

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

22-2150E

IN THE MATTER OF ENCORE
CAPITAL GROUP, INC. MIDLAND
FUNDING LLC, MIDLAND CREDIT
MANAGEMENT, INC. AND
ATLANTIC CREDIT AND FINANCE,
INC.

ASSURANCE OF DISCONTINUANCE PURSUANT TO G.L. c. 93A, § 5

The Commonwealth of Massachusetts, by and through its Attorney General, Maura Healey, (the "Attorney General") and Encore Capital Group, Inc. ("Encore Capital"), Midland Funding LLC ("Midland"), Midland Credit Management, Inc. ("MCM"), and Atlantic Credit and Finance, Inc. ("Atlantic") (collectively "the Company"), hereby agree to this Assurance of Discontinuance ("Assurance") pursuant to Massachusetts General Laws chapter 93A, §§ 2 and 5.

I. INTRODUCTION

1. The Attorney General is responsible for enforcing the Consumer Protection Act, G. L. c. 93A, which prohibits unfair and deceptive acts and practices in the conduct of any trade or commerce, and is also responsible for enforcing the Attorney General's Debt Collection Regulations, which are issued pursuant to G. L. c. 93A, § 2(c), and all other Consumer protection laws and regulations in Massachusetts.

2. Encore Capital is a Delaware corporation. Its principal place of business is in San Diego, California.

3. Midland is a wholly owned subsidiary of Encore Capital and has its principal place of business in San Diego, California.

4. MCM is a wholly owned subsidiary of Encore Capital and has its principal place of business in San Diego, California.

5. Atlantic is a wholly owned subsidiary of Encore Capital and has its principal place of business in Roanoke, Virginia.

6. The Attorney General has conducted an investigation into certain of the Company's Debt collection practices pursuant to her authority under G.L. c. 93A, § 6.

7. As a result of this investigation, the Attorney General alleges that the Company engaged in unfair and deceptive acts and practices in connection with the collection of Debts pursuant to G.L. c. 93A, § 2, 940 C.M.R. 7.00 *et seq.*, and G.L. c. 93, § 49.

8. The Company has fully and voluntarily cooperated with the Attorney General in her inquiries relating to the above referenced investigation, including by providing documentary material.

9. In lieu of litigation, the Company agrees to voluntarily enter this Assurance with the Attorney General on the terms and conditions contained herein, pursuant to G.L. c. 93A, § 5.

II. DEFINITIONS

The following definitions shall apply to this Assurance:

10. "Charge-off" means the treatment of a receivable balance by a Creditor as a loss or expense because payment is unlikely.

11. "Charge-off Balance" means the amount alleged due on an account receivable at the time of Charge off.

12. "Confidentiality Agreement" means the agreement executed between the Attorney General (as well as other state attorneys general) and the Company (acting under the name "Midland") on or about October 26, 2012, as part of a multi-state investigation.

13. "Covered Conduct" means the acts and omissions by the Company, its parent, subsidiaries, and affiliates, and their respective past and present officers, directors, employees, agents, shareholders, and attorneys, where such act or omission (a) constitutes a violation of 940 C.M.R. 7.00 *et seq.*, (and any other regulation promulgated by the Attorney General pursuant to G.L. c. 93A, § 2 and/or G.L. c. 93, § 49), or (b) constitutes a violation of G.L. c. 93A, G.L. c. 93, or any other law the Attorney General has authority to enforce with respect to the Company's Debt collection activities alleged in Paragraphs 25-45 that occurred before the Effective Date of this Assurance.

14. "Creditor" means "Creditor" as defined in 940 C.M.R. 7.03: "any person and his or her agents, servants, employees, or attorneys engaged in collecting a Debt owed or alleged to be owed to him or her by a Debtor and shall also include a buyer of delinquent Debt who hires a third party or an attorney to collect such Debt."

