

THE NAKED SHORT SCAM

IV : IN NUMBERS PART DUEX

u/brocmaa



The naked shorting scam in numbers part deux: Up to date FTD, ETF, SI, Options & Dark Pool Data. GME is the shorted to shit unicorn that can never happen again.

DD

EDIT: This is an important update! I made a mistake with the KOSS ETFs. When searching for ETFs containing this stock I ended up on the page for KOS <https://www.etf.com/stock/KOS>. So all my KOSS ETF plots were wrong. This is just a small part of the post but it does mean that IWM alone can't be driving price in all these meme stocks. And KOSS has no options trading. So weird that it moves with the others, could this be a sign of massive Archegos style exposure in the shadowy unregulated Swaps market??

Introduction

Since my last major post a lot's happened with our favourite stonk. Top DD apes like [u/criand](#) and [u/HomeDepotHank69](#) have dug into how the FTD cycle impacts price down the road. [u/RocketApes](#) managed to build a model to predict GME price movements. And we saw another big price movement up to the edge of \$350.

The purpose of this post is to update a lot of the figures I've shared previously while adding a few more observations. I'll give brief descriptions of what each figure is showing but I'll not go into deep speculation here. Instead I'll possibly work on a follow up theory post in the coming days but already make all the data in this post available to the community.

My previous posts went into a lot more speculation and can be referenced if you're interested in going deeper in a particular area:

1. [The naked shorting scam revealed: lending of market maker privileges, the married put trade and why inflicting max pain will bleed them dry](#)
2. [The naked shorting scam update: selling nude like its 2021](#)
3. [The naked shorting scam in numbers: AI detection of 140M hidden FTDs, up to 400M naked shorts in married puts and massive dark pool activity by Shitadel and the shorts](#)
4. [The naked shorting scam using ETFs: mass shifting of FTDs from GME to 20+ ETFs & 27+ billion dollars still owed in remaining SI](#)
5. [All New 13F filings: data visualised for all major fund position changes and the new short players in GME](#)
6. [Analysis deep dive: looking at historical SI% + FTD data and modelling share borrow fees since Jan](#)

Now to get into the data and see what the fuck has been going on with reported stonk numbers in the last weeks.

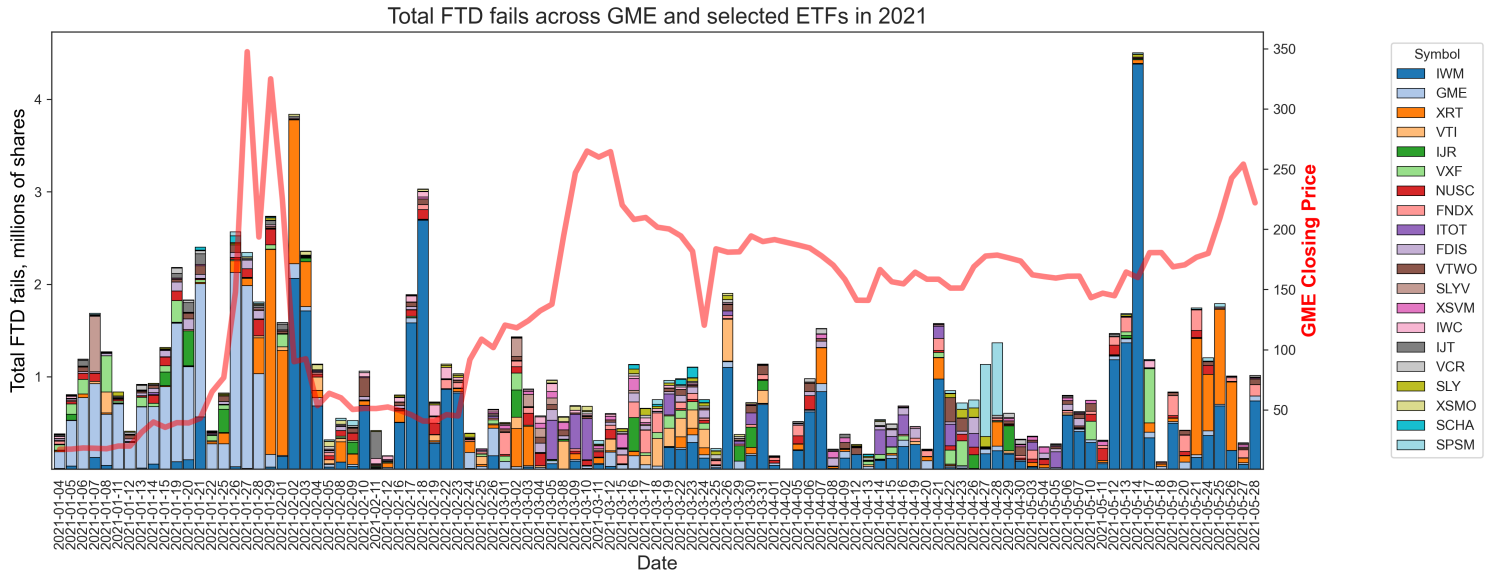
Note: this is not financial advice. I am not a cat. I gathered some data, made some figures and tried to understand them. Any number of my interpretations could be flawed and wrong. Do your own research, make your own mind up.

Understanding the Cycle: Fails to deliver (FTDs) in GME and linked ETFs

A lot of great posts in recent weeks have looked at T-21, T-35 and more recently net capital requirement cycles. Other apes have pointed out that price often moves upward just before short interest (SI) reporting cycles to manipulate down their numbers.

