



Office of the Secretary

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

April 11, 2013

Aaron Marks
Marks Law Group, LLC
State of Georgia

*Re: In the Matter of Watershed Development Corp., File No. 112 3151,
Docket No. C-4398*

Dear Mr. Marks:

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 urges the Commission to require as part of the proposed consent order with Watershed Development Corp. ("Watershed") a published list of "all individuals whose privacy may have been violated," presumably in connection with Watershed's use of monitoring technology installed on rented computers. The Commission appreciates and shares your interest in safeguarding consumer's personal information. The proposed orders in this matter – which apply not only to Watershed, but to six other rent-to-own ("RTO") companies and DesignerWare, LLC (including its owners), the company which manufactured and licensed the monitoring and geophysical location tracking software investigated by the Commission – contain strong protections for consumer privacy.

You recommend that Watershed use information that it improperly collected to "publish a list" of and "give notice to" all affected individuals. Publication of a list of consumer victims would risk further eroding their privacy. Likewise, it is not apparent that requiring Watershed to notify them of the company's alleged misconduct would mitigate the harm from its alleged privacy violations or help prevent future harm. By contrast, the Commission believes that the terms of the proposed orders with Watershed and other respondents in this matter will protect the privacy of consumers about whom Watershed and the other RTO companies may have gathered information, as well as deter future privacy violations by the RTO companies. The orders require the destruction of all consumer data gathered using any monitoring technology and, with respect to geophysical location tracking technology, any such data gathered without notice and consent. This data-destruction provision in particular protects consumers against additional

disclosure of their personal information. Other order provisions protect consumers from future compromises to their personal information when they rent computers or similar devices from the RTO store respondents. For example, the orders ban the use of monitoring technology and restrict geophysical location tracking in connection with covered RTO transactions.¹

In light of these considerations, the Commission has determined that the public interest would best be served by issuing the Decision and Order in this matter 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 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."