ///

28 ///

1 **COUNT I – VIOLATION OF 42 U.S.C. § 3604(A)**

2 86. Plaintiffs incorporate by reference all preceding paragraphs as set forth
3 herein.

4 87. The housing advertised on the Facebook platforms for rent or sale are
5 “dwellings” as defined by the Fair Housing Act, 42 U.S.C. § 3602(b).

6 88. Facebook’s extraction of user data and creation of discriminatory categories
7 which it provides to advertisers for use in connection with advertisements published on
8 Facebook’s platforms has discriminated against and continues to discriminate against
9 Plaintiffs and the class they seek to represent, by making unavailable or denying a
10 dwelling to any person based on race or other protected classes 42 U.S.C. § 3604(a).

11 89. Plaintiffs are “aggrieved person(s)” as defined by the Fair Housing Act, 42
12 U.S.C. § 3602(i), and have sustained damages as a direct and proximate result of
13 Defendant’s unlawful discriminatory conduct.

14 90. As such, Plaintiffs are entitled to actual, statutory, and punitive damages,
15 injunctive relief, and reasonable attorneys’ fees and costs pursuant to 42 U.S.C. § 3613(c).

16 **COUNT II – VIOLATION OF 42 U.S.C. § 3604(C)**

17 91. Plaintiffs incorporate by reference all preceding paragraphs as set forth
18 herein.

19 92. The housing advertised for rent or sale on Facebook’s platforms constitute
20 “dwellings” as defined by the Fair Housing Act, 42 U.S.C. § 3602(b).

21 93. Facebook’s extraction of user data and creation of discriminatory categories
22 which it provides to advertisers for use in connection with advertisements published on
23 Facebook’s platforms has discriminated against and continues to discriminate against
24 Plaintiffs by making, printing, publishing, or causing to be made, printed, or published
25 any notice, statement, or advertisement, with respect to the sale or rental of a dwelling
26 that indicates any preference, limitation or discrimination based on, among other things,
27 race, or an intention to make any such preference, limitation, or discrimination. 42 U.S.C.
28 § 3604(c).

1 94. Plaintiffs and the class they seek to represent are “aggrieved person(s)” as
2 defined by the Fair Housing Act, 42 U.S.C. § 3602(i), and have sustained damages as a
3 direct and proximate result of Defendant’s unlawful discriminatory conduct.

4 95. As such, Plaintiffs are entitled to actual, statutory, and punitive damages,
5 injunctive relief, and reasonable attorneys’ fees and costs pursuant to 42 U.S.C. § 3613(c).

6 **COUNT III – VIOLATION OF 42 U.S.C. § 3604(D)**

7 96. Plaintiffs incorporate by reference all preceding paragraphs as set forth
8 herein.

9 97. The housing advertised for rent or sale on Facebook’s platforms constitute
10 “dwellings” as defined by the Fair Housing Act, 42 U.S.C. § 3602(b).

11 98. Facebook’s extraction of user data and creation of discriminatory categories
12 which it provides to advertisers for use in connection with advertisements published on
13 Facebook’s platforms has discriminated against and continues to discriminate against
14 Plaintiffs and the class they seek to represent by representing to any person because of,
15 among other things, race, that any dwelling is not available for inspection, sale, or rental
16 when such dwelling is in fact so available. 42 U.S.C. § 3604(d).

17 99. Plaintiffs are “aggrieved person(s)” as defined by the Fair Housing Act, 42
18 U.S.C. § 3602(i), and has sustained damages as a direct and proximate result of
19 Defendant’s unlawful discriminatory conduct.

20 100. As such, Plaintiffs are entitled to actual, statutory, and punitive damages,
21 injunctive relief, and reasonable attorneys’ fees and costs pursuant to 42 U.S.C. § 3613(c).

22 **COUNT IV – VIOLATION OF 42 U.S.C. § 3606**

23 101. Plaintiffs incorporate by reference all preceding paragraphs as set forth
24 herein.