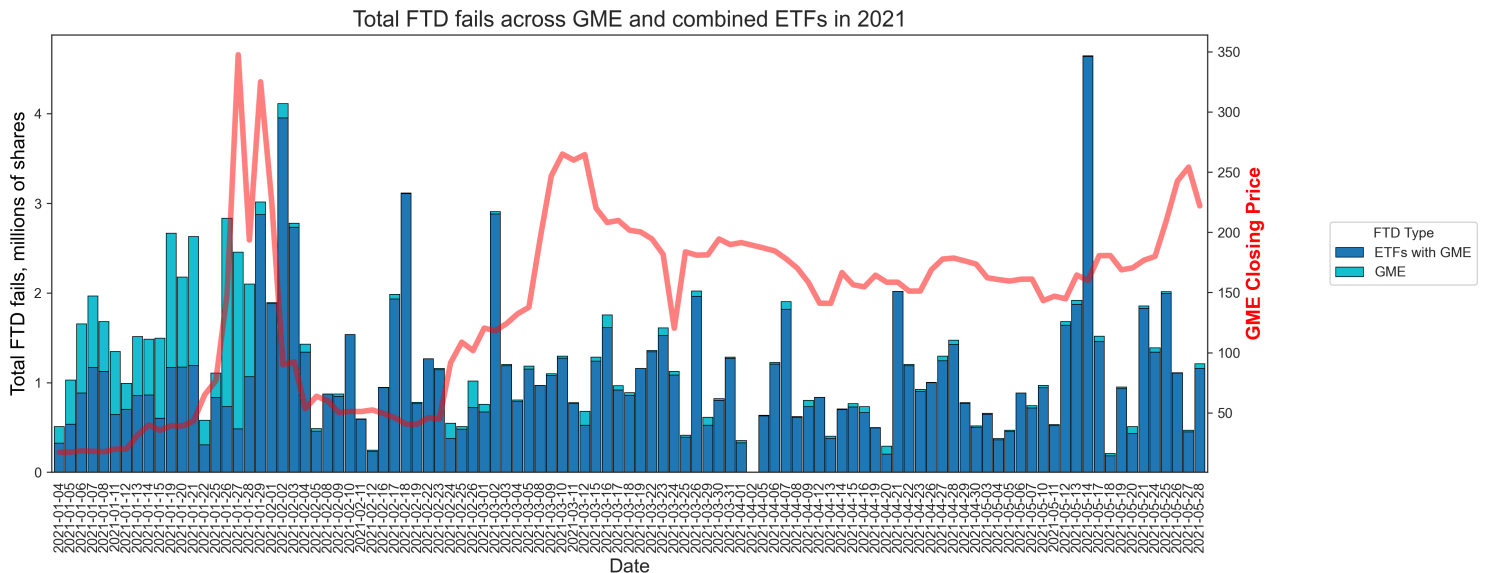
Although elements to all these theories are now close to proven there remain some outstanding questions. Why are the cycles apparently so clean without many overlapping cycles? What is the exact trigger for the shorts' FTD countdowns?

I don't have the answer to these but I'll put out a bunch of data that might help the other wrinkly apes improve their theories. In later sections I also try to understand what is linking the different 'meme' stock price movements in 2021.



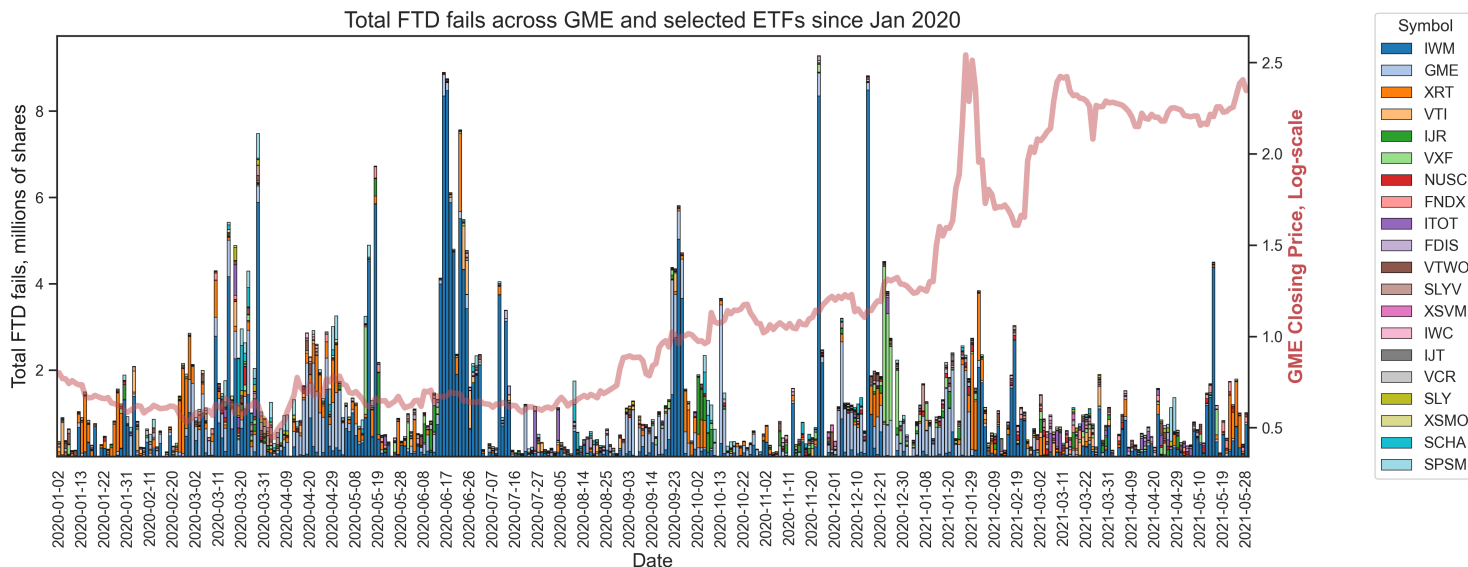
Total FTDs for GME and selected ETFs in 2021 with GME close price overlaid.

Fails in GME dropped off after the January mini-squeeze but were transferred over to GME containing ETFs from February onwards. IWM and XRT are the most popular ETFs to naked short and fail on. In mid-May IWM, the *iShares Russell 2000 ETF*, had a massive 4 million share spike in FTDs. GME price began to rise steadily shortly after.



Total FTDs for GME and all ETFs combined in 2021 with GME close price overlaid.

Although I only selected the top 19 GME containing ETFs for most of the analyses (first figure), when I grouped all GME containing ETFs together (more than 70 of them) we see that the pattern of FTDs in 2021 is very similar. This means that the selected 19 ETFs contain almost all of the interesting FTD info.



Total FTDs for GME and selected ETFs in since Jan 2020 with GME close price overlaid.

Looking back on GME and ETF FTDs since Jan 2020 we see that the recent large spike in IWM FTDs is actually relatively small compared to some of the FTD spikes seen in 2020. On 3 separate occasions in 2020 IWM FTDs spiked to over 8 million shares.

The link between GME and other 'meme' stocks

So it's clear to anyone that's been watching GME and the 'movie stock' for a while that they move together in a way that would not make sense in a free market.

Here's a figure I put together covering up to the end of May 2021. Clear correlation and fuckery between these 3 stocks.