15. "Debt" means "Debt" as defined in 940 C.M.R. 7.03: "money or its equivalent which is, or is alleged to be, more than 30 days past due and owing, unless a different period is agreed to by the Debtor, under a single account as a result of a purchase, lease, or loan of goods, services, or real or personal property, for personal, family or household purposes or as a result of a loan of money which is obtained for personal, family or household purposes whether or not the obligation has been reduced to judgment."

16. “Debtor” means “Debtor” as defined in 940 C.M.R. 7.03: “a natural person, or his or her guardian, administrator or executor, present or residing in Massachusetts who is allegedly liable for a Debt.”

17. “Collection Lawsuit” means any lawsuit, including any statement of small claim, supplementary process action, or trustee process action, filed by the Company, or on behalf of the Company by a Law Firm, against any Debtor for the purpose of collecting any Debt.

18. “Effective Date” means the date in which the Assurance is filed in a Massachusetts Court.

19. “Exempt Income” and “Exempt Assets” means all income and assets identified in the provisions currently codified in G. L. c. 235, § 34, c. 224, § 16, c. 151A § 36, c. 152 § 47, c. 175 § 110A, c. 115 § 5, and c. 32 § 19, c. 118 §10, c. 188 §§ 1-14, c. 117A §§ 1-7 as exempt from any court-ordered payment, garnishment, seizure, or attachment by trustee process.

20. “Law Firm” means those third-party law firms, including individual attorneys, retained by the Company for the purpose of conducting Debt collection activities on the Company’s behalf, including litigation.

21. “Original Account-Level Documentation” means all of the following:

- a. Any documentation that a Creditor or that Creditor’s agent (such as a servicer) provided to a Debtor about a Debt; or
- b. A complete transactional history of a Debt, created by a Creditor or that Creditor’s agent (such as a servicer); or
- c. A copy of a final judgment awarded to a Creditor or the Company.

22. “Portfolio” means a group of Debts sold to the Company in a single transaction.

23. “Seller” means any person that sells any Portfolio to the Company.

24. “Time-Barred” when used to describe a Debt means any Debt that is beyond an applicable statute of limitations for a Collection Lawsuit in Massachusetts.

III. THE COMMONWEALTH’S ALLEGATIONS

25. The Attorney General makes the following allegations contained in Paragraphs – 25-45 of this Assurance.

26. The Company has been engaged in the business of collecting Debts from Debtors in Massachusetts. It has also used various agents, including Law Firms, to collect Debts from Debtors in Massachusetts.

27. The Company purchased Portfolios of defaulted loans, credit card accounts, and other Debts that original Creditors have “charged-off.”

28. Prior to 2016, in certain instances when the Company acquired Debts, it (a) did not obtain all relevant Original Account-Level Documentation from the Seller at the time of purchase of the Debts, or (b) entered into agreements to purchase Portfolios under which the Company did not obtain all relevant Original Account-Level Documentation from the Seller at the time of purchase of the Debts, and which contained terms limiting in varying degrees the Seller’s responsibility for the accuracy and validity of the Debts.

29. The Company regularly communicated with Debtors in writing in an attempt to collect Debts, through its servicers, MCM and Atlantic Credit, as well as its Law Firms.

30. With respect to the validation of debts, the Company did not comply with certain provisions of the regulations promulgated by the Attorney General.

31. Specifically, the Company did not include in its initial communication or within five business days thereafter a statement, as required by 940 C.M.R. 7.08, that the Company would

provide the debtor, or an attorney for the debtor, additional materials described in 940 CMR 7.08(2).

32. The Company initiated telephone calls to a Debtor's residence, cellular telephone, or other telephone number provided by the Debtor as his or her personal telephone number to collect a Debt.

