



Office of the Secretary

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

April 11, 2013

Charles Douglas  
State of Idaho

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

Dear Mr. Douglas:

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 on rented computers. According to your comment, you were notified when you rented a laptop from a rent-to-own ("RTO") store that monitoring software was installed on the computer and that it would only be used if you failed to return the device at the end of the rental contract term.

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 and help deter future violations of law. The complaints against DesignerWare, its owners, and the RTO stores allege that they 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. 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. According to the complaints, in numerous instances, consumers were not informed that their computer use or physical location would be monitored or tracked in this manner.

The Commission believes the proposed order strikes an appropriate balance between protecting consumer privacy and affirming the ability of DesignerWare's licensees 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 in connection with any covered RTO

transaction,<sup>1</sup> but it allows the company to provide its licensees the capacity 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. 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 DesignerWare’s licensees with an effective means to locate and retrieve the 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

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<sup>1</sup> “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).