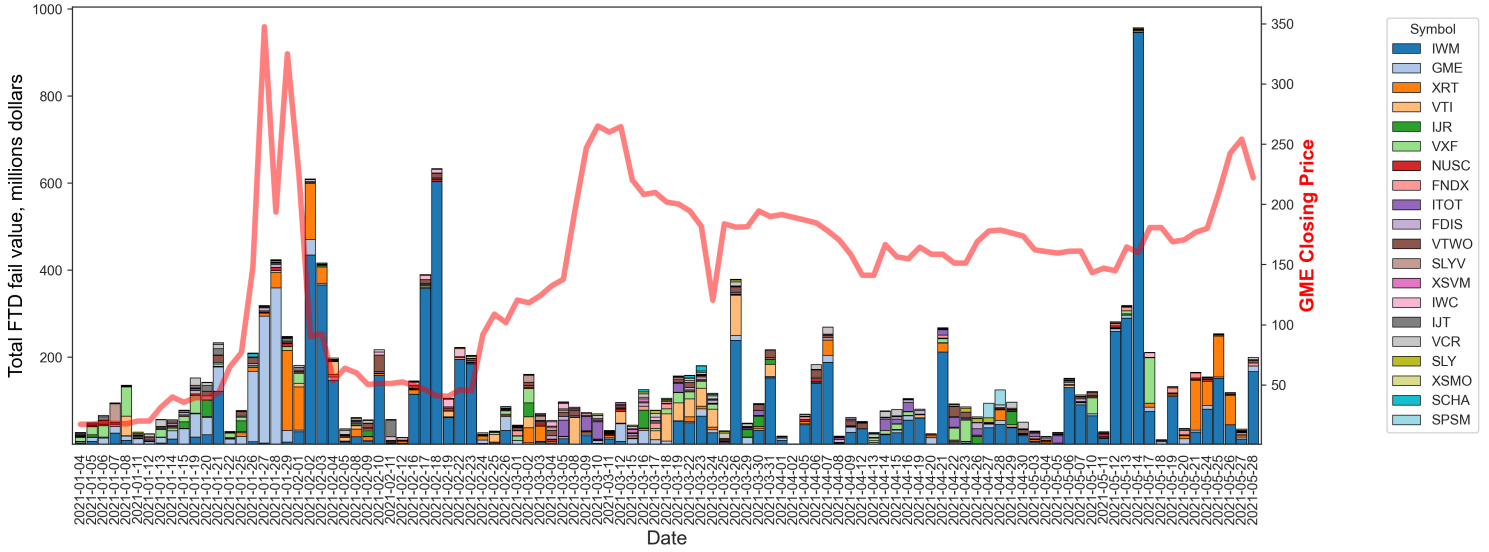
2021 price movements for GME and 2 other well known 'meme' stocks

Since I made this figure the movie stock has diverged from the GME trend. But why? Here are some figures to compare and some basic speculation.

Value of fails for meme stocks: GME, movie and headphone stocks

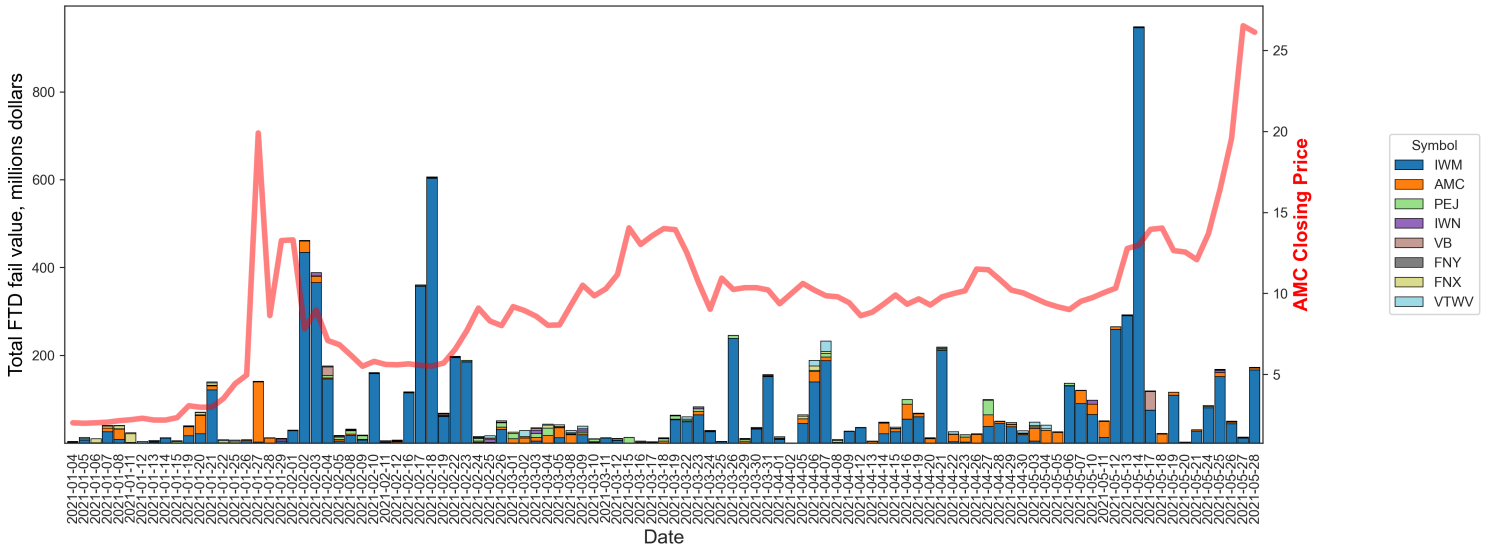
These plots take a look at total fail values for meme stocks and associated ETFs. It's important to plot these in fail value rather than total failed shares because each stock has a different free float and share price.

