

Canceling Big Debts with Small Gifts FAQ

Q. How did this all start?

A. In 2012, some very smart people associated with an offshoot of the Occupy Wall Street movement, called [Strike Debt](#), realized that they could buy people's debt at pennies on the dollar. They created the [Rolling Jubilee](#), which went viral, raising far more money than they had ever dreamed possible (\$700,000). They spent the next year and half buying \$32 million dollars in debt, ripping it up, and notifying the debtors. All on a volunteer basis.

Q. What is Strike Debt Bay Area and how did you get involved?

A. [Strike Debt Bay Area](#) was initiated by one of those very smart people who moved to Oakland in late 2012, created as a sister organization to Strike Debt in New York City. We helped publicize the Rolling Jubilee (and those that could contribute). We've been active since then in a number of debt-related and social justice projects, including public banking, alternatives to payday lenders, housing the homeless, a series of podcasts on debt, and lots more.

Q. How did RIP Medical Debt come to be?

A. Most of the Rolling Jubilee volunteers went on to other things (like [the Debt Collective](#)). One, though, Craig Antico, decided to turn the success of the Rolling Jubilee project into an ongoing effort, beginning in 2014. Working with local partners as they are now doing with us, [RIP Medical Debt](#) has abolished almost half a BILLION dollars in crippling medical debt to date.

Q. How does someone 'buy up medical debt'?

A. The "debt market" is very much like the stock market. On this debt market are listings of 'bundles' of debt - e.g., \$100,000 of unpaid debt owed by people to a particular hospital, and an asking price, perhaps \$5,000. And just like you can buy shares of stock at the asking price, if you have the right corporate set-up and licensing you can buy this bundle of debt. Paying the \$5,000 transfers to you the right to try to collect the \$100,000 from the people whose debt is in that 'bundle.' (Fair warning: you probably want to know what you're doing before you try this at home! We don't, which is why we're working with RIP Medical Debt. They do.)

Q. Can I buy up and forgive my aunt's cancer treatment debt?

A. Nope. Remember that the debt comes in 'bundles.' You, as a purchaser, can't see the individual names of the debtors inside the bundle - you just have to take what's in there based on general information about the type of debt. So your aunt's debt might but (most likely) wouldn't be in any particular bundle you could buy if you were licensed as a debt buyer.

Q. How do you ensure that the debt being forgiven is owed by people in the East Bay, as you claim?

A. The general information about the debt being purchased often includes geographical information. So for this project the RIP Medical Debt agent working with us will only buy debt localized to the East Bay.

Q. Won't people who have their debts erased have to pay taxes on the amount forgiven?

A. Nope. In technical tax terms, the debt is "gifted" away, it's not, again in technical tax terms, "forgiven." If it were technically deemed "forgiven" then yes, folks would have to pay taxes on the amount forgiven as if it were income. But since we're "gifting it" away, no taxes are owed.

This issue was raised as a serious concern in 2012 when the Rolling Jubilee was proposed, but the IRS has never challenged this interpretation of the tax code (and you could imagine the horrible publicity the government would engender if it did try to, e.g., squeeze cancer patients for tens of thousands of dollars they don't have, all because someone else gifted their debt away).

Q. What happens if you raise more than enough money, or too little money, to meet your goal?

A. If we raise more than our goal, we'll just buy more East Bay debt as it becomes available. If that proves untenable or would take too long, we would expand the geographic area to include more of California. If we raise too little, we'll just buy and forgive what debt we can. We'll always keep information on this site about how much we've raised and how much has been gifted away.

Q. How much is being taken off the top and by whom?

According to RIP *"Over 90% of your donation goes toward abolishing debt."* The other portion goes to expenses. All their staff salaries are paid by separate donations.

Strike Debt Bay Area is taking nothing - we're all activist volunteers. We reserve the right to use a small amount (no more than \$200) to host an after party social for all our donors.

By the way, your donation is tax deductible.

Q. I hate online donation sites, can I send you a check?

A. Sorry, Strike Debt Bay Area cannot handle checks. However, you may be able to send a check directly to RIP Medical [check on this with RIP].

Q. I hate online donation sites, can I send you money via Paypal or Venmo?

A. Sorry, Strike Debt Bay Area cannot handle Paypal or similar either. However... [check with RIP]

Q. Will my email address get sold to every charity on the planet?

A. No! Promise! We wouldn't work with a donation site that wasn't super-careful with personally identifiable information. [Here's](#) their privacy policy.

And we won't send you bunches of email either - just a status report or two, an announcement that we've reached our goal, and an announcement that they debt has been bought and forgiven, and a final thank you and invitation to our celebratory party.

Q. This is such a waste! Why can't we just have universal health care and no medical debt like normal countries?

A. You mean like this?

Number of people who go bankrupt every year because of medical bills:

UK – 0	Iceland – 0	Sweden – 0
France – 0	Italy – 0	Japan – 0
Spain – 0	Finland – 0	Chile – 0
Portugal- 0	Ireland – 0	Canada - 0
Denmark – 0	Germany – 0	
Australia – 0	Netherlands – 0	

Vs

United States - 643,000

Honestly, there is no sane answer to that question. However, one of the purposes of Rolling Jubilee and RIP Medical Debt is to call attention to how ridiculous our system is. We can't ever get rid of all medical debt by donating it away, even at these markdowns, but we can keep the universal health care conversation going by talking about what we're doing here.

Q. How is this not a scam?

A. Check out the [RIP Medical Debt website](#). Check out numerous articles in the press about the Rolling Jubilee (e.g., [here](#) and [here](#)) and RIP (e.g., [here](#) and [here](#)), including a John Oliver segment describing how he did the same thing ([here](#) and longer version [here](#)). Check out the recent spate of publicity two nurses from Ithaca, NY got when they partnered with RIP and forgave \$1,500,000 of debt in their community (e.g., [here](#) and [here](#)). Of course we can't PROVE it's not a scam, but if it was, folks would have gone to an astonishing amount of trouble to fool an awful lot of people.

At this point, it's a tried and true methodology. There's even [a book](#)!

Also, we (Strike Debt Bay Area) never touch the money that's being collected - it goes directly to RIP Medical Debt in an account set up for this project. So if we were thinking about retiring to the Cayman Islands we'd need some other revenue scheme...