33. With respect to call frequency, prior to January 2017, the Company did not comply in certain instances with certain provisions of the regulations promulgated by the Attorney General. Specifically, the Attorney General's regulation, 940 C.M.R. 7.04(1)(f), prohibits a Debt Collector from initiating more than two telephone calls to a Debtor's residence, cellular telephone, or other personal telephone in a seven-day period. Before January 2017, the Company did not consider outgoing calls where its collectors did not reach a consumer, or decided not to leave a message on an answering machine, as "initiating" a communication with any debtor via telephone pursuant to 940 C.M.R. 7.04(f). As a result, in certain circumstances, the Company exceeded the number of calls allowed by 940 C.M.R. 7.04(1)(f) in a seven-day period.

34. The Company referred many of its Debts to a Law Firm in Massachusetts called the Daniels Law Offices, P.C. This law firm sued Debtors on behalf of the Company and used the prospect of a lawsuit to induce Debtors to pay the Debts owed to the Company.

35. In the course of collecting Debts for the Company, the Daniels Law Offices falsified its internal records to make it appear that the Daniels Law Offices had filed lawsuits against certain Debtors to collect Debts. In fact, the Daniels Law Offices had not filed suit on a large number of accounts even though it represented to the Company that suit had been filed.

36. In February 2011, Attorney Daniels, the principal for the Daniels Law Offices, was formally disbarred in a written decision by the Massachusetts Supreme Judicial Court for this conduct.

37. After discovering Attorney Daniels's misconduct, in 2011, the Company recalled Debts that it had placed with the Daniels Law Offices and placed more than 19,000 of these Debts with a new Law Firm for continued collection.

38. The Company made efforts to detect and correct falsified or otherwise incorrect information that was entered on certain accounts by the Daniels Law Firm. However, the Company was not successful in detecting and correcting all falsified or otherwise incorrect account information. As a result, in certain instances, accounts that were placed with the new Law Firm by the Company contained such incorrect information that had been entered by the Daniels Law Firm.

39. Because many of these Debtors had never been sued by the Company, the statute of limitations had run and the Company and new Law Firm were prohibited from collecting on the Debts without including the disclosure language proscribed by 940 C.M.R. 7.07(24), which advises the Debtor that no suit could be filed on the Debt due to its age.

40. Notwithstanding that certain of these Debts were beyond the applicable statute of limitations, the Company's new Law Firm proceeded to collect Debts on which the statute of limitations had run without including the language required by 940 C.M.R. 7.07(24).

41. Under Massachusetts law, Exempt Income is categorically exempt from court-ordered payment and includes, amongst others, Supplemental Security Income ("SSI"), Social Security Disability Insurance ("SSDI"), unemployment assistance, and pension benefits.

42. Debtors typically rely upon Exempt Income to pay for basic living expenses, including food, housing, and clothing.

43. Under certain circumstances, the Company's policies require collection efforts to temporarily or permanently cease when a Debtor is experiencing financial hardship. One such circumstance is when the Debtor is able to establish that his/her only source of income is from exempt sources.

44. During the course of its collection efforts, the Company or its Law Firm periodically obtained information indicating that a Debtor could not afford payments on a Debt and that the Debtor had Exempt Income and Exempt Assets.

45. In certain instances, the Company or its Law Firm entered into agreements with Debtors for judgments and requested that Debtors make modest payments as a sign of good faith during collection calls when Debtors had indicated they were experiencing financial hardship.

IV. THE COMPANY'S RESPONSE

46. The Company enters into this Assurance solely for purposes of compromise and settlement; and for all the reasons previously communicated to the Attorney General. The Company does not admit – but expressly denies – each of the foregoing allegations of unlawful and improper conduct.

V. ASSURANCES

47. Notwithstanding that the Company makes no admission of any violation herein, it makes the following assurances:

A. Monetary Payment

48. Within ten (10) calendar days of the Effective Date of this Assurance, the Company shall pay a total of \$ 4.5 million to the Commonwealth. Nothing in this Assurance shall be construed to characterize this payment, or any portion thereof, as a penalty, fine, or forfeiture. At

her sole discretion, and so long as permitted by law, the Attorney General shall distribute this payment, in any amount, allocation, or apportionment:

- a. For payments to or for Debtors, including use by the Attorney General in the facilitation of the relief under this Assurance; and/or
- b. To the General Fund of the Commonwealth of Massachusetts; and/or
- c. To the Local Consumer Aid Fund established pursuant to M.G.L. c. 12, § 11G; and/or
- d. For programs or initiatives designed to address the negative effects of unfair or deceptive practices related to Debt collection.

