

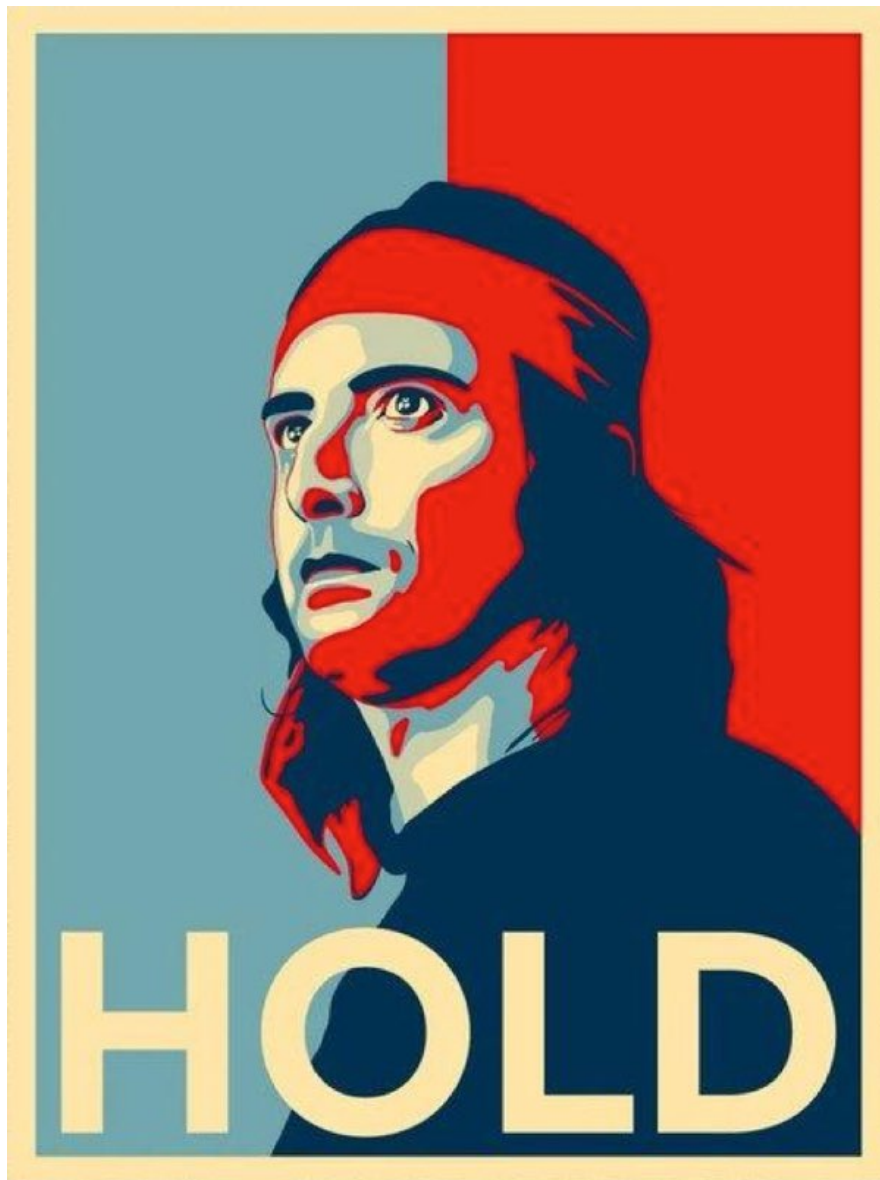
DIAMOND HANDBOOK

SECOND EDITION

A COMPILATION OF SUPERSTONK'S BEST DD
(UPDATED MAY 30, 2021)

DIAMOND HAND LOGO ART BY U/WOKE0RTHADOX COMPILED BY
U/WRITEROFJOTS

Dedicated To The Legend Himself



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In Case of an Emergency.

“As for me, I like the stock.”

KEITH GILL

TL;DR

U/BKYLE5678



THE MOTHER OF ALL SHORT SQUEEZES (MOASS) THESIS

PUBLISHED MAY 26, 2021

U/HCMF_MACEFACE

Intro

THIS POST WILL GIVE A *RELATIVELY* simplistic breakdown of the current situation and landscape of GameStop Stock, or GME as it is known on the New York Stock Exchange. It will summarize the theory that it will soon reach astronomical levels during a market, or the Mother of all Short Squeezes (MOASS) Thesis.

The core intention of the post is to summarize the MOASS Thesis for investors who are not fully up to speed on it, as well as those who are newer to the stock market in general, and are interested in investing. That being said, this writeup is NOT intended to serve as a source of proof/evidence behind this theory, and it operates under the assumption that the theory is valid and that the conditions it is built on are met. For those who intend to dig further into the evidence supporting the theory, there is a massive amount of research and due diligence that has been performed and documented around this theory that can be found [here](#), though it is recommended to use this post to get a basic understanding before digging into the Due Diligence.

Certain participants in the stock market (market manipulators) have taken advantage of a loophole in regulation that have allowed them to "short sell" more shares of a stock than theoretically should exist to be publicly traded (somewhere between 2 and 4 times this amount). This technique called "Naked Shorting" (or "fraud" if you ask the folks over at the SEC), and can be used to bankrupt companies or get their stock delisted, a result that allows all of the proceeds from short-selling to actualize as pure, untaxed profit.

This technique has backfired, and these participants must buy these shares back on the open market. Unfortunately for these entities, an army of retail investors own the synthetic shares that have been produced via naked shorting, and they are not obligated to sell them at a specific price (or at all), which puts the short sellers in a very very bad position).

Supply and demand rules the market, and supply is running out, while demand is skyrocketing. If you don't believe me, just look at the chart of GME which our DD (Due Diligence/research/analysis) has been forecasting for a while now. The below pattern has only preceded massive spikes in price, but this time, those on the other side of the trade are going to have a much harder time suppressing the price like they did in January and March. Thanks to the activity on 5/25, we have entered the end-game.

The MOASS is beginning.



Important terms to know before getting into the “Explanation”

These terms are key to understanding the theory and speculated value of a GME investment. Hyperlinks to [Investopedia](#), "the world's leading source of financial content on the web", have been included for most market terms and concepts and it is recommended to check them out if they are not clear. We will be breaking down some of the more complex terms and concepts within the post and framing them within the context of GME.

Long Position / Buying/Selling Stock

- When an investor buys a stock they are considered [long](#) on it.
- In other words, holders of long positions have a **positive** number of shares.

- To close a long position the owner would sell their shares on the stock market.

The basic idea behind obtaining long position is:

1. Buy the stock.
2. Hold it until the price of it increases to a desired amount.
3. Sell it for a profit.

When people think about buying and selling stock they are generally talking about opening and closing long positions.

Short Position / Shorting/Covering Stock

- When a short seller shorts a stock they hold a short position on the stock. This is essentially the polar opposite of a long positions (kinda).

