

GOOGLE AND FTC TAKE ACTION AGAINST FRAUDULENT LISTINGS AND FAKE REVIEWS

By Vicki Jones, Editor

On June 16, Google filed a consumer protection lawsuit with the U.S. District Court for the Northern District of California against Los Angeles businessman Ethan Qiqi Hu and his companies GMBEye and Rafadigital. The lawsuit claims that Hu and his team allegedly manipulated Google's business listing services to create 350 fraudulent Business Profiles and 14,000 fake reviews.

Google said that they have successfully removed the allegedly fake content but also decided to take legal action in order to deter similar practices and deceptive content in the future. "Our lawsuit targets a bad actor who perpetrated a coordinated campaign to deceive consumers and business owners by fraudulently attempting to manipulate our services for small businesses."

On June 30, the Federal Trade Commission (FTC) announced a new proposed rule that

seeks to ban fake online reviews. The FTC's "Trade Regulation Rule on the Use of Consumer Reviews and Testimonials" would prohibit companies from buying or selling fake reviews and suppressing negative reviews, as well as "review hijacking."

Both announcements indicate a clear acknowledgement of the abuse of online business services and hint at more consequences for spammers in the future. This news is especially good for the door and



THE MAJOR REVIEW WEBSITES ARE UNABLE TO DETECT A MAJORITY OF FAKE REVIEWS ONLINE.



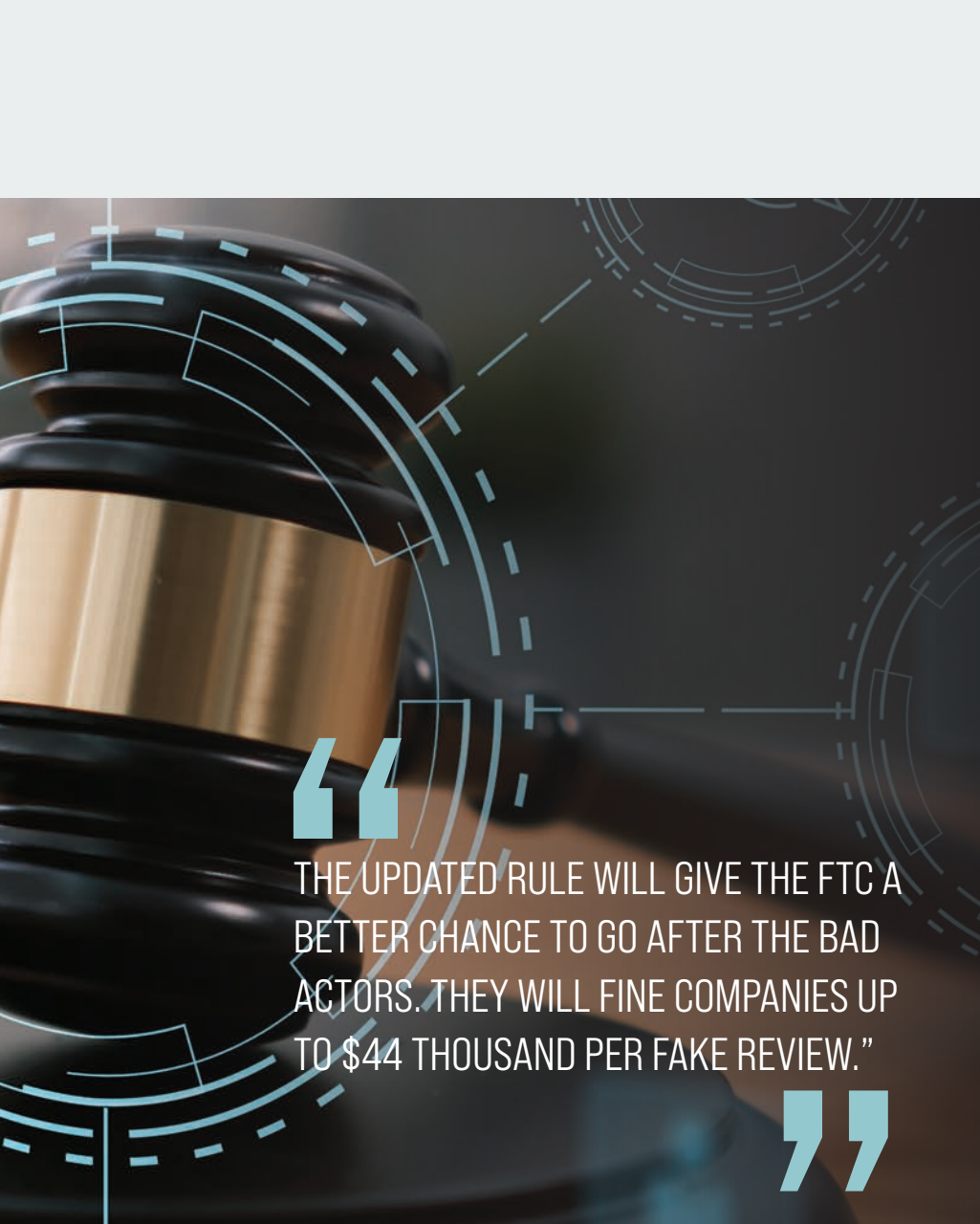
access industry, which has been plagued by a disproportionate number of fake Google Map listings and fake reviews.