49. Unless otherwise directed by the Attorney General, this payment shall be made by wire transfer or certified check, made payable to the “Commonwealth of Massachusetts,” and shall be delivered to Peter Downing and Sarah Petrie Assistant Attorneys General, Consumer Protection Division, Office of the Massachusetts Attorney General, One Ashburton Place, 18th Floor, Boston, MA 02108.

B. Requirements for Collection

50. The Company shall not collect on any Debt purchased after March 31, 2016 (a) unless the Debt was part of a Portfolio that was purchased pursuant to an agreement that contains (i) representations and warranties regarding the validity and accuracy of the Debts in the Portfolio; and (ii) a provision stating either that Original Account-Level Documentation for the Debts shall be provided to the Company by the Seller at the time of sale, or upon request, or (b) until the Company obtains and reviews Original Account-Level Documentation for the Debt.

51. Notwithstanding the foregoing, the Company is not required by this Assurance to (i) refuse to accept payments voluntarily submitted by Debtors; (ii) suspend Collections for

Debtors who have acknowledged the Debt and agreed to make payments; or (iii) refuse to communicate with a Debtor who affirmatively contacts the Company (or the Company's agents) or requests contact from the Company (or the Company's agents) to discuss the Debtor's Debt.

52. The Company shall not initiate any Collection Lawsuit against a Debtor to Collect a Debt unless the Company possesses the following:

- a. Original Account-Level Documentation reflecting, at a minimum, the Debtor's name, the last four digits of the account number associated with the Debt at the time of Charge-off, the claimed amount excluding any post Charge-off payments (unless the claimed amount is higher than the Charge-off Balance or judgment balance, in which case the Company must possess (i) Original Account-Level Documentation reflecting the Charge-off Balance or judgment balance and (ii) an explanation of how the claimed amount was calculated and why such increase is authorized by the agreement creating the Debt or permitted by law);
- b. if the Company is suing under a breach of contract theory, the contractual terms and conditions applicable to the Debt;
- c. A chronological listing of the names of all prior owners of the Debt and the date of each transfer of ownership of the Debt, beginning with the name of the Creditor at the time of Charge-off; and
- d. Any one of the following:
 1. A document signed by the Debtor evidencing the opening of the account forming the basis of the Debt; or

2. Original Account-Level Documentation reflecting a purchase, payment, or other actual use of account by the Debtor.

53. The Company shall not file any Collection Lawsuit without providing the Debtor with certain information about the Debt, unless previously provided, including but not limited to, the following information:

- a. the name of the Creditor at the time of Charge-off, including the name under which that Creditor did business with the Debtor;
- b. the last four digits of the account number associated with the Debt at the time of the Debtor's last monthly account statement, or if not available, at the time of Charge-off;
- c. the Charge-off Balance; and
- d. the Company's method of calculating any amount claimed in excess of the Charge-off Balance.

C. Validation of Debts

54. In the Company's initial communication with the Debtor, or within five business days after the initial communication with the Debtor, the Company shall provide the Debtor or an attorney for the Debtor, the notice articulated in 940 C.M.R. 7.08(1). Pursuant to said regulation, the obligation to provide this information shall not apply if the Debtor has paid the debt before the expiration of the five-business-day period.

55. For all Debtors who notify the Company in writing, within 30 days of the notice described in the foregoing paragraph, that the Debt, or any portion thereof, is disputed, the Company shall provide free of charge those materials described in 940 C.M.R. 7.08(2)(a) through (d) which are in the possession, custody or control of the Company. If the Company does not

possess, have custody of, or control the materials described in 940 C.M.R. 7.08(2)(a) through (d), the Company shall make reasonable efforts to obtain them and provide them to the Debtor. As applicable to this provision, for the purposes of the parties to this Assurance only, reasonable efforts to obtain documents shall not include (a) seeking sales slips and transaction-level receipts or (b) seeking documents that were not routinely created or retained by the Creditor.