- Investors with short positions effectively are *in debt* or *owe* the number of shares that they have shorted and can be considered *negative* on the stock.

- To close that position, short-sellers must buy a number of shares equal to the size of their short position (buying to close a short position is known as covering).

- Short positions must be reported to regulators (unlike naked short sales).

The basic idea of obtaining a short position on a stock is:

1. Borrow a share owned by a lender.
2. Sell the stock that was borrowed.

3. Gaining the cash based on the price it was at the time it was “shorted”.
4. Pay interest as a percentage of the stock's value.
5. Since this is a percentage the cost of interest increases if the stock's value increases.
6. Hold the position until the price has dropped to a desired price.
7. Buy the stock on the open market.
8. Ideally the stock is bought back at a lower price than originally borrowed for so the investor can pocket the difference.
9. Return the share back to the lender.

The Float

The Float, or Floating Stock is the number of shares of stock that are available to be publicly traded (the number of Outstanding shares minus the amount of Restricted shares that are owned by insiders).

- In theory, the number of shares owned by retail investors and institutional investors cannot exceed the float.
- *SPOILER*: GME is believed to have ownership amounting to 200% to 400% of the float if not more due to a something called naked shorting, which is a key part of the thesis that is covered more later.
- GME's float total is currently ~56.89 Million shares.
- It is important to note that institutional investors own ~25M-30M of the floating stock.
- If institutions were to hold during MOASS (not a guarantee though many are expected to), then the amount of shares publicly would be somewhere around ~25M-30M. This means there would be even less supply when the short sellers finally have to cover.

Retail Investors

• [Retail Investors](#), also known as individual investors, are your average investors (not a company or organization)

Institutional Investors.

• [Institutional Investors](#) are organizations that invest on individuals' behalf.

Examples of Institutional Investors

- Endowment Funds
- Commercial Banks
- Mutual Funds
- Hedge funds
- Pension funds
- Insurance companies

Market Makers

I'd encourage you to read the Investopedia entry for them for more clarity

• [Market Makers](#) are very different from "Investors" and are a bit harder to explain but basically are there to increase [liquidity](#) in the market.

• When you buy and sell stock those trades are often going between you and a market maker.

• Market makers get "special rules" that enable them to keep liquidity in the market when there is low liquidity.

• Naked shorting is one of the options Market Makers have when navigating a trade that other investors do not have.

Naked Shorting

- Naked shorting effectively allows a Market Maker to short a stock without having a borrowed share like normal short selling.
 - The result is similar to a short sale.
 - Naked short sales do NOT have to be reported the same way as normal "Short Sales" and can be "hidden".
 - GME is expected to be shorted around two to four times the float, despite the fact that [Short Interest](#) only accounts for ~20% of the float, meaning most of the shares are shorted via naked shorting.
 - This type of trade illegal outside of specific situations involving Market Makers.
 - Due to a loophole and lack of oversight by regulation, Naked short selling can be used to manipulate the price of certain stocks.
 - Naked shorting was targeted for tighter regulation during the financial crisis of 2008 but enforcement has unfortunately not been effective in preventing it from manipulating the market.

Synthetic Shares

- [Synthetic Shares](#) are the financial instruments that get produced by Naked Short sales.
 - Often referred to as "Counterfeit" shares (though they may be called this they are just as legitimate as a non-synthetic share)
 - Synthetic shares entitle the owner to all of the same rights as an investor owning a non-synthetic share
 - Cases where there is an excessive amount of synthetic shares point to the possibility that a stock is being abused or manipulated.

Failure to Deliver

- [FTDs](#) occur when a buyer of a stock ends up not having the money to purchase the stock that they traded for OR, **when a short seller does not own the stock at the time of settlement.**

- FTDs are one of the main check-balances to naked shorting, so very high amounts of Failures to Deliver are indicative of this.

- *SPOILER*: GME and AMC have tons of FTDs reported.

Margin

- [Margin](#) is basically credit that that an investor can use to buy more stock

- When you buy on margin you must stake the assets you have already purchased with your own cash as collateral

- The amount of Margin you can have depends on the value of your collateral

- The value of your collateral and cash but meet the margin requirements in order to continue to buy on margin

- Keep in mind the value of your collateral can change if the price goes up or down and if the value of your collateral/cash drops below the margin requirement you will received a [Margin Call](#) Another way to think about it:

1. Imagine I have \$1,000 in stock
2. You obtain a personal loan for another \$1000
3. To get the credit you stake your \$1000 in stock (if you default it goes to the lender to cover your debt)

4. You buy \$1000 more stock with that loan (you now own \$2000 in stocks, half in cash half on margin)

5. You will pay interest on the \$1000 on margin but if your investment makes more money than the interest then you are still profiting

6. If your investment turns bad (lets say the price of your stock falls 50% and you are left with \$1000) your lender can forcibly close out your

positions (everything you bought in cash and staked as collateral along with what you bought on margin so that they can get the \$1000 they loaned you back)

Margin Call

- A Margin Call is a notice indicating you have a specific amount of time to deposit enough of your own funds to meet your margin requirement (if you cannot meet the requirement the lender is entitled to sell all of your holdings to recover what you borrowed)

Examples:

This is a slightly complicated scenario that can be a little hard to follow. Give it a few reads if it doesn't make sense the first time, but basically, Margin is a credit line that you can use to buy more assets (effectively a loan backed by collateral and cash in your own account). If you buy assets with it, you have to pay back what you borrowed, whether the value of your investment goes up or down (if the investment goes up in value, you make more than you normally would, but if the investment goes down in value, you lose more than you otherwise would have without margin).

This gets even more (or less maybe) complicated when you have short positions AND long positions, like most institutional investors. To have short positions, I still need to have margin, but I do not need to use it to buy stocks, It can act as a buffer if I have a short position on a stock that is increasing in value (with a short position, if the price of something I short goes up, I am losing money), and if it gets too high, it can run against my margin line, causing a margin call.

Positive Margin Example (Long Positions only):

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each)

2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the ones I bought with my money) must be above \$800 in order to keep using margin (so as long as stock XXX stays above \$80 a share, then I will not get a margin call for being below the requirement)

3. I then choose to use the margin, buying 10 more shares of stock XXX for \$100 each, so I now have 20 shares of stock XXX, valued at 100\$ a piece

4. If the price of stock XXX goes up to %25 per share, and I sell all 20 shares, I just profited \$500 (+\$25 on 20 shares)

- a. In this case, closing the position clears me from the margin debt, as I am no longer using it in an open position
- b. If I had not used margin, I would have only walked away with \$250 in profit (\$25 per share on 10 shares), but instead I made \$500, and paid back the credit, plus a little bit of interest.

