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FTC Reaches Security Settlement With Zoom

The Federal Trade Commission today announced a settlement with Zoom Video Communications, Inc., that calls for the video conference company to implement an information security program and prohibits it from making misrepresentations about its privacy and security practices.

“During the pandemic, practically everyone—families, schools, social groups, businesses—is using videoconferencing to communicate, making the security of these platforms more critical than ever,” Andrew Smith, director of the FTC Bureau of Consumer Protection, said in a press release. “Zoom’s security practices didn’t line up with its promises, and this action will help to make sure that Zoom meetings and data about Zoom users are protected.”

The FTC voted 3-2 along party lines to approve the settlement (File No. 1923167), with Democrats Rohit Chopra and Rebecca Kelly Slaughter dissenting.

FTC Chairman Joe Simons and Commissioners Noah Joshua Phillips and Christine S. Wilson issued a majority statement saying, “We are confident that the proposed relief appropriately addresses the conduct alleged in the complaint and is an effective, efficient resolution of this investigation.”

The Republican chairman and commissioners argued the “additional areas of relief” the Democrats suggested should have been included in the settlement would lead to “protracted” litigation.

“We feel it is important to put in place measures to protect those users’ privacy and security now, rather than expend scarce staff resources on speculative, potential relief that a Court would not likely grant, given the facts here,” they said.

In her dissent, Ms. Slaughter criticized the settlement for providing no recourse to paying business customers whose security and privacy might have been threatened by Zoom policies and actions.

In addition, she said, the settlement only includes requirements that Zoom implement security measures and does not do enough to establish procedures the company must follow to protect users’ privacy.

“When companies offer services with serious security and privacy implications for their users, the Commission must make sure that its orders address not only security but also privacy,” she said.

Mr. Chopra expressed concern in his dissent that Zoom “simply thought that the FTC’s law enforcement inquiry wasn’t serious. ... The company seemed to guess that the FTC wouldn’t do anything to materially

impact their business. Sadly, for the public, they guessed right. Given the company's approach, efforts to hold Zoom accountable by regulators and enforcers in the U.S. and abroad will clearly need to continue."

Mr. Chopra also argued that while Zoom has "cashed in" on wider use of its service during the pandemic, the company should have "taken the time to ensure that its security was up to the right standards."

He also criticized the order for not addressing harm to Zoom's paying customers, and also said it is "not clear to me that these new obligations are actually changing the way Zoom does business."

The FTC alleged in the complaint that led to the settlement that, among other things, Zoom has misled its users by saying it offered "end-to-end, 256-bit encryption" for video conferences, when it actually provided a lower level of encryption that enables Zoom to maintain the cryptographic keys to its customers' meetings rather than ensuring only video conference participants had access to meeting content.

Among the provisions in the settlement, Zoom agreed to establish an information security program within 60 days of the order becoming final that "protects the security, confidentiality, and integrity" of its users' information.

The company also agreed to assess and document at least once a year, and within 30 days of any specific incident, any "internal and external" security risks.

Zoom also will be required to implement a "vulnerability management program," and test and monitor the effectiveness of its enhanced security efforts at least every 12 months. The company also must obtain an initial and then biennial assessment of its security improvement efforts by an independent firm.

The settlement also calls for Zoom to submit a compliance report to the FTC in one year to "describe in detail whether and how" the company has complied with each provision of the settlement. —Jeff Williams

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