56. If, at any time during the 30-day time period set forth above for disputing the validity of a Debt, the Debtor informs the Company that he/she disputes the Debt in writing, the Company shall cease collection until such time as the Company has complied with Paragraph 55.

57. For each account for which a Debtor timely requested validation after the Effective Date of this Assurance, the Company shall maintain account-level records showing the Company's response and identifying the documents provided to the Debtor in response. The Company shall review on an annual basis its responses to Debtors that request timely validation, to evaluate its compliance with the terms outlined in this section (Section III. C. "Validation of Debts") and create a report describing the results of the compliance review. In order to satisfy its obligations under this paragraph, the Company shall have the option of providing the Attorney General copies of the aforesaid Debtors' requests and copies of records showing the Company's responses.

D. Debt Collection Calls

58. The Company shall not initiate any communication with a Debtor via telephone in excess of the limits prescribed by 940 C.M.R. 7.04(f). Specifically, for each Debt:

- a. the Company shall not initiate a communication with a Debtor via telephone more than two times in any seven-day period to a Debtor's residence, cellular telephone, or other telephone number provided by the Debtor as his or her personal telephone number; and

- b. the Company shall not initiate a communication with a Debtor via telephone more than two times in any 30-day period to a number other than at the Debtor's residence, cellular telephone or other telephone number as his or her personal telephone number.

59. For the purposes of this Assurance, "initiate a communication with a Debtor via telephone" shall mean all attempts to contact a Debtor via telephone in which the Company or its agent:

- a. Causes the Debtor's telephone to ring;
- b. Connects to a Debtor's voicemail or other recorded message;
- c. Leaves a voicemail message for a Debtor or has the opportunity to leave a voicemail message for the Debtor; or
- d. Speaks with the Debtor via telephone (except where the Company was the recipient of the call).

60. The Company shall instruct its agents and employees who are engaged in initiating communications with Debtors via telephone or text messaging to follow the requirements for Debt collection calls prescribed by 940 C.M.R. 7.04(f), including the terms in Paragraphs 58-59.

61. The Company shall not be deemed to have initiated a communication with a Debtor if the communication by the Company is in response to a request made by the Debtor for said communication, and where such request is contemporaneously documented by the Company in its system of records.

62. The Company shall maintain dialing system controls designed to prevent the Company's employees engaged in Debt collection calls from placing outgoing Debt collection

calls in excess of the limit as defined by 940 C.M.R. 7.04(f) and detailed in Paragraphs 58-59, except where a Debtor has expressly consented to receiving additional calls.

63. The Company shall retain records of all written notices, written reports, or written complaints it receives from Massachusetts Debtors, after the Effective Date of this Assurance, complaining of conduct or communications that involve calls in excess of the call limits set forth in the Assurance, as well as the Company's responses to such Debtors. The Company shall review all written notices, written reports, or written complaints it receives from Massachusetts Debtors complaining of conduct or communications that involves calls in excess of the call limits set forth in the Assurance and, on annual basis, create a compliance report describing the results of this review. In order to satisfy its obligations under this paragraph, the Company shall have the option of providing the Attorney General copies of the aforesaid written notices, written reports, or written complaints and copies of records showing the Company's responses.

E. Time-Barred Debt

64. The Company shall not collect or attempt to collect a Time-Barred Debt, unless the Company includes a disclosure in compliance with 940 C.M.R. 7.07(24) in its written or oral communications to such Debtors about the Debt.

