

**December 4, 2018**

**MADIGAN ANNOUNCES \$6 MILLION SETTLEMENT WITH ENCORE CAPITAL TO REFORM DEBT BUYING & COLLECTION PRACTICES**

**Chicago** — Attorney General Lisa Madigan today announced a \$6 million settlement that resolves an investigation she led with 41 states and the District of Columbia into one of the nation's largest debt buyers, Encore Capital Group Inc., and its subsidiaries, Midland Credit Management Inc. and Midland Funding LLC.

Madigan led an investigation into Midland's debt collection and litigation practices and its pattern of signing and filing affidavits in state courts against consumers in large volumes without verifying the information printed in them – a practice commonly called robo signing.

The practice of debt buying involves buying and selling overdue debts from creditors and other account owners. Often purchased for pennies on the dollar, debt buyers seek to recover the full balance from consumers through collection attempts by phone and mail. Debt buyers, including Midland, file actions in court against consumers to collect debts they have purchased for collection. In response, consumers are often unable to afford attorneys to defend the allegations and as a result, cases often end in default judgments, hurting a consumer's credit and putting them in further financial jeopardy, including having their wages garnished.

"Midland's robo signing of inaccurate court documents to collect consumer debt was illegal," Madigan said. "This settlement will provide financial relief to consumers who were victims of this company's unfair and deceptive debt collection practices."

Under the settlement, Midland will completely eliminate or reduce more than 1,200 Illinois consumers' judgment balances, a value of over \$1.8 million, in cases where Midland used an affidavit against them in court between 2003 and 2009. Midland will notify impacted consumers by mail of the balance reduction and that no further action by the consumer is necessary. In addition, Midland will set aside \$25,000 per state to compensate consumers who may have paid Midland money that the consumer did not owe.

Midland will also reform its affidavit signing and litigation practices. Midland must carefully verify the information in affidavits and present accurate documents in court proceedings. Before Midland files a lawsuit, it must have account documents about the debt, including the amount of the debt, proof of an agreement to pay the debt, and an explanation about why any additional fees are justified.

The settlement also requires Midland to provide all consumers with accurate information about valid debts. If a consumer disputes a debt Midland is collecting, the settlement requires Midland to review original account documents before it continues collection efforts and provide the substantiating documents to the consumer for no charge. The settlement also requires that Midland maintain proper oversight and training over its employees and the law firms that it uses. The agreement prohibits Midland from reselling debt for two years.

Consumer debt collection complaints consistently rank among the most frequent complaints Madigan's office receives from consumers. Madigan has taken numerous actions to protect consumers from unfair debt collection practices, including a 2015 multistate settlement that reformed Chase Bank's debt sale and litigation practices after it was revealed Chase robo signed affidavits, sought to collect the wrong amount from consumers, and sold debt to debt buyers that contained inaccuracies. In addition, this year, Madigan

supported expanded rules for Illinois courts on debt collection practices that were sponsored by the Illinois Supreme Court Commission on Access to Justice.

Joining Madigan in today's settlement were attorneys general from Alaska, Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

Bureau Chief Elizabeth Blackston and Deputy Bureau Chief Paul A. Isaac handled the case for Madigan's Consumer Fraud Bureau.