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News Release

FOR IMMEDIATE RELEASE

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Maryland Commissioner of Financial Regulation, Attorney General Announce Settlement Agreement with National Debt Collector

BALTIMORE, MD (December 17, 2009) - Sarah Bloom Raskin, Maryland Commissioner of Financial Regulation, and Attorney General Douglas F. Gansler today announced that the State has reached an agreement with Encore Capital Group Inc., Midland Credit Management, Inc., Midland Funding LLC and other affiliated companies to settle alleged violations of federal and state debt collection laws.

Under the terms of the Settlement Agreement with the State Collection Agency Licensing Board, an agency within the Office of the Commissioner, a division of the Department of Labor, Licensing and Regulation, the Encore-Midland companies will pay civil penalties totaling \$998,000; three of the companies will become licensed as collection agencies in order to engage in collection-related litigation in Maryland State courts; and the Encore-Midland companies will change some business practices to ensure that both their litigation-related collection activities and their non-litigation (or "traditional") debt collection activities comply with all applicable state and federal laws. These laws include the Maryland Collection Agency Licensing Act, the Maryland Consumer Debt Collection Act, and the federal Fair Debt Collection Practices Act. The companies have not admitted to any wrongdoing under the terms of the Agreement.

"Collection agencies are increasingly using the court system - or 'legal collections' - as a key business avenue," said Commissioner Raskin. "These activities require licensure and oversight under Maryland law just like any other collection activities, and this settlement demonstrates our commitment to ensuring that consumers receive the protections to which they are entitled by law, whether the debt is being pursued through the courts, on the phone, or by mail. We appreciate the cooperation from the Encore-Midland companies in resolving this matter and their commitment to modifying their practices in response to the concerns of the Agency. Protecting consumers is a priority for Governor O'Malley, for DLLR, for my Office, and for the Attorney General."

The Encore Midland companies comprise one of the largest debt collection businesses in the nation. They have filed more than 30,000 collection actions in Maryland State courts since 2001 in an attempt to collect on consumer debts in default. The Settlement does not impact

pending actions or limit the rights of consumers against Encore-Midland, but rather commits the companies to making changes in their debt collection practices.

“Litigation-related collection activities often result in default judgments against consumers, allowing the collection agencies to garnish the consumers’ wages” said Attorney General Gansler. “It is important that collection agencies involved in this type of debt collection fully adhere to licensing requirements, to the Maryland Rules of Civil Procedures, as well as to the federal and State debt collection laws. As consumers are often unaware of their rights under the applicable laws, regulatory oversight of these companies by the Commissioner of Financial Regulation is an important added protection for consumers in collection-related litigation activities, and I applaud the Commissioner’s leadership in this area.”

The Office of the Commissioner of Financial Regulation is the primary regulator for financial institutions chartered in Maryland, including State-chartered banks, credit unions, and trust companies; and State-licensed financial entities including, consumer finance companies, mortgage lenders, mortgage brokers, mortgage servicers, mortgage loan originators, credit reporting agencies, consumer debt collection agencies, debt management companies, check cashers, credit services businesses, and money transmitters. The Commissioner is represented in legal matters by the Office of the Attorney General.