65. The Company shall direct any agent that the Company has engaged to collect a Debt on its behalf not to collect or attempt to collect a Time-Barred Debt, unless such agent includes a disclosure in compliance with 940 C.M.R. 7.07(24) in its written or oral communications to such Debtor about the Debt. For any time period in which the Company maintains a policy of not collecting Time-Barred Debt, the Company may satisfy the obligations of this paragraph by timely communicating that policy to its agents engaged in collecting Debt on its behalf as well as providing a copy of such policy to the Attorney General.

66. The Company shall, on an annual basis, conduct a review of at least 100 randomly selected Massachusetts accounts where MCM has engaged in collection activity in the preceding year to ensure that its collection and disclosure practices in the preceding year were in compliance with Paragraphs 64-65 of this Assurance. On annual basis, the Company shall create a compliance report describing the results of this review. The obligation to create a compliance report shall expire following the third such annual report. For any time period in which the Company maintains a policy of not collecting Time-Barred Debt, the Company may satisfy the obligations of this paragraph by providing the Attorney General with documentation showing that it timely communicated that policy to its agents engaged in collecting Debt on its behalf.

F. Debts Previously Placed with the Daniels Law Office

67. The Company shall identify all Debts that were, at any time, placed with the Daniels Law Office and subsequently placed with another Law Firm for collection.

68. The Company shall not collect or attempt to collect any Debt identified pursuant to Paragraph 67 unless, as of the Effective Date of this Assurance, the Company has information sufficient to establish the existence of a judgment against the Debtor for that particular Debt. For the purposes of this Assurance, information sufficient to establish the existence of a judgment shall mean only the following types of information: (a) an image or copy of the judgment entered by the court against the Debtor; or (b) a record from a Massachusetts court evidencing the entry of the judgment.

69. Within 120 days of the Effective Date of this Assurance, the Company shall provide information to the Attorney General identifying each Debt that remains subject to collection and for each such Debt, the Debtor, the docket number of any lawsuit related to the Debt, and the total amount paid by the Debtor pursuant to Paragraphs 67-68.

G. Exempt Income

70. Where the Company knows or reasonably should know that a Debtor is experiencing financial hardship in the sense of having only Exempt Income and Exempt Assets, the Company shall not ask the Debtor to make a “good faith” payment on a Debt.

71. When the Company knows that a Debtor has Exempt Income and Exempt Assets, the Company (a) shall not induce the Debtor to sign an agreement for judgment containing a proposed payment plan that requires the Debtor to pay from Exempt Income or Exempt Assets, and (b) shall not submit to any Massachusetts court an agreement for judgment containing a proposed payment plan that requires the Debtor to pay from Exempt Income or Exempt Assets.

72. The Company shall not request a payment review hearing from a Massachusetts court when the Company knows or reasonably should know that a Debtor has only Exempt Income and Exempt Assets. In the event that a Massachusetts court schedules a payment review hearing on a Debt when the Company knows or reasonably should know that a Debtor has only Exempt Income and Exempt Assets, the Company shall request to have the payment review cancelled.

73. For the purposes of the foregoing paragraphs 70-72, the Company knows or reasonably should know that a Debtor has only Exempt Income and Exempt Assets only when the Debtor has provided the Company written evidence establishing that a Debtor cannot pay a Debt because he or she has only Exempt Income and Exempt Assets, and that the Debtor’s assets and income are not reasonably expected to change in the future. Such written evidence provided by the Debtor to the Company’s Law Firm shall be considered provided by the Debtor to the Company when the Company actually receives the information from its Law Firm; however, the Company shall instruct its Law Firms to comply with the provisions of the foregoing paragraph when the Debtor has provided the Law Firm written evidence establishing that a Debtor cannot pay a Debt

because he or she has only Exempt Income and Exempt Assets, and that the Debtor's assets and income are not reasonably expected to change in the future.

H. Implementation

74. The Company shall implement the procedures described in Sections A - G above within 120 days of the Effective Date of this Assurance.