25 102. The housing advertised for rent or sale on Facebook’s platforms constitute
26 “dwellings” as defined by the Fair Housing Act, 42 U.S.C. § 3602(b).

27 103. Facebook’s extraction of user data and creation of discriminatory categories
28 which it provides to advertisers for use in connection with advertisements published on

1 Facebook's platforms has discriminated against and continues to discriminate against
2 Plaintiffs and the class they seek to represent by denying any person access to or
3 participation in any service relating to the business of selling or renting dwellings and
4 discriminating against Plaintiffs in the terms or conditions of such access or participation
5 on the basis of race, among other things. 42 U.S.C. § 3606.

6 104. Facebook provides a service relating to the business of selling or renting
7 dwellings through its advertising platform and prevents Plaintiffs from participation in or
8 access to these services.

9 105. Plaintiffs are "aggrieved persons" as defined by the Fair Housing Act, 42
10 U.S.C. § 3602(i), and have sustained damages as a direct and proximate result of
11 Defendant's unlawful discriminatory conduct.

12 106. As such, Plaintiffs are entitled to actual, statutory, and punitive damages,
13 injunctive relief, and reasonable attorneys' fees and costs pursuant to 42 U.S.C. § 3613(c).

14 **PRAYER FOR RELIEF**

15 WHEREFORE, Plaintiffs and the class they seek to represent respectfully request
16 that this Honorable Court enter judgment in their favor and grant them the following relief:

17 a. Declaring that Defendant's discriminatory policies and practices violate the
18 Fair Housing Act, 42 U.S.C. § 3601 *et seq*;

19 b. Enjoining Defendant and its subsidiaries, agents, and employees from
20 denying or withholding housing, or otherwise making housing unavailable on the basis
21 of race, national origin or other prohibited classifications;

22 c. Enjoining Defendant and its subsidiaries, agents, and employees from
23 making, printing, or publishing, or causing to be made, printed, or published any notice,
24 statement, or advertisement, with respect to the sale or rental of a dwelling that indicates
25 any preference, limitation, or discrimination on the basis of race, national origin or other
26 prohibited classifications;

27 d. Enjoining Defendant and its subsidiaries, agents, and employees from
28 representing to any person because of race, national origin or other prohibited

1 classifications that any dwelling is not available for sale, rental, or inspection, when such
2 dwelling is in fact so available;

3 e. Enjoining Defendant and its subsidiaries, agents, and employees from
4 denying any person access to Facebook's services relating to the business of selling or
5 renting dwellings, and discriminating against such persons in the terms or conditions of
6 such access or participation on the basis of race, national origin or other prohibited
7 classifications;

8 f. Actual, statutory, and punitive damages to which Plaintiffs are entitled;

9 g. Reasonable attorneys' fees, costs, and expenses incurred in prosecuting this
10 action;

11 h. Any other appropriate legal, equitable, and injunctive relief.

12
13 Respectfully Submitted,

14 Dated: August 16, 2019

Schonbrun Seplow Harris & Hoffman LLP

15
16 By: /s/ Michael D. Seplow
17 Michael D. Seplow
18 Wilmer Harris
Aidan C. McGlaze

19 **MANTESE HONIGMAN, P.C.**

20 Gerard V. Mantese
21 David Honigman
Kathryn Eisenstein

22 **HERTZ SCHRAM PC**

23 Patricia A. Stamler
24 Elizabeth Thomson
25 Matthew Turchyn

26 *Attorneys for Plaintiffs/Proposed Class Members.*

JURY DEMAND

Plaintiffs request trial by jury on all claims.

Dated: August 16, 2019

Schonbrun Seplow Harris & Hoffman LLP

By: /s/ Michael D. Seplow

Michael D. Seplow

Wilmer Harris

Aidan C. McGlaze

MANTESE HONIGMAN, P.C.

