

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman
J. Thomas Rosch
Edith Ramirez
Julie Brill

In the Matter of)
)
)
WATERSHED DEVELOPMENT CORP.,)
a corporation, also d/b/a Watershed)
and Aaron's Sales & Lease Ownership.)
)
)

AGREEMENT CONTAINING
CONSENT ORDER

FILE NO. 1123151

AGREEMENT CONTAINING CONSENT ORDER N2.c5

c. All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement.

4. This agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission, it, together with the draft complaint, will be placed on the public record for a period of thirty (30) days and information about it publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify proposed respondent, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondent that the law has been violated as alleged in the draft complaint, or that the facts as alleged in the draft complaint, other than the jurisdictional facts, are true.

6. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Section 2.34 of the Commission's Rules, the Commission may, without further notice to proposed respondent, (1) issue its complaint corresponding in form and substance with the attached draft complaint and its decision containing the following order in disposition of the proceeding, and (2) make information about it public. When so entered, the order shall have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time provided by statute for other orders. The order shall become final upon service. Delivery of the complaint and the decision and order to proposed respondent's address as stated in this agreement by any means specified in Section 4.4(a) of the Commission's Rules shall constitute service. Proposed respondent waives any rights it may have to any other means of service. The complaint may be used in construing the terms of the order, and no agreement, understanding, representation, or interpretation not contained in the order or the agreement may be used to vary or contradict the terms of the order.

7. Proposed respondent has read the draft complaint and consent order. Proposed respondent understands that it may be liable for civil penalties in the amount provided by law and other appropriate relief for each violation of the order after it becomes final.

ORDER

DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. Unless otherwise specified, "respondent" shall mean Watershed Development Corp., and its successors and assigns.

2. “Commerce” shall be defined as it is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

3. “Computer” shall mean any desktop or laptop computer, handheld device, tablet, telephone, or other electronic product or device that has a platform on which to download, install, or run any software program, code, script, or other content.

4. “Clear(ly) and prominent(ly)” shall mean:

a. In textual communications (e.g., printed publications or words displayed on the screen of a computer or mobile device), the required disclosures are of a type, size, and location sufficiently noticeable for an ordinary consumer to read and comprehend them, in print that contrasts highly with the background on which they appear;

b. In communications disseminated orally or through audible means (e.g., radio or streaming audio), the required disclosures are delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend them;

c. In communications disseminated through video means (e.g., television or streaming video), the required disclosures are in writing in a form consistent with subpart (a) of this definition and shall appear on the screen for a duration sufficient for an ordinary consumer to read and comprehend them, and in the same language as the predominant language that is used in the communication;

d. In communications made through interactive media, such as the Internet, online services, and software, the required disclosures are unavoidable and presented in a form consistent with subpart (a) of this definition, in addition to any audio or video presentation of them; and

e. In all instances, the required disclosures are presented in an understandable language and syntax; in the same language as the predominant language that is used in the communication; and include nothing contrary to, inconsistent with, or in mitigation of any statement contained within the disclosure or within any document linked to or referenced therein.

5. “Geophysical location tracking technology” shall mean any hardware, software, or application utilized in c

B. Installing or activating on rented computers geophysical location tracking technology where that technology does not provide clear and prominent notice to the computer user immediately prior to each use of the geophysical location tracking technology; and

C. Failing to provide clear and prominent notice to computer users and obtaining affirmative express consent from computer renters, as required in subpart A, above, by the following means:

1. Clear and Prominent Notice: respondent shall provide a clear and prominent notice to the user, separate and apart from any “privacy policy,” “data use policy,” “terms of service,” “end-user license agreement,” “lease agreement,” or other similar document, that discloses (1) that geophysical location tracking technology is installed and/or currently running on the computer; (2) the types of user activity or conduct that is being captured by such technology; (3) the identities or specific categories of entities with whom any data or information that is collected will be shared or otherwise provided; (4) the purpose(s) for the collection, use, or sharing of such data or information; and (5) where and how the user can contact someone for additional information.

2. Affirmative Express Consent: respondent shall obtain affirmative express consent by giving the computer renter an equally clear and prominent choice to either agree or not agree to any geophysical location tracking technology, and neither option may be highlighted or preselected as a default setting. Activation of any geophysical location tracking technology must not proceed until the computer’s renter provides affirmative express consent. Notwithstanding the foregoing, nothing in this Part shall require respondent to rent a computer to a user who declines to consent to installation or activation of any geophysical tracking technology.

