

# Google close to settling U.S. drug ad probe

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Google is close to settling a federal criminal inquiry into its acceptance of ads from companies selling unlicensed pharmaceuticals.

## STORY HIGHLIGHTS

- Google is close to settling a federal criminal inquiry into its acceptance of advertisements
- Took ads from companies selling unlicensed pharmaceuticals, according to sources
- This week Google announced it had reserved \$500 million to resolve a U.S. probe
- Many of the drugs advertised are counterfeit, raising intellectual property issues

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**(FT)** -- Google is close to settling a federal criminal inquiry into its acceptance of advertisements from companies selling unlicensed pharmaceuticals, according to a person involved in the case. The leading search engine disclosed this week that it had reserved \$500m to resolve an unspecified US justice department probe into its advertising practices, with speculation quickly turning toward counterfeit and unapproved drugs.

The Wall Street Journal reported late on Thursday that the pending deal would resolve an investigation of drug ads by the US justice department, with participation of the Food and Drug Administration and the federal prosecutor in Rhode Island. A person familiar with the matter confirmed the talks to the Financial Times.

The justice department, FDA and Google all declined to comment.

Google, Microsoft and Yahoo have been changing their policies under pressure from licensed pharmacies, major drug makers and the FDA to do more to filter out ads that tout prescription medications, often ostensibly from Canadian companies but manufactured in China, India and elsewhere.

Many of the drugs advertised are counterfeit, raising intellectual property issues. The FDA and the Drug Enforcement Administration have also complained about a public health threat, because some US consumers have died from drugs bought online without a prescription.

The issue has been complicated by varying international laws. It is illegal to import unlicensed drugs into the US, but not illegal for Canadian firms to sell them. Companies that manufacture the knock-offs may not be violating the laws of the places where they are based.

The search engines were thought to have legal risk. A section of the 1996 Communications Decency Act protects internet service companies from being held accountable for virtually any content provider by users or advertisers, but there is an exception for federal criminal cases. The search engines in 2007 paid \$31.5m to resolve justice department objections to ads run for online gambling firms.

Online drug sales have been one of the largest sources of income for cybercrime gangs. A large percentage of unwanted commercial e-mails touts such wares, and viruses often steer infected personal computers to such websites.