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EXHIBIT 1

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF ADMINISTRATIVE LAW JUDGES

_____)	
The Secretary, United States)	
Department of Housing and Urban)	
Development, on behalf of Complainant)	
Assistant Secretary for Fair Housing and Equal)	
Opportunity,)	
)	
Charging Party,)	HUD ALJ No.
)	FHEO No. 01-18-0323-8
)	
v.)	
)	
Facebook, Inc.,)	
)	
Respondent)	
_____)	

CHARGE OF DISCRIMINATION

I. JURISDICTION

On August 13, 2018, the Assistant Secretary for Fair Housing and Equal Opportunity (“Assistant Secretary”) filed a timely complaint with the Department of Housing and Urban Development (“HUD” or the “Department”) alleging that Respondent violated subsections 804(a), 804(b), 804(c) and 804(f) of the Fair Housing Act, 42 U.S.C. §§ 3601-19 (“Act”), by discriminating because of race, color, religion, sex, familial status, national origin and disability.

The Act authorizes the Secretary of HUD to issue a Charge of Discrimination (“Charge”) on behalf of aggrieved persons following an investigation and a determination that reasonable cause exists to believe that a discriminatory housing practice has occurred. *See* 42 U.S.C. § 3610(g)(1), (2). The Secretary has delegated that authority to the General Counsel, 24 C.F.R. §§ 103.400, 103.405, who has re-delegated that authority to the Associate General Counsel for Fair Housing and the Assistant General Counsel for Fair Housing Enforcement. 76 Fed. Reg. 42,463, 42,465 (July 18, 2011).

By a Determination of Reasonable Cause issued contemporaneously with this Charge of Discrimination, the Director of the Office of Systemic Investigations in the Office of Fair Housing and Equal Opportunity has determined that reasonable cause exists to believe that a discriminatory housing practice has occurred and has authorized and directed the issuance of this Charge. 42 U.S.C. § 3610(g)(2).

II. SUMMARY OF FINDINGS IN SUPPORT OF THIS CHARGE

Based on HUD's investigation of the allegations contained in the aforementioned complaint and the Determination of Reasonable Cause, Respondent is hereby charged with violating the Act as follows:

A. Legal Authority

1. It is unlawful to make unavailable or deny a dwelling to any person because of race, color, religion, sex, familial status, national origin or disability. 42 U.S.C. § 3604(a), (f)(1); 24 C.F.R. § 100.50(b)(1), (3); 24 C.F.R. § 100.60(a); 24 C.F.R. § 100.70(b); 24 C.F.R. § 100.202(a).
2. It is unlawful to discriminate against any person in the terms, conditions, or privileges of the sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status, national origin or disability. 42 U.S.C. § 3604(b), (f)(2); 24 C.F.R. § 100.50(b)(2); 24 C.F.R. § 100.65(a); 24 C.F.R. § 100.70(b); 24 C.F.R. § 100.202(b).
3. It is unlawful to make, print, or publish, or cause to be made, printed, or published, any notice, statement, or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, religion, sex, familial status, national origin or disability, or that indicates an intention to make such a distinction. 42 U.S.C. § 3604(c); 24 C.F.R. § 100.75(a), (b), (c)(1). Such unlawful activity includes “[s]electing media or locations for advertising the sale or rental of dwellings which deny a particular segment of the housing market information about housing opportunities because of race, color, religion, sex, handicap, familial status, or national origin.” 24 C.F.R. § 100.75(c)(3). Such unlawful activity also includes “[r]efusing to publish advertising for the sale or rental of dwellings or requiring different charges or terms for such advertising because of race, color, religion, sex, handicap, familial status, or national origin.” 24 C.F.R. § 100.75(c)(4).