5. Yay.

Negative Margin Example (Long Positions Only):

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each)

2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the

ones I bought with my money) must be above \$800 in order to keep using margin (so as long as stock XXX stays above \$80 a share, then I will not get a margin call for being below the requirement)

3. I then choose to use the margin, buying 10 more shares of stock XXX for \$100 each, so I now have 20 shares of stock XXX, valued at 100\$ a piece

4. If the price of stock XXX goes down %25, bringing the value per share down to \$75 a share, the value of my total position is now \$1500, and the value of my non-margin assets is \$750, which is below the margin requirement (keep in mind, I borrowed \$1000, so that is still the amount I have to pay back)

5. My lender will give me a margin call, indicating I have two business days to deposit 50\$ into my account in order to meet the margin requirement.

- a. If I have the cash to deposit the extra \$50 would take my assets to \$800 (\$750 in stock XXX + 50\$ cash).

(If the price of stock XXX recovered to above \$80 per share, it could also satisfy the requirement.)

- b. If I do not have the cash to deposit, then I am in trouble, as after two days, they are allowed to liquidate (sell) the assets I bought with my own money, as well as the assets I bought on margin

(Let's say this happens, all my borrowed assets are sold first to cover my \$1000 loan, since the price of stock XXX was only \$750, it only covers

\$750 of my \$1000 margin line. I now have \$750 left in assets of Stock X, but I still owe money from margin, so my lender is entitled to sell \$250 worth of my shares in order to get their full \$1000 back. I am now left with \$500 total [\$750 in 10 shares of stock XXX - \$250]

6. Not Yay

Negative Margin Example (Long Positions and Short Positions):

THIS IS THE RELEVANT ONE TO GME

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each).

2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the ones I bought with my money) must be above \$800 in order to keep using margin.

3. Instead of using the margin to buy more, I instead short 10 shares of stock YYY which is at \$50 a share currently (giving me \$500 in extra cash), which I use to buy 5 more shares of stock X.

- a. I am now long 15 shares of stock XXX valued at \$1500 and short 10 shares of stock YYY valued at -\$500 (negative \$500) for a net value of \$1000
- b. No margin is actively committed to open positions, and I am still using my \$1000.

4. Now, let's say a short squeeze happens involving stock Y, causing the price to skyrocket to \$200 per share.

- a. My short position is now -\$2000 (10 shares of -\$200 each).

5. My net account value is now \$-500 (\$1500 - \$2000) which is now using my margin, and because my account's value is no longer above \$800, I no longer meet margin requirements so I get a margin call.

6. If I cannot balance my account, the lender will liquidate my \$1500 in stock XXX in order to pay the -\$2000 I owe, leaving me with -\$500 left in debt.

- a. I have now defaulted, as I cannot pay the \$500.

7. Now that I have defaulted, the lender who gave me margin owns my short positions, meaning they are now short whatever was left.

- a. The lender can now navigate the short positions however they want (they can hold them and hope the price goes down, and cover to close them, or they can close them immediately, costing them the whole \$500 I still owed).

8. GUH! (Translation if you are not WSB: Ah @#\$%)

Short Squeeze

- A Short Squeeze is a market event that occurs when there is a large short position on a stock whose price rapidly increases higher than expected, normally due to a catalyst.

- During the short squeeze, the losses of those who have short positions continue to increase higher it goes.

- Since they **owe** shares, the cost to cover their position increases depending on how high the price goes (there is theoretically no limit on

how high a stock can go).

- As market participants who are short on the stock buy to cover, supply decreases and demand increases, causing the price to increase even more rapidly.

- While short sellers are scrambling to cover their positions, the rapid price change may entice investors who are not short on the stock to buy it in order to make a quick profit

 - Again, lowering supply and increasing demand

The Mother of All Short Squeezes (MOASS) – Explanation

Now that we have gone through the many important terms, we can get to the theory behind MOASS.

Due excessive short-selling and naked shorting of GME by certain market participants (primarily large hedge funds and market makers), retail investors and long institutional investors collectively own a number of shares that exceeds the the float. The amount of shares that are currently owned is theorized to range roughly between **200%-400%** of the float **if not more**, meaning that 100%-300% of the float has a corresponding short position (mostly naked shorts). For context, most stocks generally have around 1% Short Interest, and 10%-20% short interest is considered to be excessive, let alone over 100% of it.

Short sellers must eventually close, or cover, their short position. The only way to do that is to buy the shares owned by the investors who are long. In the meantime Short-sellers are paying interest on that short position until it is closed proportional to the cost of the shares, which bleeds their capital over time. Unfortunately for the short sellers, the owners of the shares **ARE NOT** obligated to sell their shares. The short-sellers,

however, **ARE** obligated to buy in order to close their position (or else keep paying interest)

So what happens if no one is selling the shares they are “long” on, but short sellers need to buy them? Supply and Demand. With very little supply and high demand, the price of a stock can increase far beyond its fundamental value. If short sellers receive a margin call due to no longer meeting their margin requirement and are unable to meet it in time, their assets will be forcibly liquidated by their lender in order to pay back the margin, as well as close out the position if the borrower defaults

If you are wondering why an organization would abusively short a stock like this if they eventually have to cover their positions. If a company goes bankrupt or gets delisted from the stock market:

- The short sellers DO NOT have to close the position
- All of the proceeds from the short sale effectively disappear from their books
- They do not even have to pay taxes on this profit
- This was the fate of Toys'R'Us

Short positions amount to the total number of long positions minus the float, meaning (based on the theorized range) that somewhere between ~56-170 Million shares will need to be bought in order to close all short positions.

It is expected that the members with short positions (hedge funds and market makers who have been naked shorting the stock) will be unable to cover their short positions, resulting in a situation where their lenders, all the way up to the clearinghouse (DTCC) will have to sort out the positions

If the DTCC/NSCC is forced to unwind the positions, it is widely believed that they will rapidly cover short positions at whatever price they are available for (this is how their systems are said to handle a member default), liquidating whatever assets are necessary from the defaulting member

The condensed explanation:

1. GME is over-shortened.

- a. The mainstream media reports that this is not the case, however, research performed by retail investors indicates the opposite.
- i. The market drops in stocks and cryptocurrency in May correlate with actions indicative of margin calls.
- b. GME is not alone in being over-shortened, though it is the most damaging short position among short sellers.
- c. Short-selling inherently reduces the value of a stock, and if a stock falls to 0 (this destroys the ability to raise capital), that company may go bankrupt, preventing those with short positions from ever having to pay for their short sale (these proceeds are also untaxed).

2. GME has steadily been increasing in price, which is causing more losses every day for short sellers.

- a. As GME price increases, short-seller's losses increase, causing panic to close their positions or else go bankrupt.
- b. The first GameStop coin was apparently minted on 5/25/21, which may spell absolute disaster for the short sellers (read about Overstock Short Squeeze if you want to see why).

