

# Government closes mortgage scams tied to Google

November 17 2011, By MICHAEL LIEDTKE , AP Technology Writer

---

(AP) -- The federal government has shut down dozens of Internet scam artists who had been paying Google to run ads making bogus promises to help desperate homeowners scrambling to avoid foreclosures.

The crackdown announced Wednesday renews questions about the role that Google's massive [advertising network](#) plays in enabling online misconduct. It may also increase the pressure on the company to be more vigilant about screening the marketing pitches that appear alongside its [Internet search results](#) and other Web content.

The criminal investigation into alleged [mortgage](#) swindlers comes three months after [Google](#) agreed to pay \$500 million to avoid prosecution in Rhode Island for profiting from online ads from Canadian pharmacies that illegally sold drugs in the U.S.

A spokesman for the U.S. Treasury Department division overseeing the probe into online mortgage scams declined to comment on its scope other to say it's still ongoing.

Google Inc. also declined to comment Wednesday.

No company wants to be tainted by a criminal investigation, but the prospect is even more nettlesome for Google because it has embraced "don't be evil" as its corporate motto.

That commitment may make it difficult for Google to fend off a call by

[Consumer Watchdog](#) to donate the revenue from fraudulent mortgage ads to legitimate organizations that help people ease their credit problems. Consumer Watchdog is an activist group that released a report in February asserting that Google was profiting from ads bought by mortgage swindlers.

"Google should never have published these ads, but its executives turned a blind eye to these [fraudsters](#) for far too long because of the substantial revenue such advertising generates," said Consumer Watchdog's John M. Simpson, a frequent critic of the company.

To fight future abuse, Google has suspended its business ties with more than 500 advertiser and agencies connected to the alleged scams, according to the U.S. Treasury Department's Office of the Special Inspector General for the Troubled Asset Relief Program.

The evidence collected in the current investigation led to the government's closure of 85 alleged mortgage scams. The identities of the businesses and people involved in the scams weren't disclosed Wednesday.

The con artists are accused of duping people into believing they could help lower their home loan payments under a government-backed mortgage modification program created to reduce the foreclosures that have made it more difficult for the slumping real estate market to recover. The alleged rip-offs typically relied on collecting upfront fees or getting victims to transfer their monthly mortgage payments to the scam artists, according to the Office of the Special Inspector General for the Troubled Asset Relief Program.

In some cases, the swindlers passed themselves off as being affiliated with the government.

Google's name popped up because the scam artists relied on the company's vast advertising network to bait their victims. About two out of every three Internet search requests are made through Google, making its ad network a prime outlet for finding people hoping to save their homes, according to Christy Romero, deputy special Inspector General for the Troubled Asset Relief Program.

"The first place many homeowners turn for help in lowering their mortgage is the Internet through online search engines, and that's precisely where they are being taken advantage of and targeted," she said.

In its February report on the problem, Consumer Watchdog found that Google processed more than 74,000 monthly searches using the term, "stop foreclosure." An ad running alongside the results for that query cost an average of \$8.29 per click at the time of the Consumer Watchdog study. The report couldn't determine how much money Google was making from the ads offering bogus mortgage modifications.

Even after surrendering \$500 million to settle the investigation into ads for illegal online pharmacies, Google is still expected to sell more than \$35 billion in advertising this year.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Government closes mortgage scams tied to Google (2011, November 17) retrieved 10 April 2024 from <https://phys.org/news/2011-11-mortgage-scams-tied-google.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--