



Attorney General Doug Peterson

News Release

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Attorney General Peterson Announces \$6 Million Settlement with Encore Capital, Midland Credit Management, and Midland Funding to Reform Debt Buying and Collection Practices

Lincoln— Attorney General Doug Peterson announced today that the Lancaster County District Court approved a \$6 million, 42 state settlement with Encore Capital Group Inc. and its subsidiaries Midland Credit Management, Inc. and Midland Funding, LLC, one of the nation’s largest debt buyers.

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, also take consumers to court to collect the debts they purchase. When consumers are unable to afford attorneys or otherwise fail to defend themselves, debt buyers take default judgments – leaving consumers with damaged credit and sometimes garnished wages.

The settlement resolves the States’ investigation into Midland’s collection and litigation practices. Much like the conduct witnessed during the mortgage crisis, the agreement settles claims that Midland signed and filed affidavits in state courts in large volumes without verifying the information printed in them, a practice commonly called robo-signing.

According to Attorney General Peterson, “Debt buyers must be held to the same standards as any other creditor when providing consumers – and the courts – with accurate and truthful information.”

The settlement requires Midland to reform its affidavit signing and litigation practices. Midland must carefully verify the information in affidavits and present accurate documents in court proceedings. When Midland files a lawsuit, it must have account documents about

the debt before they file the case, including the amount of the debt, proof of an agreement, and an explanation about why any additional fees are justified.

The settlement offers protections to consumers Midland is collecting from even if they are not being sued. All consumers must receive 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 its collection efforts. Midland must provide these substantiating documents to the consumer for no charge. The settlement requires 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.

As part of the settlement, Midland will completely eliminate or reduce the judgment balances for approximately 67 Nebraska consumers for a value of \$75,816 in cases where Midland used an affidavit against them in court between 2003 and 2009. 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 notify impacted consumers by mail of the balance reduction and no further action is necessary from the consumer.

Joining Nebraska in this settlement were attorneys general from Alaska, Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, 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.

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Please click the link to find court documents: <https://bit.ly/2QRQTzI>

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