

Google to settle drug probe for \$500 million

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Google will pay \$500 million to settle charges that it sold advertisements to illicit online pharmacies

Google will pay \$500 million to settle charges that it sold advertisements to Canada-based online pharmacies which marketed drugs to Americans in violation of US law, US justice officials announced Wednesday.

The pharmacies broke the law by selling prescription drugs to Americans without complying with US safety standards, the US Department of Justice said in a statement.

"We banned the advertising of prescription drugs in the US by Canadian pharmacies some time ago," Google said in an email response to an AFP inquiry.

"However, it's obvious with hindsight that we shouldn't have allowed

these ads on Google in the first place," the California Internet giant continued, declining to comment further.

The pharmacies used Google's Adwords programs to target US customers, and the Internet search giant allowed the ads to appear on its website from 2003 to 2009, it said.

"This investigation is about the patently unsafe, unlawful importation of prescription drugs by Canadian online pharmacies, with Google's knowledge and assistance, into the United States, directly to US consumers," US Attorney Peter Neronha said in the statement.

"It is about taking a significant step forward in limiting the ability of rogue online pharmacies from reaching US consumers, by compelling Google to change its behavior."

Prices for prescription drugs are much lower in Canada than in the United States, where the private sector dominates the healthcare industry.

In recent years it has become increasingly popular for US citizens to seek medicines from Canada to save on healthcare expenses.

But the Department of Justice said imported drugs from Canada may not meet US Food and Drug Administration labelling rules, may not have been made properly and may be from third countries other than Canada.

"While Canada has its own regulatory rules for prescription drugs, Canadian pharmacies that ship prescription drugs to US residents are not subject to Canadian regulatory authority, and many sell drugs obtained from countries other than Canada which lack adequate pharmacy regulations," it said.

Under the settlement, Google accepted responsibility for improperly helping the Canadian pharmacies and promised to step up its compliance measures in the future, as well as disgorging \$500 million in profits.

Google first disclosed that it was under investigation in a May filing with the US Securities and Exchange Commission, and set aside \$500 million in anticipation of the results of the probe.

The online-pharmacy probe is separate from a different, more far-reaching investigation into Google on possible antitrust violations, which Google disclosed in June.

Shares of the Internet search giant rose almost one percent after the deal was announced.

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