
**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.

On July 15, 2008, Encore Capital Group, Inc. and its wholly owned subsidiary, Midland Credit Management, Inc. (collectively, “**Encore**”), issued a Notice of Breach to Jefferson Capital Systems, LLC (“**Jefferson Capital**”) and its parent, CompuCredit Corporation, under the (i) Asset Purchase and Forward Flow Agreement, dated June 2, 2005, as amended, (ii) Collection Agreement, dated June 2, 2005, and (iii) Bankruptcy Receivable Purchase Agreement, dated May 28, 2004, as amended, each such agreement originally by and among Encore and one or more of its wholly owned subsidiaries and Jefferson Capital. A copy of Encore’s Notice of Breach 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 Breach, dated July 15, 2008, issued by Encore Capital Group, Inc. and its wholly owned subsidiary, Midland Credit Management, Inc. to Jefferson Capital Systems, LLC and its parent, CompuCredit Corporation, under the (i) Asset Purchase and Forward Flow Agreement, dated June 2, 2005, as amended, (ii) Collection Agreement, dated June 2, 2005, and (iii) Bankruptcy Receivable Purchase Agreement, dated May 28, 2004, as amended.

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 15, 2008

/s/ Paul Grinberg

Paul Grinberg

Executive Vice President,

Chief Financial Officer and Treasurer

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Notice of Breach, dated July 15, 2008, by Encore Capital Group, Inc. and its wholly owned subsidiary Midland Credit Management, Inc. to Jefferson Capital Systems, LLC and its parent, CompuCredit Corporation, under that certain Asset Purchase and Forward Flow Agreement dated June 2, 2005, as amended, that certain Collection Agreement dated June 2, 2005, and that certain Bankruptcy Receivable Purchase Agreement dated May 28, 2004, as amended.

July 15, 2008

Jefferson Capital LLC
16 McLeland Road
St. Cloud, MN 56303
Attn: David Burton

CompuCredit Corporation
245 Perimeter Center Parkway
Suite 600
Atlanta, GA 30346
Attn: General Counsel

Re: Asset Purchase and Forward Flow Agreement dated June 2, 2005, as amended; Collection Agreement dated June 2, 2005, as amended; Bankruptcy Receivable Purchase Agreement dated May 28, 2004, as amended

Ladies & Gentlemen:

Pursuant to Paragraph 2.2, h) of the Asset Purchase and Forward Flow Agreement (“Asset Purchase Agreement”) among Jefferson Capital Systems, LLC (“Jefferson Capital”) and Midland Funding, LLC (“Midland”), Midland hereby puts Jefferson Capital on notice that it is in material breach of the Asset Purchase Agreement. The basis of the breach is a Complaint for Permanent Injunction and Other Equitable Relief filed on or about June 10, 2008 (“Complaint”) by the Federal Trade Commission (“FTC”) against CompuCredit Corporation (“CompuCredit”) and Jefferson Capital and the investigation leading up to that Complaint (“FTC Action”), as well as the underlying allegations made in the Complaint.

As you know, Jefferson Capital made certain representations and warranties to Midland in Paragraph 5 of the Asset Purchase Agreement. Specifically Paragraph 5.1, a)(v) provides as follows:

Litigation. There is no pending or, to [Jefferson Capital’s] actual knowledge, threatened action, investigation, litigation or proceeding by or against [Jefferson Capital] which would (i) prevent [Jefferson Capital] from performing its obligations hereunder in any material respect or (ii) have a material adverse effect on or result in a lien against, or otherwise materially impair such Accounts.

The FTC Action has a “material adverse effect on” Accounts to be purchased by Midland from Jefferson Capital pursuant to future Forward Flow Transfers and, as a result, is covered by Paragraph 5.1, a)(v). In addition, certain allegations in the FTC Action, if true, materially breach a number of other warranties set forth in the Asset Purchase Agreement including, but not limited to, Paragraphs 5.1, a) (vi), (viii) and (ix). Pursuant to paragraph 2.2(h), Jefferson Capital has thirty (30) days to cure these material breaches of the Asset Purchase Agreement.

In addition to the foregoing, and with reference to the Amended and Restated Collection Agreement dated as of June 2, 2005 (“Balance Transfer Agreement”), Midland hereby puts Jefferson Capital on notice that it is in material breach of the Balance Transfer Agreement. The FTC Action constitutes a breach of Jefferson Capital’s covenant in Section 1.04, c) of the Balance Transfer Agreement that “it shall comply at all times with all applicable laws, statutes, rules, regulations, codes and binding authority,” and Section 2.01, f), which represents and warrants that:

To the best of the knowledge of the representing party, there are no actions, suits or proceedings pending against or in any other way relating adversely to or affecting the representing party in any court or tribunal or before any arbitration of any kind wherein an unfavorable decision, ruling, or finding is likely to have a material adverse effect on the transactions contemplated by this Agreement.

This notice is given pursuant to Section 3.02 a) (i) and (ii) of the Balance Transfer Agreement.

Further, with reference to the Bankruptcy Receivable Purchase Agreement dated as of May 28, 2004 and as most recently amended as of December 21, 2007 (“Bankruptcy Agreement”), Midland hereby puts Jefferson Capital on notice that the breach of the Asset Purchase Agreement also constitutes a breach of the Bankruptcy Agreement inasmuch as the FTC Action has a direct and material adverse effect on Midland’s ability and willingness to sell Accounts to Jefferson Capital and that such breach nullifies the extension and modification of the Bankruptcy Agreement effected by way of the most recent amendment to the Bankruptcy Agreement to make it coextensive with the Asset Purchase Agreement. This notice is given pursuant to Section 13.1 of the Bankruptcy Agreement, and paragraph (3) of the Second Amendment to Bankruptcy Receivable Purchase Agreement effective May 31, 2005.

In addition to the breach of representations and warranties referenced above, under the Asset Purchase Agreement Jefferson Capital has a continuing obligation to indemnify Midland with respect Accounts it has purchased and to repurchase such Accounts under

July 15, 2008

Page 3

certain circumstances. Midland intends to pursue its legal rights and remedies, including without limitation its rights to indemnity and its “put” rights, in connection with Accounts previously purchased pursuant to the Asset Purchase Agreement. Midland will also pursue all its legal rights and remedies with respect to Jefferson Capital’s breaches of the Balance Transfer Agreement and the Bankruptcy Agreement.

Very truly yours,

/s/ J. Brandon Black

J. Brandon Black
Chief Executive Officer