Total FTD fail value for GME and selected ETFs in 2021



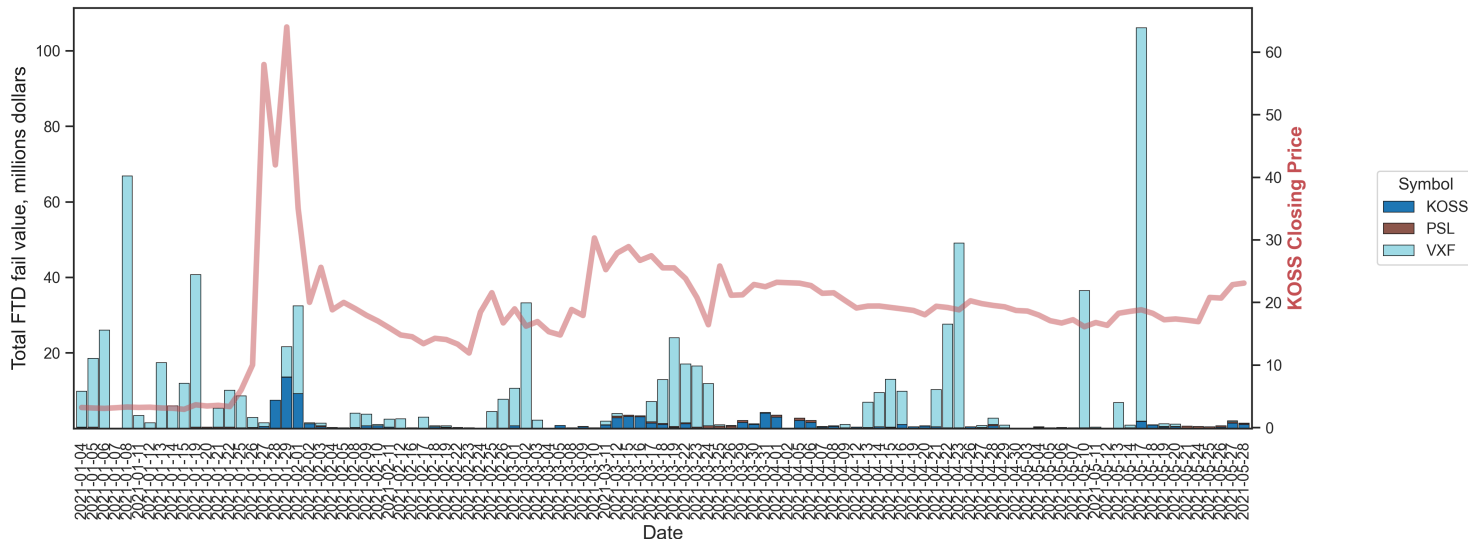
Total Value of FTD fails for GME and selected ETFs in 2021 with GME close price overlaid.

Total FTD fail value for AMC and selected ETFs in 2021



Total Value of FTD fails for movie-stock and selected ETFs in 2021 with close price overlaid.

Total FTD fail value for KOSS and selected ETFs in 2021



Total Value of FTD fails for headphone-stock and selected ETFs in 2021 with close price overlaid.

What do we notice? Well the value of fails for movie-stock has always been relatively small with just a single day in January with large \$100+ million dollar fails. GME has larger fail values in Jan across multiple days but has then dropped off in following months. Headphone stock is a smaller company with direct fails never going above \$20 million.

GME also has large fails across a bunch of ETFs but with most of the fail values occurring in IWM. *The movie-stock has fails almost exclusively for for IWM. Headphone stock fails are almost exclusively in VXF.*

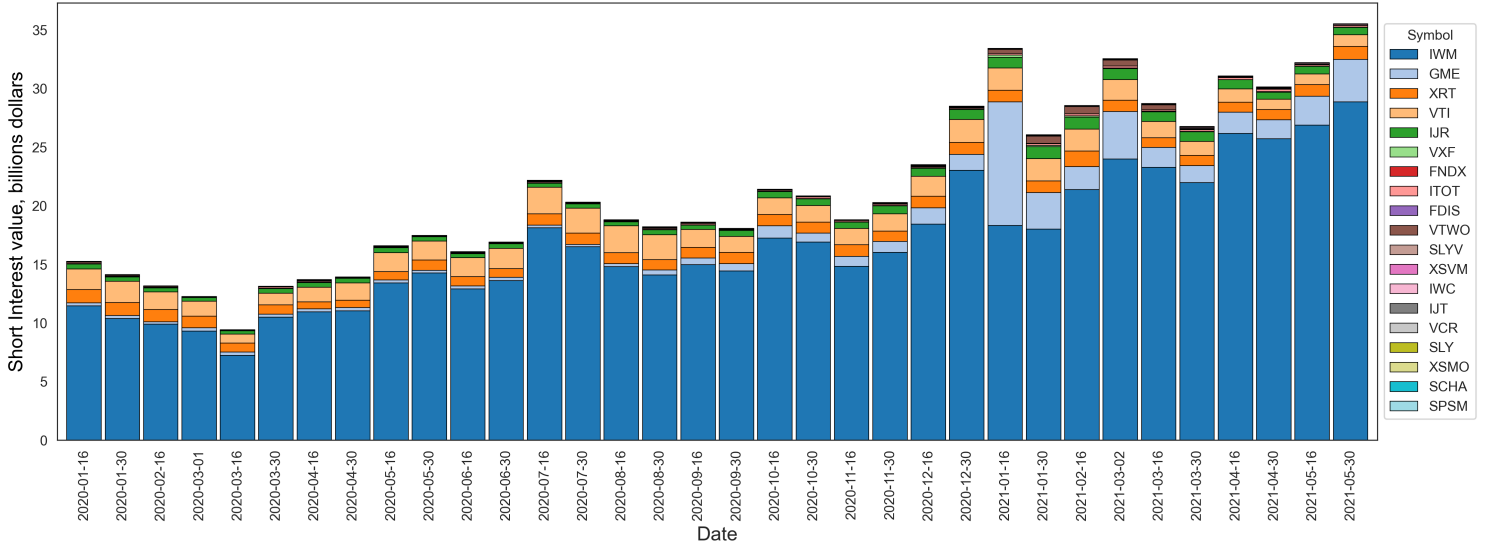
What links GME and the movie stock is their inclusion in the same *iShares Russell 2000 ETF - IWM*. IWM has been shorted to shit since Covid came around. It must've seemed like an obvious choice to short a bunch of vulnerable companies all at the same time. Fails are massive for IWM with up to 5-10% of total ETF shares failing on certain days in the last year.

Headphone stock is in completely different ETFs but it looks like some of the large ETF fail spikes might line up with IWM.

