

formulated, directed, or controlled the policies, acts, or practices of DesignerWare, including the acts or practices alleged in this complaint. He resides in Ocoee, Florida.

4. The acts and practices of respondents as alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

RESPONDENTS’ BUSINESS PRACTICES

5. Respondents developed a software product called PC Rental Agent that they license to stores in the rent-to-own industry. Rent-to-own stores allow consumers to rent, with an option to purchase, goods such as furniture, household appliances, and consumer electronics including computers. Typically, the rental agreement will include an option for the consumer to purchase the rented item for a fixed sum after making a certain number of payments. PC Rental Agent, when installed on a rented computer, offers rent-to-own store licensees the ability to direct DesignerWare’s servers to disable a computer remotely when a consumer is late making payments, has stopped communicating with the rent-to-own store, or has otherwise violated the rental contract. As of August 2011, approximately 1,617 rent-to-own stores in the United States, Canada, and Australia have licensed PC Rental Agent. PC Rental Agent has been installed on approximately 420,000 computers worldwide.

6. Through PC Rental Agent, DesignerWare offers rent-to-own store licensees additional functions and features, including the ability to direct DesignerWare’s servers to track and report the physical location of a computer and to activate an add-on program called Detective Mode that enables licensees to monitor surreptitiously the activities of the computer’s user, including by using the computer’s webcam. Through Detective Mode, rent-to-own store licensees can also direct DesignerWare’s servers to cause fake software registration windows to pop-up on rented computers and gather consumer’s personal information.

7. Rent-to-own stores typically install PC Rental Agent on computers rented to consumers prior to the consumer taking possession of the computer. The presence of PC Rental Agent is not detectable to a computer’s user and the computer’s renter cannot uninstall it.

8. DesignerWare recommends, but does not require, contractually or otherwise, that its licensees disclose the presence of PC Rental Agent on a rented computer at the time the consumer signs the initial rental contract. DesignerWare takes no steps to determine whether its licensees follow its recommendation and disclose the presence of PC Rental Agent to computer renters. In numerous instances, rent-to-own stores do not disclose to consumers that they have installed and/or are using PC Rental Agent on rented computers. DesignerWare designed the Detective Mode program to operate without the computer user’s knowledge, and advises rent-to-own store licensees to install and activate Detective Mode without notice to the computer user.

9. To administer PC Rental Agent commands, rent-to-own store licensees must log on to DesignerWare’s website and direct PC Rental Agent to take the desired action on a particular computer. DesignerWare receives reports from computers on which PC Rental Agent is installed every two hours while the computer is connected to the Internet. When a computer

reports to DesignerWare, PC Rental Agent executes any commands it has received from a licensee, including, for example, a command to activate Detective Mode.

Detective Mode to record data every two minutes until prompted to stop doing so. DesignerWare's servers collect this information and transmit it to the licensee for however long the licensee leaves "the Detective" turned on. In numerous instances, data gathered by Detective Mode has revealed private, confidential, and personal details about the computer user. For example, keystroke logs have displayed usernames and passwords for access to email accounts, social media websites, and financial institutions. Screenshots have captured additional confidential and personal information, including medical records, private emails to doctors, employment applications containing Social Security numbers, bank and credit card statements, and discussions of defense strategies in a pending lawsuit. When activated, Detective Mode can also cause a computer's webcam to surreptitiously photograph not only the computer user, but also anyone else within view of the camera. In numerous instances, Detective Mode webcam activations have taken pictures of children, individuals not fully clothed, and couples engaged in sexual activities.

15. DesignerWare's servers send data captured by Detective Mode, unencrypted, directly to the email accounts designated by its licensees. DesignerWare's employees do not themselves view Detective Mode data, but without DesignerWare's licensing of PC Rental Agent and its making Detective Mode available to its licensees, as well as providing licensees with access to its web portal and providing servers to support both PC Rental Agent and Detective Mode, this collection and disclosure of private information would not be possible.

Geophysical Location Tracking

that their computers encounter. Nor do they know that employees of the rent-to-own stores from which their computers are rented can monitor their physical locations and the patterns of their movements.

Substantial Injury

19. DesignerWare's collection and disclosure to third parties of private and confidential information about consumers, including both those who rented the computer and those who are merely using it, causes or is likely to cause substantial harm to consumers. Because of DesignerWare's intrusions, consumers are at risk of harm from the exposure of personal, financial account access, and medical information to strangers. Consumers are harmed by DesignerWare's unwarranted invasion into their homes and lives and its capture of the private details of individual and family life, including, for example, images of visitors, children, family interactions, partially undressed individuals, and couples engaged in intimate activities. Sharing these images with third parties can cause consumers financial and physical injury and impair their peaceful enjoyment of their homes. Consumers cannot reasonably avoid these injuries because PC Rental Agent is invisible to them. The harm caused by respondents' unauthorized collection and disclosure of confidential consumer information is not outweighed by countervailing benefits to consumers or to competition; indeed in this context, where rent-to-own stores have alternate effective methods of collection, including, e.g., using PC Rental Agent to remotely disable the computer, there are no legitimate benefits to respondents or to the public.

Detective Mode's Deceptive Prompt Windows

20. In addition to its other features, Detective Mode offers licensees the option to cause a user's computer to display a fake software registration window. The fake registration window prompts the computer user to enter a name, address, email address, and phone number. The computer user cannot close the window until the requested information is entered. DesignerWare has created several different fake registration windows for its licensees' use, including ones for Microsoft Windows, Internet Explorer, Microsoft Office, and Yahoo! Messenger, and one to verify a security certificate. A screenshot of DesignerWare's fake Microsoft Windows screen appears below.

21. No actual software is registered as a result of a consumer providing the requested information; instead, Detective Mode captures the information entered in the prompt boxes and transmits it to DesignerWare, and DesignerWare's servers email the data to the rent-to-own store licensee, unbeknownst to the consumer.

22. Consumers who are deceived into providi

24. Respondents' actions cause or are likely to cause substantial injury to consumers that cannot be reasonably avoided and is not outweighed by countervailing benefits to consumers or competition.

25. Therefore, respondents' practices, as described in Paragraph 23, constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

Means and Instrumentalities to Engage in Unfairness

26. Through the means described in Paragraphs 5 through 22, respondents have:

a. Furnished rent-to-own stores with software for installation on rented computers that i) when activated remotely by the rent-to-own store licensee will record keystrokes typed on a computer, capture screenshots of information displayed on a computer, cause a computer's webcam to take pictures of the computer user, and transmit the recorded keystrokes, screenshots and web pictures to the rent-to-own store licensee to view, and ii) will identify the geophysical location of the computer and track the physical location of the computer's user without consent from the computer's renter or notice to the computer's user; and

b. Provided rent-to-own store licensees with information improperly gathered from consumers for use in connection with collecting or attempting to collect a debt, money, or property pursuant to a consumer rental contract.

27. By furnishing others with the means to engage in the unfair practices described in Paragraph 26, respondents have provided the means and instrumentalities for the commission of unfair acts and practices and thus have caused or are likely to cause substantial injury to consumers that cannot be reasonably avoided and is not outweighed by countervailing benefits to consumers or competition.

28. Therefore, respondents' practices, as described in Paragraph 26, constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

Deceptive Gathering and Disclosure of

