



Office of the Secretary

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

April 11, 2013

Martin
State of Michigan

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

Dear Sir or Madam:

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 objects to the proposed consent order with DesignerWare, LLC, because it will prohibit the use of monitoring technology, a product you have found useful in your experience as a rent-to-own ("RTO") professional to recover rented computers. According to your comment, monitoring has helped your RTO business reduce charge-offs of unreturned computers. You also state that your practice has been to notify consumers about the use of this technology, asserting that consumers were unable to use a rented computer until they agreed to be tracked and monitored if they failed to return the device.

The Commission appreciates your comment, but concludes that, based on the facts uncovered during its investigation, the proposed order is necessary to protect consumer privacy. The complaints against DesignerWare, its owners, and the RTO stores allege that respondents licensed, activated, and surreptitiously used software installed on rented computers to monitor consumers using rented computers, including by capturing keystrokes, screenshots of computer activities, and pictures taken by computer webcams. These practices, the complaints charge, caused or were likely to cause substantial consumer injury. According to the complaints, in numerous instances, consumers were not informed that their computer use would be monitored in this manner.

In addition, the DesignerWare complaint alleges that the company and its owners harmed consumers by installing geophysical location tracking software on rented computers without consent from computer renters and contemporaneous notice to computer users. The orders against DesignerWare and the RTO store respondents require that consumer renters receive

notice of and give their consent to the installation and use of location tracking technology at the time the computer is rented, 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. These provisions provide the RTO stores effective means to locate and retrieve the computers. Although your comment suggests that “geolocation technology” is “worthless” because, as distinguished from GPS, it can only identify the “general” location of a computer, the proposed orders explicitly contemplate that, subject to the protections in the proposed orders, the respondents may use GPS or other technologies that “collect and report data or information that identifies the *precise* geophysical location” of a computer. To the extent that the RTO store respondents have not used such tracking technology, the proposed orders will ensure that they do not begin tracking rented computers (using GPS or another method) without appropriate safeguards.

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