3. Short sellers must buy shares from holders who are not obligated or willing to sell creating a crisis of supply and demand

4. Very low supply and very high demand causes the price to skyrocket

- a. There is theoretically no limit on how high a stock's price can go

5. If short sellers are unable to meet the requirements necessary during a margin call, they default, forcing their lender to be obligated to pay the leftover debt

6. If the lender defaults, ownership of the chain goes up to the [DTCC](#) (more specifically, the NSCC who is a subsidiary of DTCC who handles securities like stocks)

Final thoughts...

This is the GME MOASS thesis. GME is a stock that stands to hit an unprecedented price point due to the fact that manipulators of the market have failed to bankrupt GameStop thanks in huge part to [the Legendary Keith Gill AKA u/DeepFuckingValue](#), [Ryan Cohen](#), and all of the GME investors who took part in this saga. It may not be today, this week, or even this month, but one day soon, these toxic participants have no choice but to buy the stock to close out their short positions.

In some schools of thought, it is thought that these participants overestimated how "reasonable" retail investors can be (who could be dumb enough to hold a stock as it fell from almost \$500 to \$40?). In truth, these manipulators didn't understand the demographic they were fighting with. Gamers are some of the most stubborn people on the planet. These are individuals who will sink tens of thousands of hours into the same video game because "they just like it". Well, "we like the stock", and to us, the adversaries on Wall Street just are just another "boss". We may have needed to retry a couple times, but we always win eventually. On top of that, they pissed off reddit, and under no circumstances, should you ever piss off reddit.

At this point, if you are still reading this, know that it is up to you to decide your next move, whether that is to do some due diligence of your own, walk away, or say screw it and buy a few (or a lot of) shares just in case we are right. Many of us have set our floor (minimum amount of acceptable gains) at \$20,000,000 per share, and you might think that is crazy, but in truth, we know we can pick our own price if we hold long enough. We don't care if anyone else buys or not, because we know the outcome is inevitable. Time is running out for the toxic market participants involved, and even the news can't hide that we are on the brink of a massive market event that will ripple through the entire global financial system, and we will probably never see an event like this again in our lifetime.

Looking for brokers that won't be like RobbingHood and screw you over during MOASS?

https://www.reddit.com/r/stocks/comments/18rhr3/weekend_gme_thread_homework_for_all_lets_stop/

TL;DR: **This is a fight Wall Street, Shitadel, Melvin Capital, and ever other toxic party is not going to win against the "dumb money"**. Chances are this will truly be "THE MOASS", meaning there will never be another like it in our lifetime (or ever). While the conditions in play (the ability for big money to brutally manipulate the market) enabled what may end up being the greatest transfer of wealth in history, actual reformation to prevent a landscape like this from forming again is probably best long term (I say this as a pragmatist, and am honestly very far from an idealist). If you want to influence reform, Buy, Hold, Vote. If you are just here for the tendies, Buy, Hold, Vote.

Hedgies, velkommen til helvete. Vi kommer for tårene dine.

Hedgies, welcome to hell. We come for your tears.

Is the squeeze Squeeze?

No

Should I invest?

That is entirely up to you. This is and has always been a high-risk play. Do not invest money you cannot afford to lose. **There is no investment advice here.**

Am I too late?

AGAIN, the answer is up to you. The short sellers likely need every share to cover their positions. If you want to buy one share, but haven't because it seems like not enough-- Please remember that every share matters, the float isn't very large to begin with.

When is the squeeze?

Nobody knows, and nobody will know. Unfortunately, because of all the variables and moving parts, it is literally impossible to predict. It has become apparent that building up hype over specific dates can be used against us. We have in the past seen dates that everyone built hype around only to have them pass and enthusiasm wane within our subreddit. That having been said, **we ask that people stop asking when this will happen. Furthermore, please take any dates you do see on [r/Superstonk](#) with a grain of salt.**

Why does holding do anything?

They need your shares to cover their short positions! They got greedy. Thinking GameStop would fail, the short sellers started *Naked Shorting* the stock. Long story short they created synthetic stocks with their special privileges as Market Makers. But they can't cover a short with a synthetic share. So because of the Naked Shorting, the Short Sellers, multiple large greedy money managers, and Hedge Funds need a total number of shares greater than the number available to purchase. **THEY NEED EVERY SHARE, EVEN YOURS [CONAN](#)**

aRe YoU GuYs MaNipuLatIng THE MaRKeT?!

To be extremely clear, as there is a lot of misinformation flying around. No, we are not. This subreddit is in no way a form of market manipulation. We aren't the ones manipulating the market here. The purpose

of [r/Superstonk](#) is not to “Pump and Dump” the stock, despite what some media sources will tell you. Instead, [r/Superstonk](#) is just a community of individuals investing in the same stock separately. Furthermore, **any use of the words "we" or "us" in any posts or comments is not indicative of manipulation. The use of such words that suggest we are a group only serve to refer to the users that frequent this PUBLIC community** (Often referred to as “Apes”).

[r/Superstonk](#) is a place for sharing, PUBLICLY AVAILABLE INFO, as well as theories and excitement. In this community you will mainly find:

- Amazing theories from people who spend hours pouring over data
- High-quality Technical Analysis, the likes of which would be super expensive to get otherwise
- Some really great memes
- The actual truth about the incredibly heinous market manipulation plaguing GME.

How are these crazy high share prices that people cite, possible? 100k 500k etc.

No one knows how high the squeeze could take the stock price. The best rational reasoning says that these numbers are possible through the laws of supply and demand. Furthermore, it is likely that the Short Percentage is a lot higher than reported, with many suggesting that the short-sellers, cumulatively, need more than 100% of the float to cover.

What is a Short?

A Short position is fairly simple to understand. When someone thinks a company will do poorly or is bound to fail, they can establish a short position on said company's stock. To do that one must borrow shares from someone willing to lend them, and then sell those borrowed shares. Then you put that money into your piggy bank for later. Assuming all goes according to plan, the stock goes down like you thought, when the stock drops to the price you are happy with you then buy back the shares you borrowed. You grab the money you sold them for and buy the shares, you give them back to the person you borrowed from and make off with the leftover money.

So then what is a Short Squeeze?

The Short Squeeze is a fairly rare financial phenomenon. Basically, when a bunch of institutions think a stock will fail, sometimes they will all pile on the short positions in the same place. More often than not, they probably make a lot of money from this tactic. But occasionally they will get noticed and if everything lines up just right, this "Short Squeeze" can occur. Usually triggered by a catalyst of some sort, Short Squeezes usually happen when the stock doesn't go down but instead goes way, way up.

When it goes high enough that the Short Sellers' other assets are no longer larger than the potential loss they are risking in the stock they shorted, they will get Margin Called. At that point, they are told to buy the stock back at whatever the price because the Clearing House doesn't want to deal with the elevated risk. Once you can't afford the risk you're out. This margin call, theoretically, only has to hit one institution before the dominos start falling. The Margin Call causes increased buying, increased

buying sends the price up, the price going up means more Margin Calls, and so on.

