



Office of the Secretary

United States of America  
FEDERAL TRADE COMMISSION  
Washington, D.C. 20580

April 11, 2013

*In the Matter of DesignerWare, LLC; Timothy Kelly and Ronald P. Koller; Aspen Way Enterprises, Inc.; B. Stamper Enterprises, Inc.; C.A.L.M. Ventures, Inc.; J.A.G. Rents, LLC; Red Zone, Inc.; Showplace, Inc.; and Watershed Development Corp.  
File No. 112 3151, Docket No. C-4390 Through Docket No. C-4398*

Thank you for your comment regarding the Federal Trade Commission's consent agreements in the above-entitled proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii), and has given it serious consideration.

Your comment asserts that one or more of the proposed consent orders in this matter will deprive owners of rented computers of their ability to locate and retrieve stolen devices. Your comment also suggests that DesignerWare and rent-to-own ("RTO") storeowners limited the activation and use of monitoring technology, such as Detective Mode, to instances where it was necessary to assist in retrieving a stolen computer. However, as alleged in the Commission's complaints against DesignerWare, its owners, and the RTO stores, the circumstances in which Detective Mode was activated on rented computers was not limited to instances of theft. The complaints allege that, although DesignerWare recommended that RTO stores install and activate Detective Mode only to locate and identify the person in possession of a lost or stolen computer, in numerous instances DesignerWare did not monitor its collection of, or restrict its licensees' access to, Detective Mode data. Thus, the complaints allege, RTO stores activated monitoring technology when consumers were late on rental payments and the stores had no reason to believe the computers had been the subject of criminal theft. Detective Mode enabled RTO stores to surreptitiously capture highly personal information from consumers who used computers on which the program was installed. As the Commission's complaints allege, secretly collecting private details about individuals and families in their homes can cause consumers substantial injury.

The Commission believes the proposed orders strike an appropriate balance between protecting consumer privacy and affirming the ability of these RTO companies to locate stolen property, using methods that do not place consumers at risk from the disclosure of financial, health, or other confidential consumer information. The proposed orders ban the respondents' use of monitoring technology – such as keystroke logging, taking screenshots of computer users' activities, and photographing anyone in view of the computer's camera – in connection with any

covered RTO transaction.<sup>1</sup> At the same time, the orders allow them to use geophysical location tracking technology to aid in locating and recovering stolen computers. Consumer renters must receive notice of and give their consent to the installation and use of location tracking technology, and in most instances computer users must receive notice immediately prior to its activation. The notice requirement may be suspended, however, where the consumer reports the computer stolen – or there is otherwise a reasonable basis to believe that the computer has been stolen – and a police report is filed. This provision provides these RTO stores an effective means to locate and retrieve stolen computers.

In light of these considerations, the Commission has determined that the public interest would best be served by issuing the Decisions and Orders in this matter in final form without any modifications. The final Decisions and Orders and other relevant materials are available from the Commission’s website at <http://www.ftc.gov>. It helps the Commission’s analysis to hear from a variety of sources in its work. The Commission thanks you again for your comment.

By direction of the Commission, Commissioner Wright not participating.

Donald S. Clark  
Secretary

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<sup>1</sup> The proposed orders define “covered rent-to-own transaction” as “any transaction where a consumer enters into an agreement for the purchase or rental of a computer and the consumer’s contract or rental agreement provides for payments over time and an option to purchase the computer.” The prohibition on monitoring does not include consumers’ rental of laptops outside the RTO context, or any business’s use or rental of laptops, and also does not cover the use of monitoring technology for non-commercial purposes by private persons (e.g., parents monitoring their children’s computer use).