B. Parties

4. Complainant Assistant Secretary is authorized to file a complaint of discrimination under the Act on behalf of the Secretary of HUD. 42 U.S.C. § 3610(a); 24 C.F.R. § 103.204(a).
5. Respondent Facebook, Inc., is incorporated in Delaware with headquarters in Menlo Park, California. Respondent is the second largest online advertiser in the United States and is responsible for approximately twenty percent of all online advertising nationwide.
6. Respondent operates Facebook and Instagram, two of the most widely used social media platforms in the United States. Facebook has approximately 221 million active users in the United States and over two billion active users globally, while Instagram has approximately 114 million active users in the United States and over one billion active users globally, with active user defined as someone who uses the platform at least once per month. Respondent also operates Messenger, a messaging tool and platform that can be accessed from within Facebook

or through a standalone website and mobile application. In addition, Respondent has created an “Audience Network,” which is comprised of thousands of websites and mobile applications that are operated by third parties but on which Respondent displays targeted ads.

C. Factual Allegations

7. Respondent collects millions of data points about its users, draws inferences about each user based on this data, and then charges advertisers for the ability to microtarget ads to users based on Respondent’s inferences about them. These ads are then shown to users across the web and in mobile applications. Respondent promotes and distinguishes its advertising platform by proclaiming that “most online advertising tools have limited targeting options . . . like location, age, gender, interests and potentially a few others. . . . But Facebook is different. People on Facebook share their true identities, interests, life events and more.”¹ As Respondent explains, its advertising platform enables advertisers to “[r]each people based on . . . zipcode . . . age and gender . . . specific languages . . . the interests they’ve shared, their activities, the Pages they’ve like[d] . . . [their] purchase behaviors or intents, device usage and more.”² Thus, Respondent “use[s] location-related information—such as your current location, where you live, the places you like to go, and the businesses and people you’re near to provide, personalize and improve our Products, including ads, for you and others.”³

8. Advertisers pay Respondent to show targeted ads to users on Facebook, Instagram, and Messenger, and on Respondent’s Audience Network. Targeted ads are generally placed through a single advertising platform called Ads Manager regardless of where the ads will be shown to users.

9. Respondent holds out its advertising platform as a powerful resource for advertisers in many industries, including housing and housing-related services. For example, Respondent promotes its advertising platform with “success stories,” including stories from a housing developer, a real estate agency, a mortgage lender, a real-estate-focused marketing agency, and a search tool for rental housing.

10. Respondent’s advertising platform is actively being used for housing-related ads. Such ads include ads for mortgages from large national lenders, ads for rental housing from large real estate listing services, and ads for specific houses for sale from real estate agents.

11. Because of the way Respondent designed its advertising platform, ads for housing and housing-related services are shown to large audiences that are severely biased based on characteristics protected by the Act, such as audiences of tens of thousands of users that are nearly all men or nearly all women.

¹ Facebook Business, *Your Guide to Digital Advertising*, www.facebook.com/business/help/1029863103720320?helpref=uf_permalink (visited Mar. 27, 2019).

² Facebook Business, *Your Guide to Digital Advertising*, www.facebook.com/business/help/1029863103720320?helpref=uf_permalink (visited Mar. 27, 2019).

³ Facebook, *Data Policy* (Apr. 19, 2018), www.facebook.com/privacy/explanation/.

12. Respondent sells advertisers the ability to target advertisements to people who, according to Respondent's assessment of the data it collects, share certain personal attributes and/or are likely to respond to a particular ad. Users may disclose some data about themselves when they set up their profiles, such as name and gender. However, users disclose most of this data unwittingly through the actions they, and those associated with them, take on and off of Respondent's platforms.

13. Respondent determines which users will see an ad through a two-phase process. First, in the ad targeting phase, Respondent provides the advertiser with a variety of tools for selecting an ad's "eligible audience." In other words, the advertiser can specify attributes that the users who will be shown the ad must have and attributes that users who will be shown the ad must not have. Second, in the ad delivery phase, Respondent selects the ad's "actual audience," meaning Respondent chooses which users will actually be shown the ad from among the pool of eligible users.

