

# Delaware Announces Settlement to Reform Debt Buying and Collection Practices

Attorney General Matt Denn announced today that Delaware joined 41 other states and the District of Columbia in reaching a settlement regarding debt collection practices 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.

The settlement resolves the States' investigation into Midland's collection and litigation practices. 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.

The settlement requires Midland to reform its affidavit signing and litigation practices. As a result of the investigation and settlement, 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.

As part of the settlement, Midland will completely eliminate or reduce the judgment balances of approximately 20 Delaware consumers for a value of \$27,133 in cases where Midland used

an affidavit against them in court. Midland will notify impacted consumers by mail of the balance reduction and no further action is necessary from the consumers.