Reported Short Interest for meme stocks: GME, movie and headphone stocks

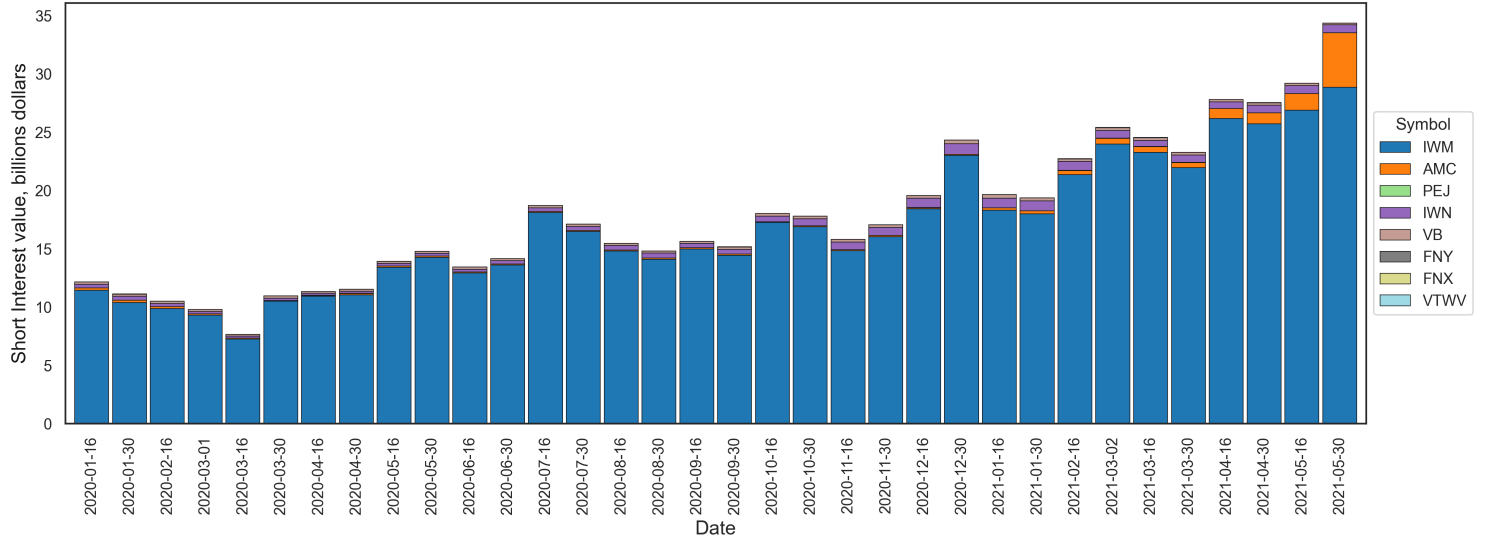
Now we've looked at FTDs in these meme stocks let's take a look at reported short interest. This number is prone to manipulation and is reported by the very people that benefit from manipulating the number down. That being said let's see how the 'official' numbers compare.

Reported Short Interest value for GME and selected ETFs



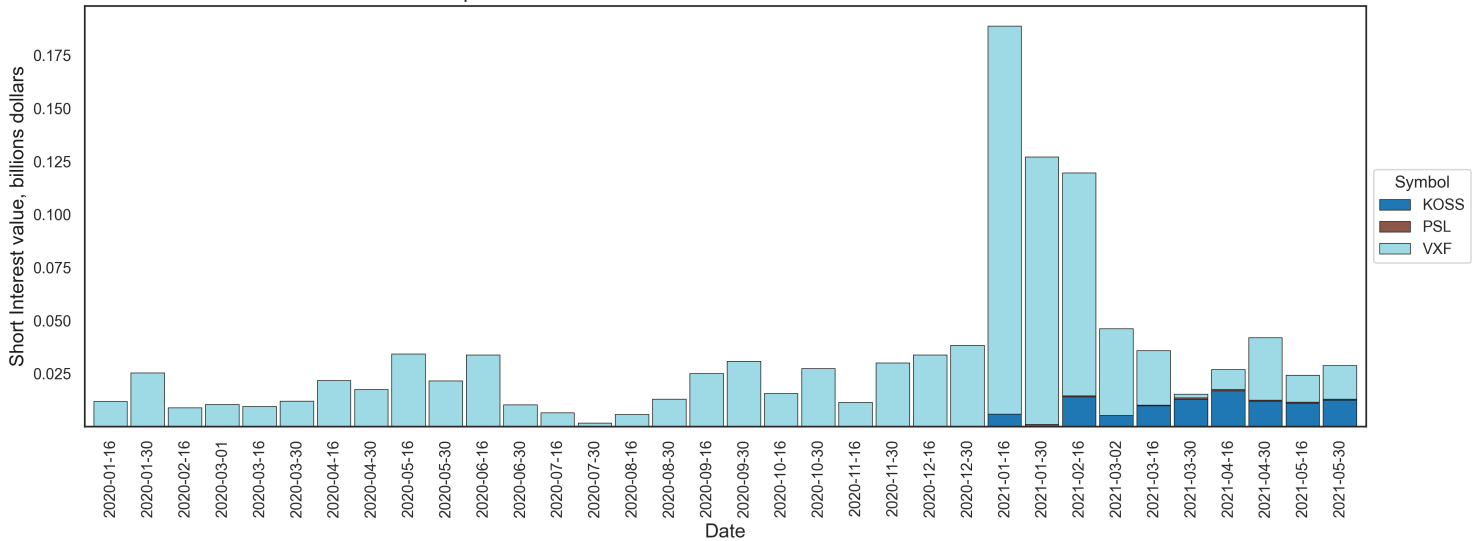
Total value of reported SI for GME and selected ETFs.

Reported Short Interest value for AMC and selected ETFs



Total value of reported SI for movie-stock and selected ETFs.

Reported Short Interest value for KOSS and selected ETFs



Total value of reported SI for headphone-stock and selected ETFs.

Movie-stock SI value owed is almost exclusively coming from IWM. Since the recent run up the reported SI for the movie-stock has also increased to a similar value owed for current GME reported SI value.

For the headphone-stock the vast amount of reported SI value is coming from the VXF ETFs. The short interest value exploded in Jan 2021 and it appears that little short interest was present in 2020. *What the hell is driving this stock to move like GME??*

The value of GME reported OI is also dominated by the huge open short position in IWM but also with relatively large short positions in XRT and VTI.