A familiar problem

For years, honest garage door companies have been struggling to build their businesses and establish an online presence as scammers continue to misuse Google's online business and marketing services. D+AS has been diligent about publishing stories that underscore the severity of the problem as well as stories about how Google has responded to the escalating issues.

In 2017, we covered a Dallas Morning News story about door-related businesses violating Google policies. Within weeks, Google started requiring garage door companies in key markets to pass an advanced verification process.

In 2019, our fall cover story, "Wall Street Journal exposes millions of fake listings



“THE UPDATED RULE WILL GIVE THE FTC A BETTER CHANCE TO GO AFTER THE BAD ACTORS. THEY WILL FINE COMPANIES UP TO \$44 THOUSAND PER FAKE REVIEW.”

on Google Map listings,” highlighted the prevalence of fake Google Map listings, their negative influence on the industry, and how Google is using “ever-evolving manual and automated systems” to prevent business scammers from using deceptive techniques to game the system.

In our fall 2020 issue, we published a story about a study that examined the percentage of fake online Google Map listings in the garage door industry specifically. The alarming study results alerted Google to the severity of the problem in our industry. After the results were published, Google Business Product Profile experts said, “Google is aware of fake garage door business listings, and they are constantly adapting and refining technologies to detect and remove fake listings.”

The 2023 lawsuit

The primary complaints in the Google v. Ethan

QiQi Hu et al. lawsuit include false advertising, conducting a fraudulent Business Profile Verification scheme, creating fake online listings for businesses that do not exist, and bolstering said listings with fake reviews from people who do not exist.

Over a two-year span, Hu’s companies allegedly created 14,000 fake reviews and racked up over 350 fake Google Business Profiles for various industries, including the garage door repair industry.

The allegations are not uncommon, but Google’s decision to pursue legal action is encouraging. It suggests that companies misrepresenting in this way may be held legally accountable.

“This case is important for business owners because it highlights the severe legal consequences for using fake online reviews. Business owners may not realize it, but fake online reviews are fraud,” said Aaron Hall,

Minnesota-based “Attorney for Business Owners.”

Mike Brickner, president of Precision Overhead Garage Door Service, said, “We are thrilled to see Google take this action against these fraudulent listings. Consumers will be much better served knowing they can rely on Google to present legitimate companies to them in search returns.”

Smoke and mirrors

According to reports, Hu would contact Google through video calls and request verification for a fake company, often using bogus props to verify a fraudulent listing. Google said Hu would buy thousands of fake positive reviews to make the businesses appear legitimate, and then would allegedly sell the profiles as “leads” to real businesses in the same fields.

Details of the Google complaint said, “On March 14, 2022, they [Hu and company] contacted Google to verify ‘Western Los Angeles Garage Door Repair.’ The individual masquerading as the business owner ... showed the Google agent a tool bench area to mislead Google into believing they were at their business location.” On March 29, 2022, the same workspace and tool bench were pictured and sent to Google to verify “AS Budget Plumbers,” reportedly based in Davis, Calif.

Garage door repair companies were just one of many business types allegedly misrepresented by Hu. Google discovered that in many cases they would establish one company and within weeks the company name and/or business would change. For example, a Business Profile for “Santa Barbara Maid Service & House Cleaners” (an allegedly fake housekeeping service) was created; 42 days later, it was changed to “Gold Garage Door Repair.”

A strong message or a “one-off”

Renny Hwang, head of litigation for Google, said, “In 2022, Google protected more than 185,000 businesses from further abuse after detecting suspicious activity and abuse attempts. We also stopped 20 million attempts to create fake Business Profiles in 2022.”

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So based on the extent of suspicious activity, what sparked this lawsuit? “It’s an interesting question,” said Google Business Profile Product Expert Tom Waddington. “Google supposedly stopped 20 million attempts to create fake business profiles, but decides to [take] legal action on someone that made 350?”

