

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**SCHEDULE 13D/A**

**Under the Securities Exchange Act of 1934  
(Amendment No. 2)\***

**ENCORE CAPITAL GROUP, INC.**  
(Name of Issuer)

**Common Stock, par value \$0.01 per share**  
(Title of Class of Securities)

**292554102**  
(CUSIP Number)

**Red Mountain Capital Partners LLC**  
**Attn: Willem Mesdag**  
**10100 Santa Monica Boulevard, Suite 925**  
**Los Angeles, California 90067**  
**Telephone (310) 432-0200**  
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**May 11, 2007**  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

**Note.** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Red Mountain Capital Partners LLC 73-1726370

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

3,435,062 shares (See Item 5)

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

None (See Item 5)

9 SOLE DISPOSITIVE POWER

3,435,062 shares (See Item 5)

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

15.1%\* (See Item 5)

14 TYPE OF REPORTING PERSON

OO – Limited Liability Company

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Red Mountain Capital Partners II, L.P.

20-4117535

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

748,009 shares (See Item 5)

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

None (See Item 5)

9 SOLE DISPOSITIVE POWER

748,009 shares (See Item 5)

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

748,009 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.3%\* (See Item 5)

14 TYPE OF REPORTING PERSON

PN – Limited Partnership

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Red Mountain Capital Partners III, L.P.

20-5329858

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

2,687,053 shares (See Item 5)

NUMBER OF  
SHARES

8 SHARED VOTING POWER

None (See Item 5)

BENEFICIALLY

OWNED BY

EACH

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

2,687,053 shares (See Item 5)

WITH

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,687,053 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.8%\* (See Item 5)

14 TYPE OF REPORTING PERSON

PN – Limited Partnership

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

RMCP GP LLC

20-4442412

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

3,435,062 shares (See Item 5)

NUMBER OF  
SHARES

8 SHARED VOTING POWER

None (See Item 5)

BENEFICIALLY  
OWNED BY

9 SOLE DISPOSITIVE POWER

EACH  
REPORTING

3,435,062 shares (See Item 5)

PERSON  
WITH

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

15.1%\* (See Item 5)

14 TYPE OF REPORTING PERSON

OO – Limited Liability Company

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Red Mountain Capital Management, Inc.

13-4057186

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

3,435,062 shares (See Item 5)

NUMBER OF  
SHARES

8 SHARED VOTING POWER

None (See Item 5)

BENEFICIALLY

OWNED BY

EACH

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

3,435,062 shares (See Item 5)

WITH

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

15.1%\* (See Item 5)

14 TYPE OF REPORTING PERSON

CO – Corporation

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Willem Mesdag

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b) 

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) 

6 CITIZENSHIP OR PLACE OF ORGANIZATION

U.S. Citizen

7 SOLE VOTING POWER

3,435,062 shares (See Item 5)

NUMBER OF  
SHARES

8 SHARED VOTING POWER

None (See Item 5)

BENEFICIALLY

OWNED BY

EACH

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

3,435,062 shares (See Item 5)

WITH

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES 

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

15.1%\* (See Item 5)

14 TYPE OF REPORTING PERSON

IN – Individual

\* Based on approximately 22,799,977 shares of Common Stock outstanding as of April 23, 2007, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2007, which was filed by Encore with the Securities and Exchange Commission on May 8, 2007.

CUSIP No. 292554102

This Amendment No. 2 amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the "SEC") on April 16, 2007, as amended by Amendment No. 1 thereto, filed with the SEC on April 23, 2007 (together, this "Schedule 13D"), by (i) Red Mountain Capital Partners LLC, a Delaware limited liability company ("RMCP LLC"), (ii) Red Mountain Capital Partners II, L.P., a Delaware limited partnership ("RMCP II"), (iii) Red Mountain Capital Partners III, L.P., a Delaware limited partnership ("RMCP III"), (iv) RMCP GP LLC, a Delaware limited liability company ("RMCP GP"), (v) Red Mountain Capital Management, Inc., a Delaware corporation ("RMCM"), and (vi) Willem Mesdag, a natural person and citizen of the United States of America, with respect to the common stock, par value \$0.01 per share (the "Common Stock"), of Encore Capital Group, Inc., a Delaware corporation ("Encore"). RMCP LLC, RMCP II, RMCP III and RMCP GP are sometimes collectively referred to herein as "Red Mountain." Red Mountain, RMCM and Mr. Mesdag are sometimes collectively referred to herein as the "Reporting Persons." The filing of any amendment to this Schedule 13D (including the filing of this Amendment No. 1) shall not be construed to be an admission by the Reporting Persons that a material change has occurred in the facts set forth in this Schedule 13D or that such amendment is required under Rule 13d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

**ITEM 4. PURPOSE OF TRANSACTION.**

Item 4 of this Schedule 13D is hereby amended to include the following information:

On May 11, 2007, Mr. Mesdag and Mr. Teets were elected to Encore's board of directors.



**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: May 18, 2007

**RED MOUNTAIN CAPITAL PARTNERS LLC**

/s/ Willem Mesdag

By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL PARTNERS II, L.P.**

By: RMCP GP LLC, its general partner

/s/ Willem Mesdag

By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL PARTNERS III, L.P.**

By: RMCP GP LLC, its general partner

/s/ Willem Mesdag

By: Willem Mesdag  
Title: Authorized Signatory

**RMCP GP LLC**

/s/ Willem Mesdag

By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL MANAGEMENT, INC.**

/s/ Willem Mesdag

By: Willem Mesdag

Title: President

**WILLEM MESDAG**

/s/ Willem Mesdag

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
1	Joint Filing Agreement, dated as of April 16, 2007, by and among the Reporting Persons (incorporated by reference to Exhibit 1 to the Schedule 13D filed by the Reporting Persons with the SEC on April 16, 2007).
2	Stock Purchase Agreement, dated as of April 5, 2007, by and among Second Curve Opportunity Fund, LP, Second Curve Opportunity Fund International, Ltd. and Red Mountain Capital Partners III, L.P. (incorporated by reference to Exhibit 2 to the Schedule 13D filed by the Reporting Persons with the SEC on April 16, 2007).
3	Letter, dated April 20, 2007, from JCF FPK I LP to, and as accepted and agreed by, Red Mountain Capital Partners LLC (incorporated by reference to Exhibit 3 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons with the SEC on April 23, 2007).