14. During the ad targeting phase, Respondent provides an advertiser with tools to define which users, or which types of users, the advertiser would like to see an ad. Respondent has provided a toggle button that enables advertisers to exclude men or women from seeing an ad, a search-box to exclude people who do not speak a specific language from seeing an ad, and a map tool to exclude people who live in a specified area from seeing an ad by drawing a red line around that area. Respondent also provides drop-down menus and search boxes to exclude or include (i.e., limit the audience of an ad exclusively to) people who share specified attributes. Respondent has offered advertisers hundreds of thousands of attributes from which to choose, for example to exclude "women in the workforce," "moms of grade school kids," "foreigners," "Puerto Rico Islanders," or people interested in "parenting," "accessibility," "service animal," "Hijab Fashion," or "Hispanic Culture." Respondent also has offered advertisers the ability to limit the audience of an ad by selecting to include only those classified as, for example, "Christian" or "Childfree."

15. During this first phase, Respondent also provides a tool called Custom Audiences, which enables an advertiser to use a list of specific people whom the advertiser wants included in or excluded from the eligible audience for an ad. The advertiser can do this by uploading the personal information of its customers, or by having Respondent generate a list of people who have engaged with the advertiser's content on Facebook or Instagram, on other websites, in a mobile application, or offline.

16. Facebook offers a variant of its Custom Audiences tool called Lookalike Audiences. If an advertiser selects this option, the platform directs the advertiser to pick a Custom Audience that represents the advertiser's "best existing customers." Respondent then identifies users who share "common qualities" with those customers, and these users become the ad's eligible audience. To generate a Lookalike Audience, Respondent considers sex and close proxies for the other protected classes. Such proxies can include which pages a user visits, which apps a user has, where a user goes during the day, and the purchases a user makes on and offline. Respondent alone, not the advertiser, determines which users will be included in a Lookalike Audience.

17. During the second phase, the ad delivery phase, Respondent selects from among the users eligible to see an ad which users will actually see it. Respondent bases this decision in large part on the inferences and predictions it draws about each user's likelihood to respond to an ad based on the data it has about that user, the data it has about other users whom it considers to resemble that user, and the data it has about "friends" and other associates of that user. To decide which users will see an ad, Respondent considers sex and close proxies for the other protected classes. Such proxies can include which pages a user visits, which apps a user has, where a user goes during the day, and the purchases a user makes on and offline. Respondent alone, not the advertiser, determines which users will constitute the "actual audience" for each ad.

18. Respondent charges advertisers different prices to show the same ad to different users. The price to show an ad to a given user is based, in large part, on how likely Respondent believes that user is to interact with the particular ad. To decide how an ad will be priced for each user, Respondent considers sex and close proxies for the other protected classes. Such proxies can include which pages a user visits, which apps a user has, where a user goes during the day, and the purchases a user makes on and offline. Respondent alone sets the price the advertiser will pay to have Respondent show each ad to each user. Furthermore, Respondent uses the pricing differentials it sets to determine which users will see which ads rather than allowing advertisers to make that decision. As Respondent explains, "If there are more and cheaper opportunities among men than women, then we'd automatically spend more of [an advertiser's] overall budget on the men."⁴

19. Respondent's ad delivery system prevents advertisers who want to reach a broad audience of users from doing so. Even if an advertiser tries to target an audience that broadly spans protected class groups, Respondent's ad delivery system will not show the ad to a diverse audience if the system considers users with particular characteristics most likely to engage with the ad. If the advertiser tries to avoid this problem by specifically targeting an unrepresented group, the ad delivery system will still not deliver the ad to those users, and it may not deliver the ad at all. This is so because Respondent structured its ad delivery system such that it generally will not deliver an ad to users whom the system determines are unlikely to engage with the ad, even if the advertiser explicitly wants to reach those users regardless.