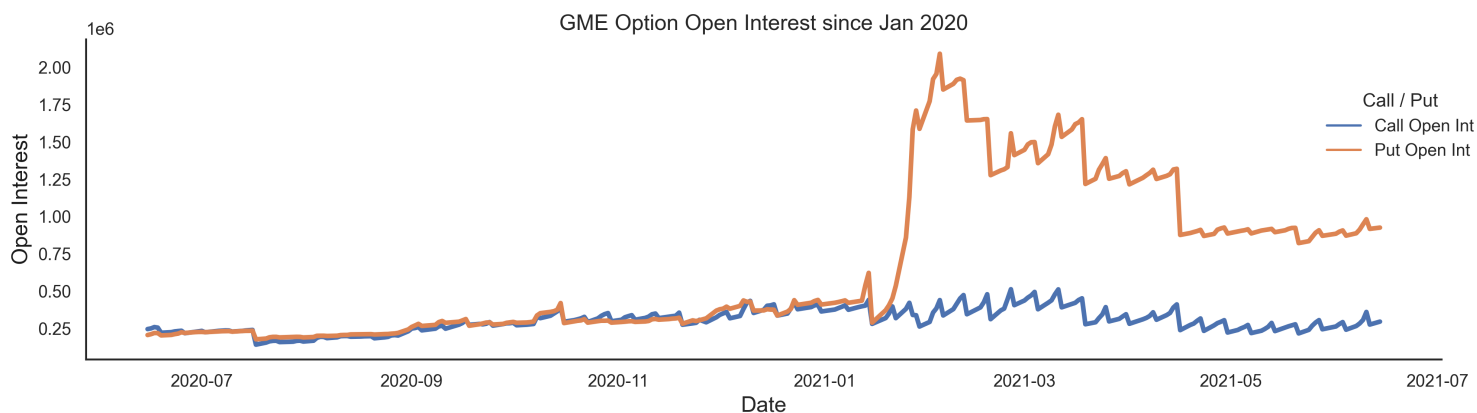
So the IWM open short position is insane. Current value owed by reported IWM shorts is \$30 billion when total IWM net assets are just \$68 billion. That's 44% of all assets in the ETF that have been short sold with a borrow. This doesn't even include the huge number of FTDs and naked short selling for IWM in the last year.

Open Options Interest for meme stocks: GME and movie stocks

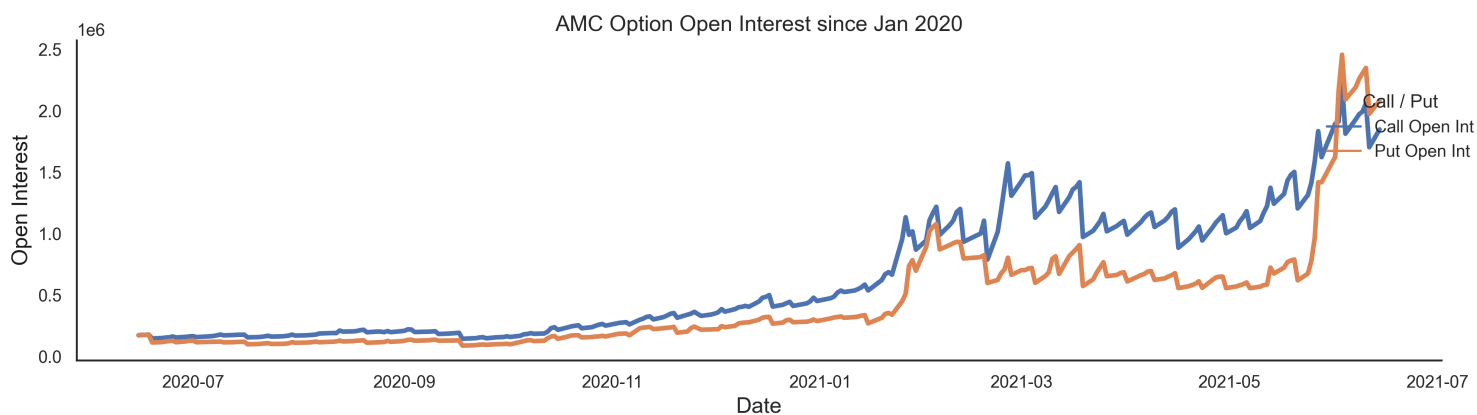
One of the weirdest things that happened after the end of Jan mini-squeeze is that open put interest in GME spiked to some pretty insane levels. [I previously suggested that this could be due to options fuckery to hide short positions.](#)

At the end of Jan 1.5 million new put contracts were opened in just a couple of days. These contracts cover 150 million shares. Most were in junk strike prices (e.g. \$0.50) that were never likely to be reached again. Recently other DD apes like [u/Leenixus](#) have [reported finding more weird put option activity.](#)

Here I'll compare open option interest for GME and the movie-stock. Headphone-stock does not have options as far as I can tell. Data was obtained from marketchameleon.com.



Total open interest for puts & calls for GME since Jan 2020.



Total open interest for puts & calls for the movie-stock since Jan 2020.

So a massive spike in GME open put interest in January that disconnected from all previous levels. A large number of puts expired in April and 410k more will expire on July 16th. Despite prices dropping down to \$40 in Feb and many options expiry dates coming and going, open put interest for GME still sits at around 1 million contracts. For GME only approx. 300k put contracts were reported in 13Fs despite 1.5 million being held. *Who holds the puts? Family offices?? Shells??*

For the movie-stock the picture is quite different. Puts and call open interest never really diverged. The recent major run up has increased the number of open put contracts but it's still in line with the number of calls. Even at this high of 2 million open contracts it is important to remember that the movie-stock free float is approx. 10-times larger than for GME. So even with this recent bump in open interest, options fuckery is much less obvious and even if it were occurring the magnitude is 10% or less than what we've seen in GME.

Meme Stock Summary

Many of the weird indicators for GME do not show up as clearly in other meme-stocks. The most obvious similarity

between GME and movie stock is that they are part of the IWM ETF which has been shorted to shit this last year. GME is about to move out of the IWM Russell 2000 ETF and this could explode the shorts FTD juggling.

However the headphone stock does not share the same ETFs and has no options trading. Short interest also doesn't appear to be so large. *What the fuck is happening here? Is there a shady market we can't see driving the shared price movements? Archegos style swap markets? Packaged up hedge fund debt bundled into CDOs after margin calls in 2020?*

Also why is the movie-stock moving more than GME recently? I don't really know. My guess would be that it's got extra hype at the moment but the naked short indicators are just not there. They never have been. In 2020 the max movie-stock reported SI was about 20% while GME was at the reporting limit of 140% for months. Why would they manipulate movie-stock reporting when they were so careless to report GME SI% of 140%??

In terms of options fuckery I just don't see it as clearly for movie-stock as for GME. There is nothing particularly out of the ordinary in the open interest. I've also not seen anyone identify deep ITM calls or married puts for the movie-stock when it's been so easy for GME and found independently over many different dates.

