

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
|--|-----------|
| OMB Number: | 3235-0287 |
| Estimated average burden hours per response: | 0.5 |

| | | |
|---|---|---|
| 1. Name and Address of Reporting Person* <u>MESDAG WILLEM</u> (Last) (First) (Middle) <u>10100 SANTA MONICA BOULEVARD</u> <u>SUITE 925</u> (Street) <u>LOS ANGELES CA 90067</u> (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>ENCORE CAPITAL GROUP INC [ECPG]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>07/01/2011</u> | |
| 4. If Amendment, Date of Original Filed (Month/Day/Year) | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 07/01/2011 ⁽¹⁾ | | A | | 804 | A | \$0 | 22,630 ⁽²⁾ | D | |
| Common Stock | | | | | | | | 517,791 ⁽³⁾ | I | Through RMCP II. |
| Common Stock | | | | | | | | 1,860,044 ⁽⁴⁾ | I | Through RMCP III. |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|--|-----|--|-----------------|---|--|--|---|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | | | | |

1. Name and Address of Reporting Person*
MESDAG WILLEM
 (Last) (First) (Middle)
10100 SANTA MONICA BOULEVARD
SUITE 925
 (Street)
LOS ANGELES CA 90067
 (City) (State) (Zip)

1. Name and Address of Reporting Person*
RED MOUNTAIN CAPITAL PARTNERS LLC
 (Last) (First) (Middle)
10100 SANTA MONICA BOULEVARD
SUITE 925
 (Street)
LOS ANGELES CA 90067
 (City) (State) (Zip)

| | | |
|--|---------|----------|
| (City) | (State) | (Zip) |
| 1. Name and Address of Reporting Person* | | |
| RED MOUNTAIN CAPITAL PARTNERS II, L.P. | | |
| (Last) | (First) | (Middle) |
| 10100 SANTA MONICA BOULEVARD SUITE 925 | | |
| (Street) | | |
| LOS ANGELES | CA | 90067 |
| (City) | (State) | (Zip) |

| | | |
|---|---------|----------|
| 1. Name and Address of Reporting Person* | | |
| RED MOUNTAIN CAPITAL PARTNERS III, L.P. | | |
| (Last) | (First) | (Middle) |
| 10100 SANTA MONICA BOULEVARD SUITE 925 | | |
| (Street) | | |
| LOS ANGELES | CA | 90067 |
| (City) | (State) | (Zip) |

| | | |
|---|---------|----------|
| 1. Name and Address of Reporting Person* | | |
| RMCP GP LLC | | |
| (Last) | (First) | (Middle) |
| 10100 SANTA MONICA BOULEVARD SUITE 925 | | |
| (Street) | | |
| LOS ANGELES | CA | 90067 |
| (City) | (State) | (Zip) |

| | | |
|---|---------|----------|
| 1. Name and Address of Reporting Person* | | |
| RED MOUNTAIN CAPITAL MANAGEMENT INC | | |
| (Last) | (First) | (Middle) |
| 10100 SANTA MONICA BOULEVARD SUITE 925 | | |
| (Street) | | |
| LOS ANGELES | CA | 90067 |
| (City) | (State) | (Zip) |

Explanation of Responses:

- On July 1, 2011, Encore Capital Group, Inc. ("Encore") issued 804 deferred issuance restricted stock units ("RSUs") to Willem Mesdag, under the Encore 2005 Stock Incentive Plan, in connection with his service as a member of Encore's board of directors.
- These shares are in the form of RSUs. Each RSU represents the right to receive one share of Encore common stock. All of these RSUs are fully vested.
- These shares are held directly by Red Mountain Capital Partners II, L.P. ("RMCP II").
- These shares are held directly by Red Mountain Capital Partners III, L.P. ("RMCP III").

Remarks:

This Form 4 is jointly filed by (i) Red Mountain Capital Partners LLC ("RMCP LLC"), (ii) RMCP II, (iii) RMCP III, (iv) RMCP GP LLC ("RMCP GP"), (v) Red Mountain Capital Management, Inc. ("RMCM"), and (vi) Willem Mesdag. RMCP is the general partner of each of RMCP II and RMCP III. RMCP LLC is the managing member of RMCP GP. RMCM is the managing member of RMCP LLC. Mr. Mesdag is the president, sole executive officer, sole director and sole shareholder of RMCM. Each of the reporting persons hereunder disclaims beneficial ownership of the reported securities except to the extent of its or his pecuniary interests therein. In addition, RMCP II disclaims beneficial ownership of any securities held directly by RMCP III, and RMCP III disclaims beneficial ownership of any securities held directly by RMCP II. Each reporting person (other than Mr. Mesdag) disclaims beneficial ownership of any securities held directly by Mr. Mesdag. This Form 4 shall not be deemed to be an admission that any reporting person hereunder is the beneficial owner of any of the reported securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

/s/ Willem Mesdag (on behalf
of himself and the Red
Mountain entities) 08/30/2011

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

