

Antitrust Law Daily Wrap Up, CONSUMER PROTECTION NEWS: Zoom will update security measures to settle FTC charges, (Nov. 9, 2020)

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The video conferencing company, which has grown its user base to over 300 million users during the COVID-19 pandemic, allegedly misled its users about the level of information security it provided users.

Zoom Video Communications, Inc. has agreed to settle FTC charges that the video conferencing company misled users about the level of information security provided by its popular Zoom video conferencing app, the agency announced. The proposed consent order would require Zoom to significantly upgrade the information security it provides users in order to settle the allegations that the company engaged in a series of deceptive and unfair practices that undermined their security. Zoom has agreed to establish and implement a comprehensive security program, a prohibition on privacy and security misrepresentations, and other detailed and specific relief to protect its user base, which has skyrocketed 300 million during the COVID-19 pandemic (*In the Matter of Zoom Video Communications, Inc.*, FTC File No. 192 3167').

FTC's complaint. The FTC alleged in its [complaint](#) that, since at least 2016, Zoom misled users by touting that it offered "end-to-end, 256-bit encryption" to secure users' communications, when in fact it provided a lower level of security. In reality, the FTC alleges, Zoom maintained the cryptographic keys that could allow Zoom to access the content of its customers' meetings, and secured its Zoom Meetings, in part, with a lower level of encryption than promised.

Zoom's allegedly misleading claims gave users a false sense of security, especially for those who used the company's platform to discuss sensitive topics such as health and financial information, according to the agency. In numerous blog posts, Zoom specifically touted its level of encryption as a reason for customers and potential customers to use Zoom's videoconferencing services.

Zoom also allegedly misled some users who wanted to store recorded meetings on the company's cloud storage by falsely claiming that those meetings were encrypted immediately after the meeting ended. Instead, some recordings allegedly were stored unencrypted for up to 60 days on Zoom's servers before being transferred to its secure cloud storage. The FTC also alleged that the company compromised the security of some users when it secretly installed software, called a ZoomOpener web server, as part of a manual update for its Mac desktop application in July 2018. The agency alleges that Zoom's deployment of the ZoomOpener, without adequate notice or user consent, was unfair and violated the FTC Act. Apple removed the ZoomOpener web server from users' computers through an automatic update in July 2019.

Proposed settlement agreement. The proposed settlement agreement requires Zoom to take specific measures aimed at addressing the problems identified in the complaint, including:

- assess and document on an annual basis any potential internal and external security risks and develop ways to safeguard against such risks;
- implement a vulnerability management program;
- deploy safeguards such as multi-factor authentication to protect against unauthorized access to its network;
- institute data deletion controls and take steps to prevent the use of known compromised user credentials; and
- obtain initial and biennial assessments of its security program by a qualified, objective, independent professional, subject to FTC approval.

The proposed settlement also prohibits Zoom from making misrepresentations about its privacy and security practices, including about how it collects, uses, maintains, or discloses personal information; its security features; and the extent to which users can control the privacy or security of their personal information.

FTC approval, statements. The agency voted 3-2 to issue the proposed administrative complaint and to accept the consent agreement with the company. Commissioners [Rohit Chopra](#) and [Rebecca Kelly Slaughter](#) issued dissenting statements, while Chairman Joe Simons as well as Commissioners Noah Joshua Phillips and Christine S. Wilson issued a [majority statement](#).

In his dissenting statement, Chopra observed that the proposed settlement "includes no help for affected parties, no money, and no other meaningful accountability." According to Chopra, the evidence was clear that Zoom obtained substantial benefits through its alleged conduct but the resolution included no monetary relief at all, and not even any findings of fact or liability.

In her statement, Wilson lamented that "the proposed resolution fails to require Zoom to address privacy as well as security, and because it fails to require Zoom to take any steps to correct the deception we charge it perpetrated on its paying clients."

Conference call. In a telephone conference call today, FTC Bureau of Consumer Protection Director Andrew Smith touted the injunctive relief obtained by the settlement and suggested that the relief might have been stronger if the case were litigated but it might have taken until 2022. When asked if consumers should still be concerned about using the Zoom app, Smith said that "whenever consumers are online they should always be concerned," and he reminded users to take common-sense precautions.

Earlier developments. In May 2020, Zoom and the New York attorney general reached an [agreement](#) that requires Zoom to enhance its data security and privacy practices. Noting that Zoom cooperated with the New York AG's office, "offered free services to New York public schools," and "acted to quickly" to address concerns, the New York AG ended its investigation of Zoom by entering into the pertinent "letter agreement."

Companies: Zoom Video Communications, Inc.

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