I wish the movie-stock apes all the best but worry that they might just be riding the hype. For GME on the other hand I believe that the hole has been getting deeper and deeper since the known minimum SI% of 140% reported in Jan before the major fuckery even began.

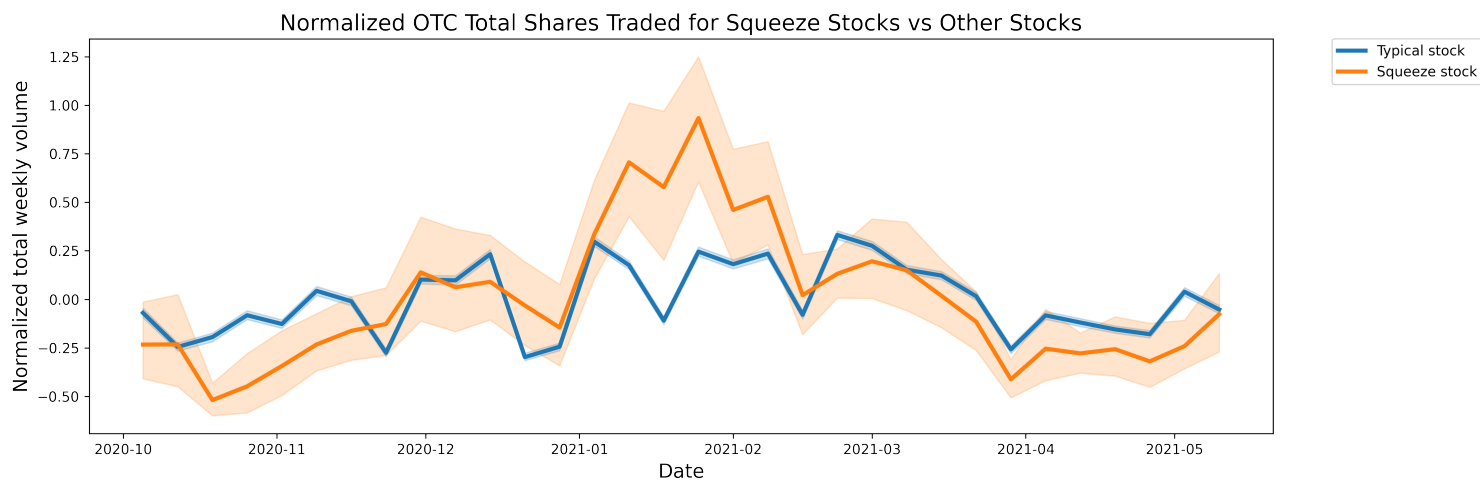
Dark Pool Trading in 'Squeeze Stocks'

In the past I reported some weird behaviour in OTC trading in GME. I took another look and extended the analysis to 73 stocks that appear to have squeezed in 2021. This list of stocks was taken from the work of [u/BurnieSlander](#) and [his post on squeeze stocks](#).

I selected 73 stocks that have sustained a 200% growth since Jan. I then compared how these stocks have been trading compared to 9600 other stocks that trade OTC.

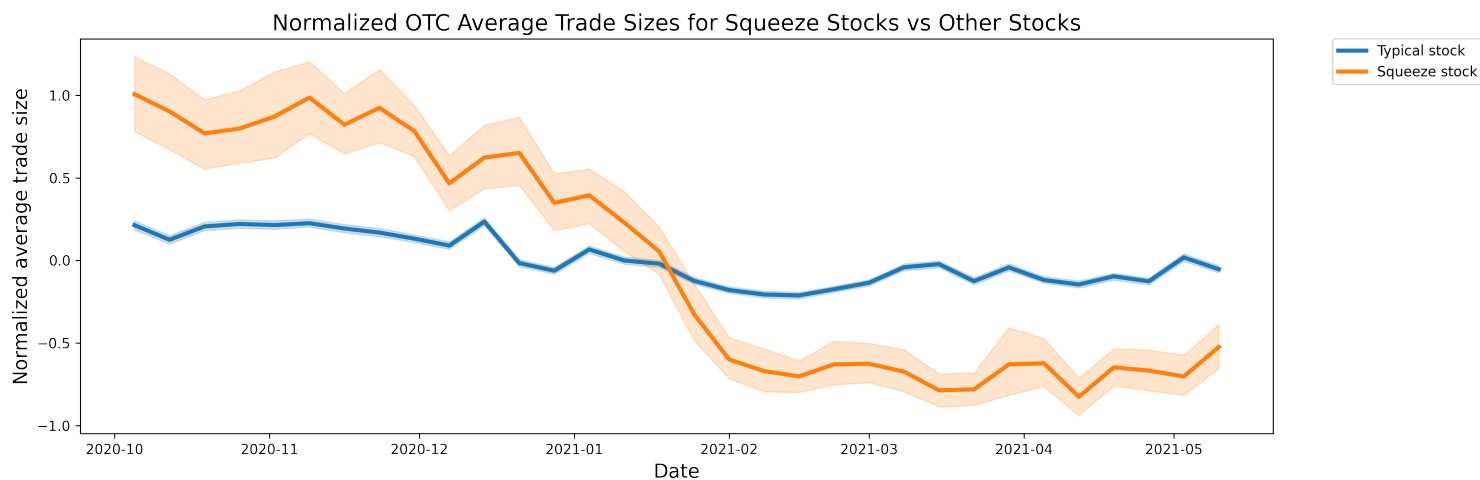
Important note: Each stock has a different number of shares outstanding and share price. To compare these stocks I first normalised each of them by subtracting their mean value for the window and dividing by the standard deviation.

The following plots show relative differences in OTC trading based on each shares' normalised values.



Normalised OCT trading volumes for 'Squeeze' stocks and other typical stocks.

Through January and early Feb the squeeze stocks saw a spike in OTC trading volume on average compared to a typical stock. The total shares traded OTC were not substantially different to other stocks before or after the January period.



Normalised OCT trading volumes for 'Squeeze' stocks and other typical stocks.

