

ENCORE CAPITAL GROUP INC
 Form 4
 January 04, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MESDAG WILLEM

2. Issuer Name and Ticker or Trading Symbol
ENCORE CAPITAL GROUP INC [ECPG]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
10100 SANTA MONICA BOULEVARD, SUITE 925
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/02/2008

Director 10% Owner
 Officer (give title below) Other (specify below)

LOS ANGELES, CA 90067

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--------------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | | | | | 748,009 | I ⁽¹⁾ | Through RMCP II (as defined below). |
| Common Stock | | | | | 2,687,053 | I ⁽²⁾ | Through RMCP III (as defined below). |
| Common Stock | | | | | 6,900 | D ⁽³⁾ | |

| | | | | | | | | |
|--------------|------------|---|-------|---|------|-------|------------------|-------------------------------------|
| Common Stock | 01/02/2008 | A | 5,648 | A | \$ 0 | 5,648 | I ⁽⁴⁾ | Through RMCP LLC (as defined below) |
|--------------|------------|---|-------|---|------|-------|------------------|-------------------------------------|

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

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 Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MESDAG WILLEM 10100 SANTA MONICA BOULEVARD SUITE 925 LOS ANGELES, CA 90067 | X | X | | |
| RED MOUNTAIN CAPITAL PARTNERS II, L.P. 10100 SANTA MONICA BOULEVARD SUITE 925 LOS ANGELES, CA 90067 | | | X | |
| RED MOUNTAIN CAPITAL PARTNERS III, L.P. 10100 SANTA MONICA BOULEVARD SUITE 925 LOS ANGELES, CA 90067 | | | X | |
| | | | X | |

RMCP GP LLC
10100 SANTA MONICA BOULEVARD
SUITE 925
LOS ANGELES, CA 90067

RED MOUNTAIN CAPITAL PARTNERS LLC
10100 SANTA MONICA BOULEVARD
SUITE 925
LOS ANGELES, CA 90067

X

RED MOUNTAIN CAPITAL MANAGEMENT INC
10100 SANTA MONICA BOULEVARD
SUITE 925
LOS ANGELES, CA 90067

X

Signatures

/s/ Willem Mesdag (on behalf of himself and each other reporting person
hereunder)

01/04/2008

__Signature of Reporting Person

Date

Explanation of Responses:

* 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).

(1) These shares are held directly by Red Mountain Capital Partners II, L.P. ("RMCP II").

(2) These shares are held directly by Red Mountain Capital Partners III, L.P. ("RMCP III").

(3) On August 24, 2007, Encore Capital Group, Inc. ("Encore") granted 6,900 deferred issuance restricted stock units (the "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. Each RSU represents the right to receive one share of Encore common stock. These 6,900 RSUs are subject to vesting. 50% of these 6,900 RSUs will vest on September 23, 2008, and the remaining 50% will vest on August 23, 2009.

(4) On January 2, 2008, Encore issued 5,648 RSUs to Red Mountain Capital Partners LLC ("RMCP LLC") under the Encore 2005 Stock Incentive Plan in connection with the service of Mr. Mesdag and J. Christopher Teets as members of Encore's board of directors. Each RSU represents the right to receive one share of Encore common stock. These 5,648 RSUs are not subject to vesting.

Remarks:

This Form 4 is jointly filed by (i) RMCP II, (ii) RMCP III, (iii) RMCP GP LLC ("RMCP GP"), (iv) RMCP LLC, (v) Red Mountain Capital Partners I, L.P. ("RMCP I").

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.