



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 urges the Commission to impose stronger penalties on the respondents in this matter. The Commission is committed to safeguarding consumer privacy and believes the proposed orders will substantially protect consumers and help deter future privacy violations by rent-to-own companies ("RTO stores") using monitoring and/or tracking technologies. The proposed orders ban DesignerWare and its owners from using or providing third parties with technology that allows RTO stores to monitor computers rented to consumers. The proposed orders with the RTO stores similarly ban them from using such technology in connection with a covered RTO transaction.<sup>1</sup> The proposed orders also prohibit DesignerWare, its owners, and the RTO stores from using geographical tracking technology to gather information from any computer without providing clear and prominent notice to and obtaining affirmative express consent from the computer's renter at the time the computer is rented. Computer users must also receive clear and prominent notice immediately prior to each time tracking technology is activated.

In addition, the proposed orders prohibit DesignerWare, its owners, and the RTO stores from the deceptive collection of consumer information via fake software registration notices. The RTO stores are also barred from using any information that was improperly gathered from consumers through any monitoring or tracking software to collect on a consumer rental contract. DesignerWare, its owners, and the RTO stores must destroy any data that was collected through any improper use of monitoring or tracking software, and must encrypt any such data that is collected properly (i.e., pursuant to the requisite notice and consent). Further, the proposed

---

<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."

orders bar misrepresentations about the privacy or security of any personal information gathered from or about consumers.

The Commission lacks authority to seek civil or criminal penalties for the unlawful conduct alleged in the complaints. However, should a respondent violate any term of a final order, it could be liable for civil penalties of up to \$16,000 per violation of any term of the order, or up to \$16,000 per day in the case of continuing violations as provided by Section 5(l) of the FTC Act, 45 U.S.C. § 45(l), as adjusted by 16 CFR 1.98(c)). Accordingly, the Commission believes that these orders will provide strong protections for consumers' privacy.

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