Why are people saying that the short interest could be more than 100%?

Despite all major reporters of short interest having numbers much lower than 100% on their sites, it is unrealistic that the short interest is as low as they claim. Here's why:

-The industry is largely self-reported, meaning that HF's can choose to report lower numbers if it benefits them. While this practice is illegal, it is only punished with a fine. This fine is often much smaller than the potential loss or gain, the HF may experience if the true data were to be reported. This is fine that Citadel LLC. (One of the bigger HFs shorting GME) has had to pay multiple times in the past, so there is precedence.

-It was discovered by some Apes that there was an abnormal increase in short interest in most of the ETFs with GME inside them. The increase coincided with the spike in January and following that, the media started pushing the "Shorts covered" narrative that was everywhere last month. You can read up on the ETF Short Interest info in the DDs here. To summarize, the short sellers of GME essentially disguised some of their position with shares of Exchange Traded Funds (ETF). By establishing a short position on the ETF and then establishing long positions in every stock in there except GME you basically cancel out your short position in the ETF, leaving only a short position in GME. ***Important Note: This does not mean there will be a short squeeze on the ETFs! An ETF cannot really be the subject of a short squeeze due to the mechanics behind them ***

-Synthetic long positions could be used to disguise their short positions as well, the mechanisms behind this practice utilize the options markets and could explain some of the crazy options activity that we have seen in GameStop the last few months.

Why Gamestop?

Short Squeezes can happen anywhere there is high Short interest. Gamestop however is a special case (Hence the use of the term/ acronym, MOASS). Gamestop's Short Sellers got extra greedy in this case. They were sure that Gamestop was going to die in the wake of the pandemic. So sure, in fact, that they began Naked Shorting the stock like crazy. Had Gamestop failed and went under, they would have never had to cover all those positions. They would have just went on their way, cash in hand, off to short another company into the ground...

Suddenly a glimmer of hope began to emerge for Gamestop, this hope in the form of Ryan Cohen, an "Activist Investor" and CoFounder/CEO of [Chewy.com](https://www.chewy.com). Finding success in past endeavors, people believe Ryan Cohen, and his plan to turn Gamestop around spell out the end of the line for Short Sellers. Around the same time, DFV started sharing his Bullish thesis on Gamestop's turnaround. After getting hate for a long time for his "Outlandish Theories", people in the Reddit Forum [r/Wallstreetbets](https://www.reddit.com/r/Wallstreetbets) started to really take notice, now believing that DFV's theories were right all along.

To explain where we are now is difficult, as one could realize from a cursory glance the story is complicated. **To summarize as best I can:** The Short Sellers seem to have disguised their short position, even perhaps doubling down. They then manipulated the media to spread the word that Gamestop was dead, the squeeze was squeeze. While at the same time they

employed the use of social engineering to slowly depress the positive sentiment for the stock on Reddit and elsewhere. Recently, it seems that media sentiment is slowly changing as it becomes too obvious for the media to ignore that Gamestop is not even close to dead. The media sentiment changing also seems to coincide with some large investors, of unknown identity, hopping on board the rocket with massive long positions being opened. Many see these large investors as the last confirmation they need that Gamestop is going to the moon. Regardless of the squeeze, I, personally, like the stock.

What is Naked Shorting?

Just like Shorting, but with more illegality! Through archaic loopholes in the laws governing the financial industry, some individuals participate in Short Selling **without actually having the shares**. This essentially creates a counterfeit share. When this is done, the short-sellers are taking on a lot of risk, but the payoff can be grand. It's not easy to actually catch the naked short-sellers red-handed but some look to the Failure-to-Deliver data to shed some light on it. Naked shorting is also how it's possible there is more than 100% of the shares out there at the moment.

Who is Ryan Cohen?

Ryan Cohen is ~~on the board~~ Chairman of the board for Gamestop, holding the most shares of any individual (9,000,000). Cohen is also head of the Strategic Planning and Capital Allocation Committee for Gamestop, essentially putting him at the helm of the company's pivot. After Cohen's

past successful venture with [chewy.com](https://www.chewy.com), and seeing the people that he is bringing to the table at Gamestop, there seems to be a very clear and profitable path forward for this company. In November of 2020, Cohen released an [open letter](#) stating how he believes the Gamestop board and CEO had been failing at their jobs, he goes on to lay out a bit about how they could do better with Gamestop as a company.

Ryan Cohen clearly believes in Gamestop, to the point of announcing that he will be taking equity as compensation. In fact, as of writing this *all* of the new Gamestop board members are going to be taking equity as compensation. This is seen as an incredibly bullish sign of the company's future success.

Catalyst? What do you mean and why is it important?

Essentially the catalyst is the spark that lights the fire. This catalyst could be anything that triggers buzz around Gamestop (the company) or news about the stocks. It is unknown exactly what will be the event that triggers the MOASS. What is clear, is that the situation is very unstable and really anything can cause major volatility. This Subreddit is full of theories as to what the catalyst will be, I would highly recommend reading them. Below is a shortlist of some of the potential catalysts people are speculating about:

- A Stock Split, or some similar move from Gamestop that recalls shares
- Gamma Squeeze
- Gamestop's Q1 Earnings Call
- Some speculate Gary Gensler (Newly appointed head of the SEC), may make some move that sets things in motion
- DTCC rule changes taking effect
- Appointment of a new CEO

What is a Shill and why do people keep calling me that?

One of the MANY things that the HFs have tried to do to curb-stomp retail investors, is flooding our public communities with Reddit accounts (Some bot-accounts and some actual people who seem to have been paid) purposefully spreading negative sentiment. Though it sounds like a conspiracy, there is plenty of proof. These accounts have been seen all over not just Reddit, but also Youtube, Twitter, etc. Not just conventional social media though also places with message-boards like MarketWatch, Yahoo finance, WeBull, basically anywhere you could talk about GME. The term “Shill” is a blanket term for those accounts, be them bots or people.

In the past, these ”Shills” have utilized many different approaches to spreading Fear Uncertainty, and/or Doubt (FUD) about the stock and the company. One of these beings, flooding the subreddits with super basic questions, that lacked any substance at all. This was seemingly in an effort to give the illusion that if you were still holding GME you didn’t know what you were doing, because when you looked around you were surrounded by people who didn’t have a clue. This, along with most of their other attempts to shake retail investor faith, has failed.

You may have been called a Shill for one of a number of reasons. This community is very inclusive and open to everyone, but because of the blatant attacks this forum has suffered a lot of people are understandably paranoid. (Myself included). **Please, unless you really are a shill, don’t take it personally.**

What is a “Short Attack” (aka “Short and Distort”)?

The Short and Distort is a time-honored tradition of illegal market manipulators. First, they *short* the stock, then they *distort* the image of the company. This is a practice whereby the Short-HFs actively suppress the price, most of the time through the spread of bearish misinformation about the company in question or the technicals of the stock.