IV. COMPLIANCE AND REPORTING

75. In order to provide the Attorney General additional assurance that these commitments by the Company will be adhered to, for a period of three years following the Effective Date of this Assurance, the Company shall provide to the Attorney General the materials required by each provision found in Part III. B.-G. of this Assurance 90 days after the one, two, and three year anniversaries of this Agreement. Additionally, upon request of the Attorney General, the Company shall promptly provide to the Attorney General documents and records used by the Company to generate any compliance reports under Part III. B.-G. Documents provided by the Company to the Attorney General with respect to the Company's compliance with this Assurance, including but not limited to the Company's annual reports shall be subject to the confidentiality limitations concerning documentary material or other information under the Confidentiality Agreement and under G.L. c. 93A, § 6(6).

V. RELEASE

76. The Attorney General fully and finally releases the Company, its subsidiaries, and affiliates, and their respective past and present officers, directors, employees, and shareholders ("Released Parties") from any and all claims for violations of G.L. c. 93A, § 2, G.L. c. 93, § 49, and 940 C.M.R. 7.00 *et seq.*, arising from the Covered Conduct, where the violation arose prior to the Effective Date of the Assurance. This release shall not bind any other private or governmental

entity, nor release the Released Parties from liability for any other conduct not arising from or relating to the Company's Debt collection activities.

VI. NOTICE

77. Any notice or other information required to be provided to the parties under the terms of this Assurance shall be sent by first class mail and by email addressed to the following:

<p>Office of the Attorney General Consumer Protection Division Attn: Peter Downing, Sarah Petrie One Ashburton Place, 18th Floor Boston, MA 02108</p> <p>With email copies to:</p> <p>Peter.Downing@mass.gov Sarah.Petrie@mass.gov</p>	<p>The Company</p> <p>Office of General Counsel 350 Camino de la Reina, Suite 100 San Diego, CA 92108 matt.jubenville@mcmcg.com</p> <p>With copies to:</p> <p>Counsel: William H. Hurd ECKERT SEAMANS 919 E. Main St. – Suite 1300 Richmond, VA 23219 whurd@eckertseamans.com</p>
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VII. GENERAL TERMS

78. The obligations set forth in Sections III-IV shall remain in effect for a period of three (3) years from the Effective Date of this Assurance, unless the Company and the Attorney General mutually agree otherwise, or unless federal or Massachusetts law are now or hereafter inconsistent with the terms of this Assurance, in which case the Company's compliance with the applicable law (and not this Assurance) shall not be deemed a violation of this Assurance.

79. This Assurance shall be binding on the Company, its subsidiaries, and affiliates, and their respective officers, directors, employees, and shareholders, and all other persons who

have authority to control or who, in fact, control and direct the Company's business in the Commonwealth of Massachusetts.

80. Notwithstanding the inclusion of Encore Capital in the style of this Assurance and in the definition of "the Company," nothing contained herein shall be construed to imply that Encore Capital has engaged or will engage in any collection of Debt nor in any other conduct addressed by this Assurance, except through subsidiaries constituting separate legal entities.

81. The Attorney General and the Company agree to attempt to resolve any alleged violation of this Assurance through good faith negotiation prior to the Attorney General's initiating any action for enforcement.

82. The Assurance shall be effective upon its execution by all parties hereto and shall thereafter be filed by the Attorney General in the Superior Court for Suffolk County.

83. This Assurance shall be governed by and interpreted in accordance with laws of the Commonwealth of Massachusetts, and the Superior Court in Suffolk County shall retain jurisdiction over this Assurance.

84. This Assurance does not resolve, settle, or otherwise affect any actual or potential claims by parties other than the Attorney General. Nothing contained herein shall be deemed to create any right (including but not limited to any right of action or right of enforcement) for any person or entity other than the Attorney General.

85. Nothing in this Assurance shall relieve the Company of its obligation to comply with applicable federal and state laws, rules, and regulations.

86. The Company waives all rights to appeal or otherwise challenge or contest the validity of this Assurance.

87. The provisions of this Assurance are severable. Should any provisions be declared by a court of competent jurisdiction to be unenforceable, the other provisions of this Assurance shall remain in full force and effect.

