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The federal government's struggles to rein in Facebook are driving some Democrats and consumer advocates to a stark conclusion: The agency charged with regulating Silicon Valley is not up to the task. The 105-year-old Federal Trade Commission is a main enforcer of Americans' consumer protections but it has only a small fraction of the money and workforce of the nation's largest tech companies — and a privacy staff less than half that of the Irish agency that regulates Facebook's European operations. And its 15-month investigation of Facebook's handling of consumer data has some lawmakers and activists calling for an entirely new agency to oversee the online industry.

Those calls have only grown during a week of bipartisan derision for the FTC's proposed \$5 billion privacy fine for Facebook — a historically large penalty by U.S. standards, but one that many lawmakers have called laughably small given the social networking giant's resources. The markets also shrugged at the proposed punishment, which comes after months of settlement talks with the company: Facebook's stock price hit its highest point in almost a year after news of the fine broke.

Sen. Richard Blumenthal (D-Conn.) condemned the "seemingly inadequate, unconscionably delayed, and historically hollow result," while Sen. Josh Hawley tweeted, "To say this was a slap on the wrist for Facebook is too generous," adding, "Really does make you wonder if FTC jurisdiction should be reassigned."

Congressional Democrats and some privacy groups are offering proposals to do just that — either by creating a special agency charged with protecting Americans' online privacy or something akin to a Department of Facebook, focused specifically on the business models of major digital platforms. At least one leading GOP tech critic may be open to those kinds of ideas. "Senator Hawley thinks all options should be on the table," the Missouri Republican's office told POLITICO on Friday.

The FTC has a broad consumer protection mandate with oversight of everything from "hockey puck labeling to privacy," said Tom Wheeler,

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a former chairman of the Federal Communications Commission during the Obama administration. "It raises the question, can a single agency do all that? I think we're in the process of seeing the FTC answer that for us."

The FTC, established in 1914 under President Woodrow Wilson, is made up of five commissioners — split between the political parties — appointed by the president and confirmed by the Senate. Under authority granted by Congress, the agency has a mandate to combat "unfair or deceptive acts or practices," spanning everything from livestock pricing manipulations to misleading pharmaceutical advertising. Because the U.S. lacks a sweeping privacy law, the FTC is the last line of defense on consumer data violations but has only limited authority to police corporate behavior. If the FTC had been unable to reach an agreement with Facebook, the commission would have headed to court, with no guarantee it would win.

Critics of the FTC also say the agency lacks the financial resources, technology expertise and political will to act as an aggressive regulator of Silicon Valley, home to the world's wealthiest and most technologically advanced companies. It's a complaint heard inside the agency as well. FTC Chairman Joe Simons, a Trump nominee, has urged Congress to give his commission [expanded powers](#), such as the ability to fine companies for first offenses and craft targeted rules for how internet companies handle consumer data, to better protect Americans' privacy.

And Simons says the FTC needs more money and people. The agency has a budget of \$300 million a year and around 1,100 full-time staffers, 40 of whom are dedicated to privacy enforcement. That's dwarfed by Facebook's resources: The company is worth a half-trillion dollars and has nearly 30 employees for every one of the FTC's. Simons has noted to lawmakers that Ireland's data protection commission, which oversees the U.S. tech companies who base their European operations in that country, has more than 100 privacy enforcers.

Now exasperation over what many see as the inadequacy of the FTC's proposed Facebook fine is fueling talk among Democrats of standing up a new institution that's up to the task of policing the nation's tech giants. One proposal: to create a new agency focused specifically on privacy protection. California Democratic Reps. Zoe Lofgren and Anna Eshoo — a key ally of Speaker Nancy Pelosi — are circulating a proposal that would create a 1,600-employee U.S. Digital Privacy Agency with an annual budget of \$200 million. It's modeled on the Consumer Financial Protection Bureau that was created in 2011 at the urging of now-Sen. Elizabeth Warren in the wake of the global financial crisis. Like the CFPB, the new privacy agency would be headed by a director appointed to a five-year term. "There are clearly gaps in the U.S. regulatory regime," said Marc Rotenberg, executive director of the Washington-based Electronic Privacy Information Center. "The most obvious is that the U.S. lacks a privacy agency. That should be the top priority."

Some consumer advocates, meanwhile, are calling for a new agency that would [focus solely on online platforms](#) like Facebook. Such companies, they say, are unique enough to justify a dedicated regulator — one positioned to drill down into issues around tech privacy, competition and even allegations of political bias made by

Republicans including President Donald Trump. The United Kingdom is pursuing a similar concept — a “digital markets unit.” “How many regulators does banking have? How many does transportation have?” said former FCC official Gigi Sohn. “So why, when you’re talking about the most lucrative and one of the most important sectors of the economy, why don’t you want to have a sector specific regulator?” The FTC declined to comment on the proposals.

Not all of Facebook’s critics are pushing for creating a new agency, a remedy that would have to overcome the GOP’s traditional dislike for expanding federal bureaucracy. Sen. Marsha Blackburn (R-Tenn.), who said last week that Facebook’s fine “should have been \$50 billion,” told POLITICO she’s not entertaining the idea of creating a new regulator. “We don’t need to build a new federal agency,” said Blackburn, who is leading a Senate Judiciary Committee tech task force scrutinizing the tech industry.

Even Warren, a Massachusetts Democrat running for president, hasn’t explicitly called for replacing the FTC on the beat. [Warren said in March](#) that, as president, she would “appoint regulators committed to reversing illegal and anti-competitive tech mergers.” And she has been critical of the FTC’s work on the Facebook case. “The problem is the agency,” Warren said in remarks provided by her campaign. “The problem is not having the courage to stand up to a giant corporation like Facebook.” Her campaign did not have immediate comment on where Warren stands on the idea of a new regulator.

Backers of a new agency model still harbor hope for bipartisan buy-in, noting that the George W. Bush administration and congressional Republicans supported [creation of the Department of Homeland Security](#) after the Sept. 11, 2001, terrorist attacks. And some of the most intense anger at Silicon Valley and the FTC’s perceived weakness is coming from Republicans. Still, some veterans of the agency believe the answer is reinvigorating the FTC, not casting it aside. “The answer is to give the FTC the power and resources it needs, not to start over from scratch,” said Jessica Rich, a former director of the FTC’s Bureau of Consumer Protection.

In the meantime, some in Washington are resorting to public shaming of the FTC to try to get it to do more about Facebook and other tech companies. In a [letter sent to the agency last week](#), long-time consumer advocate Ralph Nader noted the spike in Facebook’s stock price when word of the \$5 billion settlement leaked, writing, “The stock market and Facebook are laughing at you.” — *Politico*