We are seeing this in Gamestop in the form of FUD campaigns and Media Manipulation.

Shill-Based-FUD and how to spot it:

First of all, it is incredibly important to note **your potential biases** when determining if someone is just a shill trying to spread FUD. Not all FUD is invalid, someone may bring up a solid point against an otherwise great DD, and that could scare you. Remember that just because you do not like what someone is saying, doesn't make it invalid. **It is important users here work with constructive criticism to refine their theories.**

Instead of shooting this person down as a shill, ask yourself the following: Are they making a valid point? Is it backed up with evidence? Have I fact-checked this evidence?

If you answered no, to these questions, a great next step is to check their post history, Here are some things to look for: Are they constantly posting negative-sentiment, as if they have something to gain? Do their posts/comments sound coherent? Are those posts repeating the same or slightly different things (copy/pasted)?

Since this forum and others where GME is discussed are public, the ones behind this petty attack can see what we say and how we react to their ILLEGAL MANIPULATION. This means that since this has started (back in January) these Shills have gotten smarter, and less obvious. They become

easier to spot over time, don't worry. When you spot a Shill, report it to your local Mods and downvote the post/comment.

New FUD tactics, What to look out for:

The tactics that have been used on this community are absolutely despicable. At first, it was pretty benign, but with the recent attacks on individuals in this sub, it has crossed a line. If these individuals happen to be reading this, I hope you understand how pathetic you are. **I feel it is important to remember that these actions being taken against us only serve to prove that there is more to this situation than meets the eye.**

Unfortunately, they are always finding new ways to fuck with us. With that said, here are some noteworthy ones as of March 28:

-Spreading FUD about users in [r/gme](#) and [r/Superstonk](#), more specifically, users that post some of the most viewed DD.

-Bringing into question the integrity of the Mod Team. With the Mods at [r/wallstreetbets](#) being accused of being compromised, and some turbulence in [r/gme](#) this FUD was easy to see coming. Since there was already precedence for it, the shills believe it an easy task to convince the community that their subreddits aren't safe.

-Fake DD. This can mean a few things, there are different ways a 'Fake DD' is done. One type is as follows, The post seems to start out with a positive sentiment but takes a negative turn and ultimately doesn't disseminate anything of value. Another type, this one being far less difficult (and thus likely more common) A DD that comes to a negatively skewed conclusion through the use of lies and false data. This Fake DD can be combated quite easily, thankfully. All you have to do is read the DD, fact-check some things, and read some comments, then you can upvote it.

Wildly upvoting every DD is a surefire way to let FUD slip through the cracks and get to the top, that's where it can do the most damage.

How do I, as a retail investor, stand a chance against the Hedge Funds?

There has been much debate over how the retail investors cumulatively stack up in terms of shares held. With all sorts of numbers floating around, it is impossible to know just how large a slice of this pie we are hodling (holding). I recommend reading some of the many DDs on this though. Regardless of the exact percentage, it seems, based on what data we do have, that the narrative of retail investors being on the sidelines of what is actually a Hedge Fund vs. Hedge Fund Battle...

is false. Perhaps, prior to January, that narrative may have been more accurate, but since then retail investors have been buying on every single dip in the price... That's more than two whole months of buying-the-dip. Now, I will not speculate on numbers here, if you want to know more you will have to read the DDs on that.

Any use of the words "we" or "us" is not evidence of manipulation. We are not the ones manipulating the market. The use of words that suggest we are a group only references this community of people, who are individuals investing in the same stock but as individual retail investors. This community is not a place to organize or manipulate markets and it never will be. It is a place for sharing publicly available information and analyzing/studying that information as a community in a way that benefits everyone fairly and safely.

A Few Useful Terms

HF - Hedge Funds - often used to refer to the bad guys in general.

SHF- Short Hedge Funds - Used to delineate the hedge funds we are against, from our allies

LW - Long Whale - Allied hedge funds or large investors that are also buying/holding GME

DD - Due Diligence, Deep Dive - Research and theories based on that research

TA - Technical Analysis - Graph and Number Data analysis

MOASS - Mother Of All Short Squeezes - The biggest Short Squeeze ever

FUD - Fear, Uncertainty, Doubt -Refers to calculated attacks on morale and individuals

DFV - [u/DeepFuckingValue](#)** , TheRoaringKitty - Keith Gill, Retail Investor, not a cat**

APE - How the most users here refer to one another

HFT - High-Frequency Trading - A method of trading huge volumes in fractions of a second.

OTC - Over the Counter - A decentralized market where trading between two parties can take place without the use of a stock exchange.

WHAT'S REALLY HAPPENING ON
WALL STREET ACCORDING TO
U/ATOBITT

TRUTH IS LIKE POETRY, AND MOST PEOPLE FUCKING
HATE POETRY.

“It’s possible we’re living in a completely fraudulent system.”

MICHAEL BURRY (THE BIG SHORT)

CITADEL HAS NO CLOTHES

PUBLISHED MARCH 14, 2021

U/ATOBITT

TL;DR - Citadel Securities has been fined 58 times for violating FINRA, REGSHO & SEC regulations. Several instances are documented as 'willful' naked shorting. In Dec 2020 they reported an increase in their short position of 127.57% YOY, and I'm calling bullsh*t on their shenanigans.

I've been digging into the financial statements of Citadel Securities between 2018 and 2020. Primarily because Citadel Securities *actually* has a set of published financial statements as opposed to the 13Fs filed by Citadel Advisors.

First... Citadel is a conglomerate.. they have a hand in literally every pocket of the financial world. Citadel Advisors LLC is managing \$384,926,232,238 in market securities as of December 2020...

Yes, seriously- **\$384,926,232,238**

\$295,347,948,000 of that is split into options (calls & puts), while \$78,979,887,238 (**20.52%**) is allocated to actual, *physical*, shares (or so they say). The rest is convertible debt securities.

The value of those options can change dramatically in a short amount of time, so Citadel invests in several "trading practices" which allow them to

stay ahead of the average 'Fidelity Active Trader Pro'. Robinhood actually sells this data (option price, expiration date, ticker symbol, everything) to Citadel from it's users. Those commission fees you're not paying for? yeah.... think again.. Check out [Robinhoods 606 Form](#) to see how much Citadel paid them in Q4 2020.. F*CK Robhinhood.

Anyway, another example is Citadel's high-frequency trading. They actually profit *between* the national ask-bid prices and scrape pennies off millions of transactions... I'm going to show you several instances where Citadel received a 'slap on the wrist' from FINRA for doing this, but not just yet.

Now.... the *"totally, 100% legit, nothing-to-see-here, independent"* branch of Citadel Advisors is Citadel Securities- the Market Maker Making Manipulated Markets. The whole purpose of the DTCC is to serve as an third party between brokers and customers (check out [this video](#) for more on DTCC corruption). I'll bring up the DTCC again, soon.