88. This Assurance can be amended or supplemented only by a written document signed by all parties or court order. Amendments or supplements may be executed in separate counterparts, with signatures conveyed by mail, facsimile, email, or other electronic means.

89. This Assurance constitutes the entire agreement between (i) the Attorney General and (ii) the Company and supersedes any prior communication, agreement, or understanding, whether written or oral, concerning the subject matter of this Assurance; except that, consistent with its terms, the Confidentiality Agreement shall continue to apply to all documents and information produced during the multi-state investigation or during the investigation conducted by the Attorney General.

90. Nothing contained herein shall be deemed to apply to any act or omission by the Company (i) with respect to any natural person who is not a resident of Massachusetts at the time of such act or omission; or (ii) with respect to any Collection Lawsuit in any court outside of the Commonwealth of Massachusetts.

91. In the event that the Company acquires an entity, a line of business from an entity, or an ownership stake in an entity (an "Acquired Entity") in the business of the purchase, transfer, or collection of Debts in Massachusetts, the Acquired Entity will have a transition period of 90 days to comply with the requirements of this Assurance. Any asset purchase in which the Company acquires and continues to use the operational or servicing systems of a legacy entity not previously owned by the Company will be treated as an Acquired Entity for the purpose of this provision. Any Debt that the Company acquires as a result of its acquisition of an Acquired Entity

or an ownership stake in an Acquired Entity will be considered purchased on the date the Acquired Entity purchased the Debt.

92. This Assurance does not constitute an admission by the Company of any fact or any violation of any local, state or federal law, rule or regulation, and the Company expressly denies any such violation. The Company enters into this Assurance for settlement purposes only. This Assurance is made without trial or adjudication of any issues of fact or law. This Assurance does not constitute evidence or admission of any issues of fact or law.

93. The provisions of this Assurance, stating that the Company shall perform a certain action or engage in certain practices or conduct itself in a certain manner shall not be construed to imply that the Company did not perform that action or engage in that practice or conduct itself in that manner before the execution of this Assurance. Likewise, the provisions of this Assurance, stating that the Company shall not perform a certain action or engage in certain practices or conduct itself in a certain manner, shall not be construed to imply that the Company performed that action, or engaged in that practice, or conducted itself in that manner before the execution of this Assurance.

94. Nothing contained herein, and no act required to be performed hereunder, including, but not limited to, the provision of information and/or material, is intended to require the disclosure of any communication by and between any officer, director, employee, agent or consultant of the Company or Encore Capital and any person retained to provide the Company or Encore Capital with legal advice, or otherwise, to constitute, cause or effect any waiver (whether by subject matter, in whole, or in part) of (i) attorney client privilege, work product protection, common law defense privilege and/or any other applicable privilege; or (ii) confidential, proprietary or trade secret exception under Massachusetts public records laws.

95. Notwithstanding any other provision of this Assurance, the obligations to comply with any statute or regulation cited herein, or otherwise forming the basis of any obligation herein, shall terminate if and when such statute or regulation is repealed, withdrawn or otherwise has no further force and effect as part of the law of the Commonwealth of Massachusetts.

96. The Company and its signatories have consulted with counsel in their decision to enter into this Assurance.

97. Signatories for the Company represent and warrant that they have the full legal power, capacity, and authority to bind the Company.

98. By signing below, the Company agrees to comply with all of the terms of this Assurance.

Midland Funding LLC

Wm. H. Hurd
By: William H. Hurd, Counsel
Dated: 9-15-2022

Midland Credit Management, Inc.

Wm. H. Hurd
By: William H. Hurd, Counsel
Dated: 9-15-2022

Atlantic Credit and Finance, Inc.

Wm. H. Hurd
By: William H. Hurd, Counsel
Dated: 9-15-2022

Encore Capital Group, Inc.

Wm. H. Hurd
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Dated: 9-15-2022

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