20. To group users by shared attributes, to create a Lookalike Audience, to determine an ad's "actual audience" during the ad delivery phase, and to price each ad for each user, Respondent combines the data it has about user attributes and behavior on its platforms with data it obtains about user behavior on other websites and in the non-digital world. Respondent then uses machine learning and other prediction techniques to classify and group users so as to project each user's likely response to a given ad. In doing so, Respondent inevitably recreates groupings defined by their protected class. For example, the top Facebook pages users "like" vary sharply by their protected class, according to Respondent's "Audience Insights" tool. Therefore, by grouping users who "like" similar pages (unrelated to housing) and presuming a shared interest

⁴ Facebook, *Why did my cost per result go up when I increased my budget*, [https://web.archive.org/web/20160930124257/https://www.facebook.com/business/help/934288416682198?helpref=faq_content] (archived on Sep. 30, 2016 by The Internet Archive).

or disinterest in housing-related advertisements, Respondent's mechanisms function just like an advertiser who intentionally targets or excludes users based on their protected class.

D. Legal Allegations

21. As described above, Respondent discriminated by making dwellings unavailable because of race, color, religion, sex, familial status, national origin or disability. 42 U.S.C. § 3604(a), (f)(1); 24 C.F.R. § 100.50(b)(1), (3); 24 C.F.R. § 100.60(a); 24 C.F.R. § 100.70(b); 24 C.F.R. § 100.202(a).

22. As described above, Respondent discriminated in the terms, conditions, or privileges of the sale or rental of dwellings because of race, color, religion, sex, familial status, national origin or disability. 42 U.S.C. § 3604(b), (f)(2); 24 C.F.R. § 100.50(b)(2); 24 C.F.R. § 100.65(a); 24 C.F.R. § 100.70(b); 24 C.F.R. § 100.202(b).

23. As described above, Respondent made, printed, or published – or caused to be made, printed, or published – notices, statements, or advertisements with respect to the sale or rental of dwellings that indicated preferences, limitations, or discrimination because of race, color, religion, sex, familial status, national origin or disability, or that indicated an intention to make such a distinction. 42 U.S.C. § 3604(c); 24 C.F.R. § 100.75(a), (b), (c)(1).

24. As described above, Respondent selected media or locations for advertising the sale or rental of dwellings that denied persons information about housing opportunities because of race, color, religion, sex, familial status, national origin or disability. 24 C.F.R. § 100.75(c)(3).

25. As described above, Respondent refused to publish advertising for the sale or rental of dwellings because of race, color, religion, sex, familial status, national origin or disability. 24 C.F.R. § 100.75(c)(4).

26. As described above, Respondent required different charges or terms for advertising the sale or rental of dwellings because of race, color, religion, sex, familial status, national origin and disability. 24 C.F.R. § 100.75(c)(4).

III. CONCLUSION

WHEREFORE, the Secretary of the United States Department of Housing and Urban Development, through the Office of the General Counsel, and pursuant to 42 U.S.C. § 3610(g)(2)(A), hereby charges Respondent with engaging in discriminatory housing practices in violation of 42 U.S.C. § 3604(a), (b), (c) and (f), and prays that an order be issued that:

1. Declares that the discriminatory housing practices of Respondent, as set forth above, violate the Fair Housing Act, 42 U.S.C. §§ 3601-19;

2. Enjoins Respondent and its agents, employees, successors, and all other persons in active concert or participation with it, from discriminating because of race, color, religion, sex, familial status, national origin or disability in any aspect of the sale, rental, use, marketing, or advertising of dwellings and related services pursuant to 42 U.S.C. § 3612(g)(3);

3. Requires Respondent's agents and employees to attend, at Respondent's cost, training that addresses the Fair Housing Act's prohibitions against discrimination in advertising;
4. Awards such damages pursuant to 42 U.S.C. § 3612(g)(3) as will fully compensate any aggrieved persons for any harm caused by Respondent's discriminatory conduct;
5. Awards the maximum civil penalty against Respondent for each violation of the Act, pursuant to 42 U.S.C. § 3612(g)(3) and 24 C.F.R. § 180.671; and
6. Awards such additional relief as may be appropriate under 42 U.S.C. § 3612(g)(3).

Respectfully submitted on this 28th day of March, 2019.

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ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Facebook's 'Facilitated Omission' of Protected Classes from Seeing Housing Ads is Discriminatory, Lawsuit Claims](#)
