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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

REVEAL CHAT HOLDCO LLC, a Delaware limited liability company, USA TECHNOLOGY AND MANAGEMENT SERVICES, INC. (d/b/a Lenddo USA), a Delaware corporation, CIR.CL, INC., a dissolved Delaware corporation, and BEEHIVE BIOMETRIC, INC., a dissolved Delaware corporation, Plaintiffs, v. FACEBOOK, INC., a Delaware corporation, Defendant.	Case No. 3:20-cv-363 **CLASS ACTION COMPLAINT** Jury Trial Demanded

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1. Plaintiffs allege the following on behalf of themselves and others similarly situated on information and belief based on the review of ***only public documents and information***. All references to internal Facebook documents are ***exclusively*** to those published by news organizations and other public sources, particularly NBC News.[1] Neither Plaintiffs nor the undersigned counsel viewed or received, or even had access to, any confidential information about Facebook at the time this complaint was filed.

INTRODUCTION

2. This action seeks to halt the most brazen, willful anticompetitive scheme in a generation—a scheme that verges on final, irreparable completion as of the date of this Complaint.

3. Facebook stands today as a paragon of unbridled market power. A company with unprecedented reach, Facebook collects and monetizes the activity of more than two billion active users around the world. Facebook's advertising juggernaut produces almost $55 billion in revenue in a year, and its founder and CEO, Mark Zuckerberg, enjoys incontestable control over the company and its board. Facebook owns some of the most valuable social networks other than Facebook itself, including Instagram and WhatsApp. As 2020 begins in earnest, Facebook has no serious rival in its key markets—nor any prospect of one.

4. It was not always so. In 2010, when Facebook defeated rivals MySpace and Friendster and emerged as the winner of the social network wars, the company was caught flatfooted by a new technology that threatened its dominance—smartphones.

5. Facebook's dominance had been fortified by powerful network effects—the more data it collected on users, the more attractive its social network became to users. As a result, a social data barrier to entry ("SDBE") emerged, protecting Facebook's business. This SDBE

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[1] As of the date of this complaint, NBC's documents were available at https://dataviz.nbcnews.com/projects/20191104-facebook-leaked-documents/as https://dataviz.nbcnews.com/projects/20191104-facebook-leaked-documents/assets/facebook-exhibits.pdfsets/facebook-sealed-exhibits.pdf; and https://dataviz.nbcnews.com/projects/20191104-facebook-leaked-documents/assets/facebook-exhibits.pdf.

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allowed Facebook to fend off a frontal assault by Google's polished social network, Google+. Google, with its massive resources and user base, failed to penetrate the SDBE, and Google abandoned the project after it was clear that users were not engaging on its platform.

6. Smartphones, however, were different. Significant advances in mobile technology allowed users to access the internet from any location, on user interfaces controlled by touch, providing a distinct experience from desktop or laptop computers. Special-purpose apps designed specifically for smart phones could not only access the Internet, but also users' address books—a ready-made social network from which apps could draw.

7. These apps had become direct competitors to Facebook, providing overlapping functionality such as messaging, photo sharing, dating, check-ins, and payments. Facebook failed to create its own viable mobile app, and by 2011, found its dominance threatened. Zuckerberg told *Fortune*, "[i]t was probably one of the biggest mistakes we've ever made." Facebook's own mobile app was buggy and slow, garnering one-star ratings in the Apple App Store and crashing more often than it worked.

8. This existential threat to Facebook's monopoly in social data and social advertising came as the company was barreling towards an initial public offering ("IPO") worth billions. Facebook had successfully built a developer platform upon which third-party developers could build social applications, driving engagement on Facebook's Platform and thereby Facebook's revenue. It was clear, however, that the very same Platform was providing Facebook's competitors with access to Facebook's network of users. Third-party developers began using Facebook's Platform in more novel and creative ways than Facebook itself was doing. Facebook found itself lagging behind these third-party social applications in the mobile arena.

9. With its market dominance in imminent danger, Facebook moved to extinguish the mobile threat, to obtain a sustaining foothold in the Social Data and Social Advertising Markets,[2]

[2] Defined terms are set forth elsewhere in the body of the Complaint.

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