Anyway, Citadel Advisors uses their own subsidiary (Citadel Securities) to support their very "unique" style of trading. For some reason, the SEC and FINRA have allowed this, but not without citing **them for 58 'REGULATORY EVENTS'**.

So that got me thinking.... "WTF is Citadel actually putting out there for the public to see?" Truthfully, not much... a 12-page annual report called a 'statement of financial condition'.

Statement of Financial Condition in 2018.

Statement of Financial Condition

(Expressed in U.S. dollars in millions)

ASSETS

	As of December 31, 2018
Assets:	
Cash	\$ 617
Securities owned, at fair value	30,237
Securities borrowed	1,861
Securities purchased under agreements to resell	938
Receivable from brokers and dealers	841
Receivable from clearing organizations and custodians	308
Interest receivable	57
Other assets	35
Exchange memberships and trading rights (fair value \$21) (Note 2)	22
Dividends receivable	16
Total assets	\$ 34,932

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold, not yet purchased, at fair value	\$ 22,357
Securities sold under agreements to repurchase	7,663
Payable to brokers, dealers, and clearing organizations	2,764
Payable to affiliates	66
Payable for liquidity and order flow	64
Exchange, clearance, and regulatory fees payable	29
Interest payable	23
Other liabilities	18
Securities loaned	17
Dividends payable	8
Total liabilities before subordinated loans and accrued interest	33,009
Subordinated loans and accrued interest	357
Total liabilities	33,366
Member's capital	1,566
Total liabilities and member's capital	\$ 34,932

The highlighted section above represents *securities sold, but not yet purchased, at fair value* for \$22,357,000,000. This is a liability because Citadel is responsible for paying back the securities they borrowed and sold. If you're thinking "*that sounds a lot like a short*", you're correct. Citadel Securities shorted \$22 big ones (that's billion) in 2018.

Same story for 2019- but bigger: \$25,270,000,000

CITADEL SECURITIES LLC

Statement of Financial Condition

(Expressed in U.S. dollars in millions)

ASSETS

	As of December 31, 2019
Assets:	
Cash	\$ 438
Securities owned, at fair value	28,634
Securities borrowed	3,070
Receivable from brokers and dealers	1,195
Receivable from clearing organizations and custodian	556
Securities purchased under agreements to resell	328
Other assets	77
Interest receivable	34
Dividends receivable	14
Total assets	\$ 34,346

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold, not yet purchased, at fair value	\$ 25,270
Securities sold under agreements to repurchase	6,352
Payable to brokers, dealers, and clearing organizations	387
Loans payable to affiliate	391
Payable to affiliates	88
Payable for liquidity and order flow	88
Securities loaned	46
Exchange, clearance, and regulatory fees payable	31
Other liabilities	37
Total liabilities	32,690
Member's capital	1,656
Total liabilities and member's capital	\$ 34,346

2020 starts to get REALLY interesting...

Throughout the COVID pandemic, we all heard the stories of brick-and-mortars going bankrupt. It was becoming *VERY* profitable to bet against the continuity of these companies, so big f*cks like Citadel decided to up their portfolio... by **127.57%**.

Statement of Financial Condition

(Expressed in U.S. dollars in millions)

ASSETS

	As of December 31, 2020
Assets:	
Cash	\$ 523
Securities owned, at fair value	66,707
Securities borrowed	1,628
Receivable from brokers and dealers	841
Receivable from clearing organizations and custodian	648
Securities purchased under agreements to resell	492
Other assets	165
Total assets	\$ 71,004

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold, not yet purchased, at fair value	\$ 57,506
Securities sold under agreements to repurchase	4,472
Payable to brokers, dealers, and clearing organizations	2,847
Loans and interest payable to affiliate	1,653
Securities loaned	867
Other liabilities	342
Payable to affiliates	168
Total liabilities	67,855
Member's capital	3,149
Total liabilities and member's capital	\$ 71,004

That's right. Citadel Securities upped their short position to **\$57,506,000,000** in 2020.

We've all heard Jimmy Cramer's bedtime stories: *"It's important to create a narrative in your favor so that your short position helps drive those businesses into bankruptcy."* Personally, I'm convinced that most of the media hype throughout COVID was an example of this, but I digress.

EDIT: Credit to u/[JohnnyGrey](#) for the deeper-dive, here..

Notes to Statement of Financial Condition

LIABILITIES AT FAIR VALUE AS OF DECEMBER 31, 2019

(\$ in millions)	Level 1	Level 2	Netting and Collateral	Total
Investment liabilities				
Equity securities ⁽¹⁾	\$ 9,718	\$ 1	\$ —	\$ 9,719
U.S. government securities ⁽¹⁾	5,551	41	—	5,592
Corporate debt securities ⁽¹⁾	—	295	—	295
Non-U.S. government securities ⁽¹⁾	1	16	—	17
U.S. agency securities ⁽¹⁾	—	1	—	1
Total investment liabilities	15,270	354	—	15,624
Derivative liabilities				
Options ⁽¹⁾	9,552	94	—	9,646
Futures ⁽²⁾	28	—	—	28
Forwards ⁽²⁾	—	2	—	2
Gross derivative liabilities	9,580	96	—	9,676
Netting ⁽³⁾	(19)	(2)	(8)	(29)
Total derivative liabilities	9,561	94	(8)	9,647
Total	\$ 24,831	\$ 448	\$ (8)	\$ 25,271

LIABILITIES AT FAIR VALUE AS OF DECEMBER 31, 2020

(\$ in millions)	Level 1	Level 2	Netting and Collateral	Total
Trading liabilities				
Equity securities	\$ 14,601	\$ 6	\$ —	\$ 14,607
U.S. government securities	10,417	26	—	10,443
Corporate debt securities	—	58	—	58
Non-U.S. government securities	1	6	—	7
U.S. agency securities	—	4	—	4
Total investment liabilities	25,019	100	—	25,119
Derivative liabilities				
Options	32,384	2	—	32,386
Futures	92	—	—	92
Swaps	—	1	—	1
Warrants	1	—	—	1
Gross derivative liabilities	32,477	3	—	32,480
Netting	(24)	(1)	(68)	(93)
Total derivative liabilities	32,453	2	(68)	32,387
Total	\$ 57,472	\$ 102	\$ (68)	\$ 57,506

Out of the \$32,236,000,000 increase in shorts during 2020, \$22,740,000,000 (70.5%) were increases in financial derivatives (options)...

Anyway, Citadel shorted another \$32,236,000,000 in 2020 and rolled into 2021 with some PHAT \$STACK\$. Now it's time for a quick accounting lesson; this is where you're going to sh*t the bed.

You see the highlighted section below? Citadel (and other companies reporting highly liquid securities) uses 'Fair Value' accounting to measure the amount that goes on their balance sheet (including liabilities like short

positions). The cash that Citadel received (asset) was accounted for when the security was sold, but the liability (short) needs to be recorded at the CURRENT MARKET PRICE for those securities while they remain on the balance sheet..