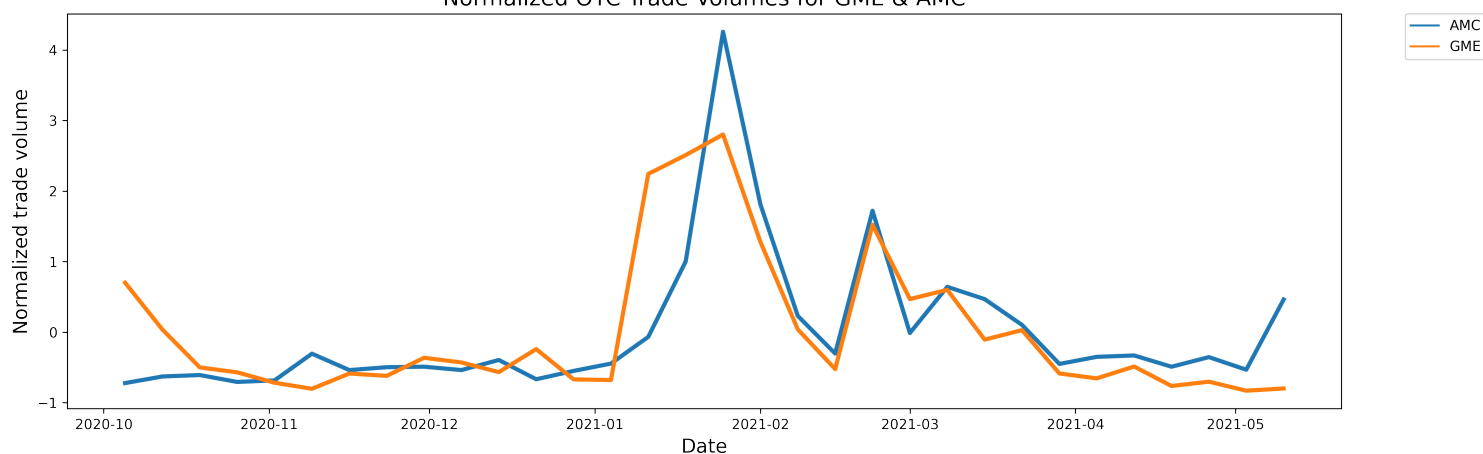
When we look at average shares per trade the picture is different. Note that because the data is normalised we are just looking at the relative changes over time for the squeeze stock and typical stock groups.

Typical stocks have not seen any major change in the average OTC trade size. The value is flat over time. For the squeeze stocks we see a dramatic shift. Particularly from January onwards, the number of shares per trade seen OTC dropped dramatically. This means smaller and smaller batches are traded OTC compared to their historical norm.

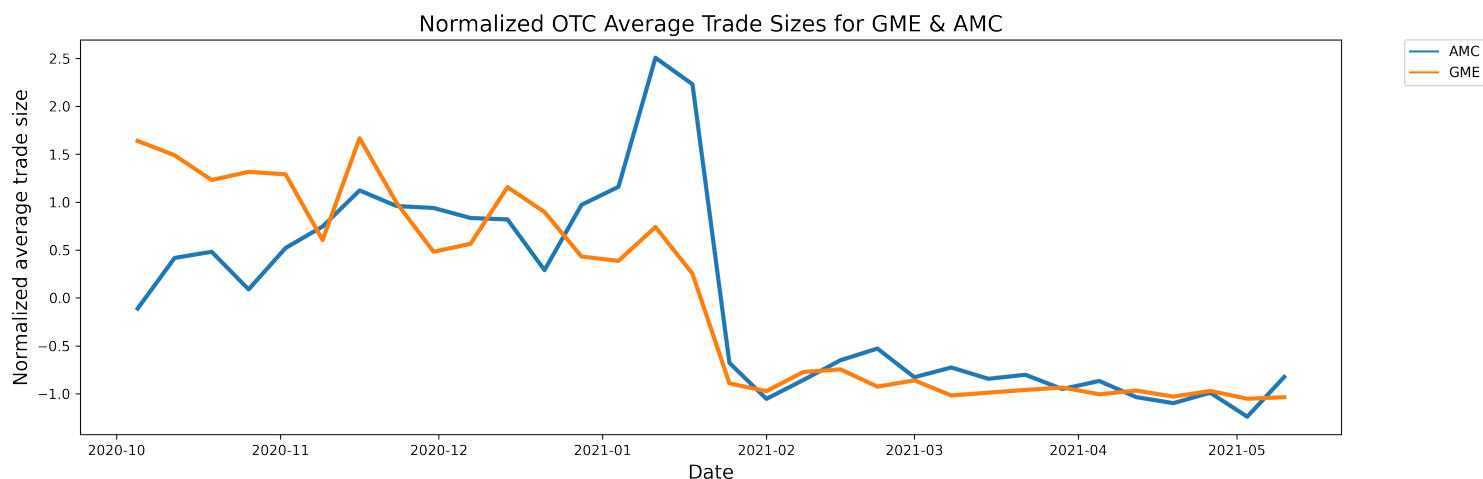
Some of this could be because of retail taking part in more trades and PFOF issues but I can't believe that retail is driving this consistently across 73 different stocks. Why would order size OTC drop in recent months? Could it be wash sales or 'short ladder attacks' to manipulate prices? Wrinkle apes needed for this!

EDIT: Adding some more plots specifically to show OTC trade data for GME and the movie stock.

Normalized OTC Trade Volumes for GME & AMC



Normalised OCT trading volumes for GME and the movie stock



Normalised OCT average trade sizes for GME and the movie stock

I added these figures in response to a request in the comments. Both GME and the movie stock show similar OTC trade patterns. Some spikes and shares traded in Jan and late Feb. And after Jan both stocks saw a large decrease in average trade sizes OTC compared to their historical norms.

TLDR; / Conclusion

Go take a look at the figures! I tried to explain as clearly as I could. The best way to understand is to look at the figures yourself. That being said here are some highlights:

- Huge FTDs and SI% in the IWM ETF appear to link GME and other meme stonks
- A recent spike in IWM FTDs may have helped to drive the recent run up in meme-stocks
- IWM is the iShares Russell 2000 ETF. GME will move out of this soon. How will the shorts adapt their FTD juggling? Will it even be possible for them??

- GME continues to have huge open put interest and observed options fuckery. Many more puts expiring on July 16.
- Movie stock does not have any obvious options fuckery as far as I can see. If it's there then the scale is probably no more than 10% compared to GME.
- OTC data is weird and consistent across more than 70 different stocks that have maintained 200%+ gains since January. Why are average OTC trade sizes so small for these 70 stocks? Could this be wash sales to manipulate prices down? Something else??

I've been zen with GME for months now and full YOLO. I wanted to get a 200+ million vote count announced but what we got changes nothing. Evidence of mass fuckery with GME for months. Price movements that make the fuckery undeniable. Huge GME fails and SI hidden in options and ETFs that will eventually unravel. A great team of execs now at Gamestop leading the turn around. **In short, I like the stock.**