Due to the sheer volume on Google ... there are going to be millions of fake listings and reviews,” added Waddington. “This lawsuit may indicate that Google is possibly getting better at detecting abuse at the creation point but is still considerably lacking on detecting and removing fraudulent profiles that already exist.”



I DO KNOW THAT GOOGLE IS BEING FORCED TO TAKE ACTION. THE HOUSE OF REPRESENTATIVES IS APPLYING PRESSURE ON GOOGLE TO PROTECT CONSUMERS ...



Detecting and removing fraudulent content has been a consistent part of Google’s safeguarding strategies, but the recent lawsuit may serve as a more substantial deterrent. “It’s a promising sign that Google is taking legal action here, but it is somewhat surprising,” said Waddington.

“I don’t know if they’re doing this as an example, to show that they’re doing something about the abuse of the platform, or whether they’re going to do more of this in the future,” he added.

“We have reported more widespread abuse than this to Google in the past, and it didn’t result in any legal action from Google. I’m not sure why this one is different,” said Waddington. “To me, this lawsuit seems like a one-off but hopefully it’s not.”

Hwang said, “We’re filing a consumer protection lawsuit to help put an end to these types of malicious schemes.” Hopefully, this is true, and Google means business. If so, the lawsuit may indicate more serious consequences for spammers in the future. It’s also not clear whether the new FTC announcement was a factor in Google’s decision to pursue legal action.

FTC heeds comments

The FTC already had rules against fake reviews, but the latest rule proposal gives clear consequences based on new feedback. On Nov. 8, 2022, the FTC published an Advance Notice

“I don’t know what prompted the lawsuit.” said Google Business Profile Product Expert Jason Brown. “I do know that Google is being forced to take action. The House of Representatives is applying pressure on Google to protect consumers, and the updated rule will give the FTC a better chance to go after the bad actors, said Brown. “They will fine companies up to \$44 thousand per fake review.”

Director of the FTC’s Bureau of Consumer Protection, Samuel Levine, said, “The new rule would trigger civil penalties for violators and should help level the playing field for honest companies.”

Annie Palmer, author of the CNBC article, “FTC seeks to ban fake reviews with a new proposed rule,” said that this is the most aggressive step yet by the FTC to thwart review fraud. “It also bars company executives or insiders from leaving reviews of their products or services without disclosing their relationships.”

Again, positive news for the door industry, where the ongoing battle of fake listings and reviews makes it hard for local, honest businesses to stand out and/or generate business.

Not just Google

Yelp, Tripadvisor, and Amazon (particularly on its third-party marketplace) are also bombarded by bad actors using fake reviews to boost their products. Some also use negative reviews to try and sabotage a competitor’s products or services.

The Transparency Company’s research revealed that 10.7% of Google reviews, 7.1% of Yelp reviews, and 5.2% of Tripadvisor reviews were fake. These statistics, in addition to the other comments, strengthened support to update the FTC rule.

Beware of chatbots

The recent actions of Google and the FTC are positive strides in the never-ending fight against online scammers, but as always, it’s also up to the individual. Door and access professionals need to continue to report suspicious activity and online service abusers, especially as new technology makes regulating and enforcing fraudulent tactics even more challenging.

The growing use of artificial intelligence (AI) chatbots to create fake or negative reviews makes identifying spammers even more difficult. We will have to wait and see what strategies the tech giants develop to combat the potential widespread flooding of AI-generated content.

Also, keep in mind that the new proposed FTC rule does not go into effect immediately. It has a 60-day public comment period, and then the agency may reevaluate the rule based on the comments. The FTC will vote on a final version of the proposal later (A date was not specified at the time our story was published). ■

of Proposed Rulemaking (ANPR) outlining their previous efforts to educate consumers and industries about the use of deceptive reviews and to take legal action against unfair or deceptive practices.

The ANPR also included comments from 42 companies. Based on the substance of these comments, the Commission determined that it would be in the public interest to move forward with a new proposed rule.

The Transparency Company was one of 29 companies that provided comments in support of the ruling proceeding. Their research asserted that “the major review websites are unable to detect a majority of fake reviews online.” In 2021, the Transparency Company estimated that about 8.5% of published reviews – for all industries – are fake. In 2023, they believe that over 15% are fake due to the rise of AI and Chat GPT. “Most major review websites (like Google and Amazon) have seen a 20% (or more) year over year increase (in the last 5 years) in identified fake online reviews,” said Curtis Boyd, founder of The Transparency Company.

Harsher consequences

The sheer number of complaints, the comments gathered by the FTC, and pressure from additional outside sources may have influenced the timing of the lawsuit.

