

People of the State of California v. Meta

COURT: California Superior Court, County of Santa Clara
CASE LEADERS: Avi Josefson, Anya Freedman, Jonathan D. Uslaner, Michael D. Blatchley
CASE TEAM: Matthew Arrow, Tal Avrhami, Carolina Yu

The Santa Clara County Counsel, on behalf of the People of California, brought this lawsuit against Meta Platforms, Inc. (the “Company”), whose Facebook and Instagram social media platforms have become the venues-of-choice for fraudulent online advertisements. While the Company has repeatedly assured both users and advertisers that it is making every effort to combat fraud on its platforms, in truth, Meta facilitates the proliferation of these “scam ads.” Internal Company documents reveal that Meta closely tracks its revenue from scam ads, which it internally estimates at \$7 billion per year, or more than 10% of the Company’s 2024 revenue. Meta personnel have estimated that the Company is involved in approximately one-third of all successful consumer scams in the U.S. and that, on an average day, Meta users are exposed to 15 *billion* high-risk scam ads. This is because, when Meta identifies ads that are likely to be scams, it does not block them outright; instead, Meta charges scammers a premium (internally called a “penalty bid”) and thus shares in the scammers’ profits.

But Meta does even more than promote and profit from these scam ads – it helps *create* them, providing a host of sophisticated tools that utilize cutting edge artificial intelligence to generate ads, and to optimize ads created by advertisers, including scammers. In so doing, Meta contributes materially to the fraud being perpetrated against victims nationwide, particularly older and lower-income Americans, as well as communities of color.

The Complaint alleges that Meta’s conduct breaks its contract with users and advertisers, and constitutes violations of California’s Unfair Competition Law (“UCL”) and False Advertising Law (“FAL”). The People seek injunctive relief as well as civil penalties and restitution. The Complaint was filed on May 11, 2026, in Superior Court in the County of Santa Clara.

Case Documents

- May 11, 2026 - Complaint