

Shareholder: Amazon's 'astronomical' misuse of customer data could ruin company

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Taking a new approach to bringing attention to how Amazon uses individuals' data, a shareholder is suing Jeff Bezos, Andy Jassy and 17 other Amazon leaders he claims knowingly allowed the company to violate state laws.

Amazon has already come under fire for how it uses [biometric data](#), things like fingerprints and facial images. It's been accused of collecting and using individuals' images without their consent as well as violating state laws that prohibit companies from profiting off individuals' biometric data.

Usually, legal actions are targeting the company. This time, shareholder Stephen Nelson's lawsuit is aimed at Amazon's top decision makers, on behalf of the company itself.

The group of defendants—which includes executives like founder and Executive Chairman Bezos; CEO Jassy; Chief Financial Officer Brian Olsavsky; and General Counsel David Zapolsky, as well as all 11 members of the board of directors—knowingly allowed Amazon to make [false statements](#) about its use of biometric data, Nelson alleges in the lawsuit filed in a U.S. District Court in Seattle in April. Company higher-ups, his attorneys claim, "made a conscious choice to turn a blind eye to Amazon's conduct."

Amazon executives and [board members](#) "caused substantial financial and reputational harm to Amazon," the lawsuit reads.

Amazon did not return requests for comment on the lawsuit.

Amazon, like many tech companies, uses biometric data to offer customers the features they've come to expect. Its Alexa virtual assistant uses [voice recognition](#) to answer user questions about the weather. A new feature for the Echo Show 15 device announced in September allows Alexa to use visual cues to identify an individual when they walk into view of the camera and offer a personalized to-do list, calendar and music selection.

Amazon Web Services, the cloud computing arm of the business, stores

some biometric data from its customers and those customers' employees, according to the lawsuit, like fingerprints to gain access to a building, voiceprints to identify callers and face scans from gamers.

Amazon launched its facial recognition service, Rekognition, in 2016 for customers to build "powerful visual search and discovery" into applications, according to a blog post on its website. Since then, it has been used in Amazon's smart home systems, Alexa and other camera devices, and Amazon has marketed the technology to law enforcement and U.S. Immigration and Customs Enforcement.

Rekognition has raised alarm bells for activists and shareholders, who say the facial surveillance tech could "unfairly and disproportionately" target people of color. Amazon shareholders will vote on a proposal at the company's annual meeting May 25 to request a report on how Rekognition is used and marketed, and the extent to which it could violate privacy and civil rights.

In the summer of 2020, Amazon put a one-year moratorium on the sale and use of Rekognition by law enforcement.

In a statement urging shareholders to vote against that proposal, Amazon's board of directors said the company is "committed to the responsible use of our artificial intelligence and machine learning products and services."

In response to growing concerns about how and where biometric data was being used, Illinois passed legislation in 2008 to establish guidelines for how companies and other entities could use an individual's information. Those guidelines require companies to get consent before collecting data and to tell individuals, in writing, what information is being collected, why and for how long.

Washington passed a similar law in 2017, and roughly 20 states now have some safeguards in place.

Since those laws went into effect, [tech companies](#) including Amazon, Microsoft, Google, TikTok and Meta have faced litigation for allegedly misusing individuals' biometric data. This month, facial recognition startup Clearview AI agreed to restrict the use of its massive collection of face images following a two-year lawsuit that alleged it collected people's photos without their consent.

Amazon is facing at least 14 class action lawsuits and 75,000 individual cases, according to Nelson's court filing.

With [legal fees](#) and potential fines to come, Nelson is arguing Amazon's executives and board of directors are liable for the consequences of those lawsuits. The potential damages are "astronomical to the point the company could be put out of business if the violations are not immediately addressed, stopped and remedied," the lawsuit reads.

Nelson is accusing Amazon's decision makers of misleading investors about the financial and legal risks associated with its use of biometric data and potential violations to Illinois' Biometric Privacy Information Act. Faced with its own class action lawsuit, Facebook agreed to pay \$650 million in February 2021 over the company's use of facial recognition technology.

In legal filings, Amazon's board of directors dismissed shareholder concerns about the risks, the lawsuit alleges, and defendants listed in the complaint signed off on "false statements" about Amazon's compliance with [state laws](#).

The defendants' conduct "jeopardizes and harms one of Amazon's most important (and fragile) assets: consumer trust," the lawsuit reads.

"Reputational damage is particularly devastating for technology companies like Amazon."

Nelson declined to comment through his lawyer, Gregory Wesner of Herman Jones, based in Bainbridge Island.

The [lawsuit](#) is asking the court to direct Amazon to change its biometric data practices, as well as how it governs itself internally.

It suggests appointing board members with a background in cybersecurity and consumer privacy, reviewing the [company's](#) policies for "confidential reporting" and fine-tuning its investigative process for complaints that come from within Amazon.

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