3. Icons: respondent shall provide that the activation of any geophysical location tracking technology be accompanied by the installation of a clear and prominent icon on the computer on which the technology is installed, such as on the desktop and in the desktop system tray of the computer. Clicking on the icon must clearly and prominently disclose: (1) that geophysical location tracking technology is installed and currently running on the computer; (2) the types of user activity or conduct that is being captured by such technology; (3) the identities or specific categories of entities with whom any data or information that is collected will be shared or otherwise provided; (4) the purpose(s) for the collection, use, or sharing of such data or information; and (5) where and how the user can contact someone for additional information.

Provided that respondent may suspend the notice requirements of this Part and activate geophysical location tracking technology if a) the renter reports that the computer has been stolen or respondent otherwise has a reasonable basis to believe that the computer has been stolen, and b) either the renter or respondent has filed a police report stating that the computer has been stolen. Provided further that respondent shall retain documents establishing (a) and (b).

For purposes of this Order, “filing of a police report” means the filing of the renter’s or respondent’s complaint with the police department in any form recognized in the jurisdiction.

III.

NO DECEPTIVE GATHERING OF CONSUMER INFORMATION

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with it who receive actual notice of this order, by personal service or otherwise, in connection with any covered rent-to-own transaction, are hereby permanently restrained and enjoined from making or causing to be made any false representation or depiction in any notice, prompt screen, or other software application appearing on the screen of any computer that results in gathering information from or about a consumer, including without limitation location information.

IV.

NO USE OF IMPROPERLY OBTAINED INFORMATION IN COLLECTIONS

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with it who receive actual notice of this order, by personal service or otherwise, are hereby permanently restrained and enjoined from using, in connection with collecting or attempting to collect a debt, money, or property pursuant to a covered rent-to-own transaction, any information or data obtained in a manner that does not comply with Parts I, II, and III of this Order.

V.

PROTECTION OF DATA

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with it who receive actual notice of this order, by personal service or otherwise, in connection with shall:

A. Delete or destroy all user data previously gathered using any monitoring or geophysical location tracking technology that does not comply with Parts I, II, and III of this Order; and

B. Transfer data or information gathered by any monitoring or geophysical location tracking technology from the computer upon which the technology is installed to respondent’s server(s), and from the respondent’s server(s) to any other computers or servers only if the information collected is rendered unreadable, unusable, or indecipherable during transmission.

VI.
NO MISREPRESENTATIONS ABOUT PRIVACY

IT IS FURTHER ORDERED

C. Unless otherwise directed by a representative of the Commission, all notices required by this Part shall be sent by overnight courier (not the U.S. Postal Service) to the Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580, with the subject line Watershed Development Corp., File No. 1123151. *Provided, however*; that, in lieu of overnight courier, notices may be sent by first class mail, but only if an electronic version of each such notice is contemporaneously sent to the Commission at DEbrief@ftc.gov.

IX. RECORDKEEPING

IT IS FURTHER ORDERED that respondent shall, for five (5) years after the last date of any act or practice covered by Parts I – VI of this Order, maintain and upon reasonable notice make available to the Federal Trade Commission for inspection and copying, any documents, whether prepared by or on behalf of respondent, that:

A. Comprise or relate to complaints or inquiries, whether received directly, indirectly, or through any third party, concerning any monitoring or geophysical tracking technologies sold, licensed, or otherwise provided to any third party, and any responses to those complaints or inquiries;

B. Are reasonably necessary to demonstrate full compliance with each provision of this order, including but not limited to, all documents obtained, created, generated, or which in any way relate to the requirements, provisions, or terms of this order, and all reports submitted to the Commission pursuant to this order;

C. Contradict, qualify, or call into question respondent's compliance with this order;
or

D. Acknowledge receipt of this order obtained pursuant to Part VII.

X. TERMINATION OF ORDER

This order will terminate on June 1, 2032, or twenty (20) years from the most recent date that the United States or the

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D.

C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that respondents did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Signed this _____ day of _____, 2012.

WATERSHED DEVELOPMENT CORP.

Dated: _____
Watershed Development Corp.

Dated: _____
DOUGLAS E. LEE
Ehrmann Gehlbach Badger & Lee, LLC
Counsel for Watershed Development Corp.

FEDERAL TRADE COMMISSION

Dated: _____
TRACY S. THORLEIFSON
JULIE K. MAYER
Counsel for the Federal Trade Commission

APPROVED:

ROBERT J. SCHROEDER
Director
Northwest Region

DAVID C. VLADECK
Director
Bureau of Consumer Protection