



Office of the Secretary

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

April 11, 2013

Jon Albert
State of Illinois

Re: In the Matter of DesignerWare, LLC, File No. 112 3151, Docket No. C-4390

Dear Mr. Albert:

Thank you for your comment regarding the Federal Trade Commission's consent agreement 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 the proposed consent order with DesignerWare, LLC ("DesignerWare") will deprive rent-to-own ("RTO") stores of their ability to locate and retrieve stolen computers, a service you have found helpful to your business. You note that it has been your practice to inform your employees about the presence of monitoring software on laptop computers that you lease from an RTO store for your employees. Your comment does not address the potential risks of exposing confidential information about your business and customers to third-party RTO store employees using monitoring software installed on rented laptops.

The Commission's complaint against DesignerWare and its owners alleges that Detective Mode was activated on rented computers for purposes other than locating stolen computers. According to the complaint, DesignerWare did not limit Detective Mode use to instances of theft and, in many instances, RTO stores used the software where consumers were late on making rental payments but where the stores had no reason to believe that the computers had been stolen. The complaint also alleges that DesignerWare did not require or ensure that consumers who rented computers from RTO stores that activated geophysical location tracking software received notice that the software was installed on those devices and, in many instances, RTO stores did not disclose that fact to consumer renters. As the Commission's complaint alleges, secretly collecting such data can cause consumers substantial injury, including the unwanted capture of private details about individuals and families at home.

The Commission believes the proposed settlement with DesignerWare strikes an appropriate balance between protecting consumer privacy and affirming the ability of the RTO store respondents 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 order bans DesignerWare from using 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.¹ At the same time, the order allows the company to use geophysical location tracking technology, provided that consumer renters receive notice of and give their consent to its use, and that computer users receive notice immediately prior to its activation. This notice requirement may be suspended 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 DesignerWare's licensees with 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 Decision and Order in final form without any modifications. The final Decision and Order 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

¹ “Covered rent-to-own transaction” is defined 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).