



Office of the Secretary

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

April 11, 2013

William Woodward Webb
The Edmisten Webb & Hawes Law Firm
State of North Carolina

Re: *In the Matter of J.A.G. Rents, LLC, In the Matter of Red Zone Investment Group, Inc., File No. 112 3151, Docket Nos. C-4395 and C-4396*

Dear Mr. Webb:

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 the Analysis of Proposed Consent Orders to Aid Public Comment ("AAPC") contains inaccurate statements regarding your clients, J.A.G. Rents, LLC ("J.A.G. Rents"), and Red Zone Investment Group ("Red Zone"). Specifically, you allege that there is no evidence that either J.A.G. Rents or Red Zone, which are both rent-to-own companies ("RTO stores"), "secretly photographed the private conduct of consumers in their homes." You similarly dispute that either RTO store obtained "images of visitors, children, family interaction, partially undressed individuals, and couples engaged in sexual activities." Your comment does not address any provisions of the proposed consent orders.

The AAPC summarizes all of the complaints and proposed consent orders in this matter, including, but not limited to, those concerning J.A.G. Rents and Red Zone. Accordingly, the AAPC describes generally how the monitoring and tracking technologies used by your clients and other RTO stores operated, and what data they had the capacity to collect. The AAPC does not assert that your clients in fact captured all of the described images.

In contrast, the complaints against J.A.G. Rents and Red Zone allege with specificity each company's use of these technologies and what sensitive consumer data they collected. As you know, the Commission conducted a thorough investigation of the respondents and the complaints are based on the Commission's reason to believe that these companies engaged in unfair and deceptive conduct in violation of Section 5 of the Federal Trade Commission Act, 15

U.S. § 45. For example, the complaint against Red Zone alleges that “[s]creenshots have captured consumers’ usernames and passwords for access to email accounts, social media websites, and financial institutions, and also captured financial account statements. Webcam pictures have photographed not only the computer’s user, but also anyone else within view of the camera. In numerous instances, Red Zone has obtained pictures taken secretly inside the computer user’s home.” The Commission’s complaint further alleges that this conduct was an unfair practice because it caused, or was likely to cause, substantial harm to consumers that could not reasonably be avoided and was not outweighed by countervailing benefits. Prohibiting this conduct, as the proposed consent orders do, is necessary to ensure compliance with the FTC Act.

In light of these considerations, the Commission has determined that the public interest would best be served by issuing the Decisions and Orders 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