



[Google Agrees to Forfeit \\$500 Million: What Does This Mean for Affiliate Marketers?](#)

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In an unusual and little-noticed recent settlement, Google Inc. has agreed to pay a forfeiture of \$500 million because it permitted Canadian pharmacies to advertise to United States consumers on its site using Google AdWords, resulting in the illegal sale of prescription drugs through online channels into the United States between 2003 and 2009.

[The U.S. Department of Justice announced this agreement](#) on August 24, 2011, in conjunction with the Food and Drug Administration's Office of Criminal Investigations and the Attorney General of Rhode Island.

The government said that this forfeiture represents the gross revenue received by Google as a result of Canadian pharmacies advertising through Google's AdWords program, plus the gross revenue made by Canadian pharmacies from their sales to U.S. consumers.

Although Canada has its own system of regulation of pharmaceuticals, Canadian pharmacies that ship drugs outside that nation are not subject to that system, and the U.S. Food and Drug Administration regards those shipments into the United States as generally illegal since they don't comply with its regulations regarding labeling, distribution, and the use of a valid prescription.

What is most unusual here is that Google agreed to pay the forfeiture – even though its role was simply to accept advertising by Canadian pharmacies and to turn a blind eye to the legal problems. According to the government, Google did so from 2003 through 2009, when it learned of the investigation and took a number of steps to prevent the unlawful sale of prescription drugs by online pharmacies, including Canadian pharmacies, to U.S. consumers.

[Last March, we asked the question, "Does Google Need to Police Its Ads for Fraud?"](#) when Consumer Watchdog asked whether Google should be held legally responsible for deceptive advertisements placed on its site by mortgage rescue companies. This forfeiture agreement puts Google – and others in its position – on notice that they may need to account for their actions in connection with potentially illegal advertising.

It may go even further. [A blog that covers the affiliate marketing community has noted](#): "For affiliate marketers, the Google and Justice Department settlement has serious consequences. There are many opportunities to partner with products or services online that may or may not be entirely legal."

In fact, this settlement may have significant effects on the affiliate marketing community. Does each affiliate marketer that places an ad on a website, or simply permits an ad to go on a website, need to check the accuracy and truthfulness of the ad, or risk a major fine? This is at the very least a question that affiliate marketers need to concern themselves with.

FTC Beat is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

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