
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 15, 2008

ENCORE CAPITAL GROUP, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-26489
(Commission File
Number)

48-1090909
(IRS Employer
Identification No.)

8875 Aero Drive, Suite 200, San Diego, California
(Address of Principal Executive Offices)

92123
(Zip Code)

(877) 445-4581
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

Following the issue of a Notice of Breach on July 15, 2008 from Encore Capital Group, Inc. and its wholly owned subsidiary, Midland Credit Management, Inc. (collectively, “**Encore**”) to Jefferson Capital Systems, LLC (“**Jefferson Capital**”) and its parent, CompuCredit Corporation, Encore received Notice of Defaults from Jefferson Capital under the (i) Asset Purchase and Forward Flow Agreement, dated June 2, 2005, as amended, and (ii) Collection Agreement, dated June 2, 2005, each such agreement originally by and among Encore and one or more of its wholly owned subsidiaries and Jefferson Capital. A copy of the Notice of Defaults is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Notice of Defaults, dated July 15, 2008, received by Encore Capital Group, Inc. and its wholly owned subsidiary, Midland Credit Management, Inc., issued by Jefferson Capital Systems, LLC, under the (i) Asset Purchase and Forward Flow Agreement, dated June 2, 2005, as amended, and (ii) Collection Agreement, dated June 2, 2005. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

Date: July 16, 2008

/s/ Paul Grinberg

Paul Grinberg

Executive Vice President,

Chief Financial Officer and Treasurer

Exhibit Index

Exhibit
Number

Description

99.1

Notice of Defaults, dated July 15, 2008, received by Encore Capital Group, Inc. and its wholly owned subsidiary, Midland Credit Management, Inc., issued by Jefferson Capital Systems, LLC, under the (i) Asset Purchase and Forward Flow Agreement, dated June 2, 2005, as amended, and (ii) Collection Agreement, dated June 2, 2005.



JEFFERSON CAPITAL SYSTEMS, LLC

NOTICE OF DEFAULTS

July 15, 2008

Midland Credit Management, Inc.
8875 Aero Drive, Suite 200
San Diego, CA 92123
Attention: General Counsel

Midland Funding LLC
c/o Encore Capital Group, Inc.
8875 Aero Drive, Suite 200
San Diego, CA 92123
Attention: General Counsel

Re: Asset Purchase and Forward Flow Agreement dated June 2, 2005, as amended
Amended and Restated Collection Agreement dated June 2, 2005, as amended

Ladies and Gentlemen:

I am writing in reference to the two captioned agreements. Capitalized terms used in this letter have the meanings provided to them in the agreements.

On July 10, 2008, you were obligated to purchase from Jefferson Capital Systems, LLC ("JCAP") certain Accounts pursuant to the terms of the Asset Purchase and Forward Flow Agreement. You did not do so. This letter serves as formal notice to you that as a result of your failure to purchase those Accounts you are in breach of your obligations under that agreement.

In addition, on an ongoing basis you are obligated to transfer and place with JCAP Solicitation Accounts pursuant to the terms of the Amended and Restated Collection Agreement. You have stated in writing that you no longer are going to make those transfers. This letter serves as formal notice to you that as a result of your refusal to transfer and place those Solicitation Accounts you are in breach of your obligations under that agreement.

JCAP remains ready to fully perform all of its obligations under the agreements on an ongoing basis.

I want to express my sincere disappointment in this outcome. Our entire organization has responded to every informational or other request that you have made and has substantiated for you the fulfillment by JCAP of all of its obligations under the agreements. In that context, your failures to perform constitute not only breaches under the agreements but also bad faith acts on your part. JCAP intends to hold you responsible for all damages, losses, costs and expenses incurred by it as a result of your breaches to the fullest extent permitted by law.

Very truly yours,

/s/ David M. Burton

David M. Burton