CITADEL SECURITIES LLC

Notes to Statement of Financial Condition

NOTE 1

Organization

Citadel Securities LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. CSHC US LLC ("CSHC"), an affiliate, is the sole member of the Company.

CALC IV LP ("CAL4"), an affiliate, is the manager of the Company. The Company has entered into a portfolio management agreement with CSUS (Hong Kong) Limited ("CS-HK"), an affiliate, whereby the

Securities Owned and Securities Sold, Not Yet Purchased

The Company's securities owned and securities sold, not yet purchased are recorded at fair value. Securities transactions are recorded on a trade date basis. Securities owned are held at various global financial institutions and at the DTCC. As of December 31, 2020, securities owned of approximately \$63.86 billion, have been pledged as collateral to counterparties on contract terms which permit the counterparties to sell or repledge these securities to others.

Derivative Contracts

Derivative financial instruments are referred to as off-balance sheet instruments because neither their notional amounts nor the underlying reference instruments are reported as securities owned or securities sold, not yet purchased on the statement of financial condition. Rather,

At the end of 2020, the 'Fair Value' of their short positions were \$57 billion.

At the end of 2021, however, Citadel will need to adjust the value of those liabilities to their CURRENT market value... Since we don't know the domestic allocation of their short portfolio, you can only imagine the sh*tsunami that's coming for them..

Take \$GME for example....

We KNOW that Citadel "had" a short position in \$GME along with Melvin Capital... Can you imagine the damage that r/wallstreetbets has done to the other stonks in their portfolio? If Melvin lost 53% in January from this, there's no telling what the current 'Fair Value' of those shorts are..

I trust a wet fart more than Citadel, Melvin, and Point 72. [Here's why.](#)

This is a FINRA report published in early 2021. It cites 58 regulatory violations and 1 arbitration. After explaining how Ken Griffin basically controls the world through the tentacles of the Citadel octopus, it lists detailed cases and fines that were usually '*neither admitted or denied, but promptly paid*' by Citadel Securities.

Let me shed some light on a *FEW*:

1. INACCURATE REPORTING OF SHORT SALE INDICATOR. FIRM ALSO FAILED TO HAVE A SUPERVISORY SYSTEM IN PLACE TO COMPLY WITH FINRA RULES REQUIRING USE OF SHORT SALE INDICATORS. DATE INITIATED 11/13/2020 - \$180,000 FINE

2. TRADING AHEAD OF ACTIVE CUSTOMER ORDERS... IMPLEMENTED CONTROLS THAT REMOVED HUNDREDS OF THOUSANDS OF MOSTLY-LARGER CUSTOMER ORDERS FROM TRADING SYSTEM LOGICS... INTENTIONALLY CREATING DELAYS BETWEEN MARKET MAKERS' TRANSACTIONS WHILE THE UNRESPONSIVE PARTY UPDATED PRICE QUOTES.... NO SUPERVISORY SYSTEM IN PLACE TO PREVENT THIS. DATE INITIATED 7/16/2020 - \$700,000 FINE

3. FAILED TO CLOSE OUT A FAILURE TO DELIVER POSITION; EFFECTED SHORT SALES. DATE INITIATED 2/14/2020 - \$10,000 FINE

4. BETWEEN JUNE 12, 2013 - OCTOBER 17 2017 (**YEAH, OVER 4 YEARS**) THE FIRM PRINCIPALLY EXECUTED BETWEEN 248 AND 7,698 BUY ORDERS DURING A CIRCUIT BREAKER EVENT; FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE. **INITIATED 1/22/2020 - \$15,000 FINE**

5. ON OR ABOUT 11/16/2017, CITADEL SECURITIES TENDERED 34,299 SHARES IN EXCESS OF IT'S NET LONG POSITION (naked short); **DATE INITIATED 8/21/2019 - \$30,000 FINE**

6. CEASE AND DESIST ORDER ON 12/10/2018: FAILURE TO SUBMIT COMPLETE AND ACCURATE DATA TO COMMISSION BLUESHEET ("EBS") REQUESTS. (BASICALLY FAILED TO PROVIDE PROOF OF TRANSACTIONS TO THE SEC). BETWEEN NOV 2012 AND AUG 2016, CITADEL SECURITIES PROVIDED 2,774 EBS STATEMENTS, ALL OF WHICH CONTAINED DEFICIENT INFORMATION RESULTING IN INCORRECT TRADE EXECUTION TIME DATA ON 80 MILLION TRADES. **DATE INITIATED 12/10/2018 - \$3,500,000 FINE**

7. TENDERED SHARES FOR THE PARTIAL TENDER OFFER IN EXCESS OF ITS NET LONG POSITION (more naked shorting); FAILED TO ESTABLISH SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH THE RULES. **INITIATED 3/22/2018 - \$35,000 FINE**

8. IN MORE THAN 200,000 INSTANCES BETWEEN JULY 2014 AND SEPTEMBER 2016, FIRM FAILED TO EXECUTE AND MAINTAIN CONTINUOUS, TWO-SIDED TRADING INTEREST WITHIN THE DESIGNATED PERCENTAGE (scraping pennies between bid-ask) ABOVE AND BELOW THE NATIONAL BEST BID OFFER.... **INITIATED 10/13/2017 - \$80,000 FINE**

9. ANOTHER CEASE AND DESIST FOR MAJOR MARKET MANIPULATION BETWEEN 2007 - 2010. **INITIATED 1/13/2017 - \$22,668,268 FINE**

Quite frankly, I'm tired of typing them. There are **STILL 49** violations, and most are BIG fines.

Naked shorts, failure to provide documentation to SEC, short selling on trade halts..... is this starting to sound familiar? When [r/wallstreetbets](https://www.reddit.com/r/wallstreetbets) started exposing the truth, they lost the advantage. Now that the DD is coming out about this sh*t, they're getting desperate.

Let's look at some recent events that occurred with trading halts in \$GME. On March 10 2021 (Mar10 Day) we watched the stock rise until 12:30pm when an *unbelievable* drop triggered at least 4 circuit breaker events (probably more but I walked away for a bit).



Price drop of 40% in about 25 minutes

Now... I do not believe retail traders did this.. most importantly, the market was totally frozen for the majority of that 25 minutes. Even if people were putting in orders to sell, there were just as many people trying to buy the dip.

The volume of shares flooding the market- at the same exact time- was premeditated. I can say that with confidence because several media outlets (mainly MarketWatch) published articles WHILE this was happening, after nearly a week of radio-silence. MarketWatch even predicted the decline of

40% before the entire drop had occurred. When Redditors reached out to ask WTF was going on, the authors set their Twitter accounts to private... slimy. as. f*ck.

"But wait.... didn't example # 4 say that Citadel was fined \$15,000 for selling shorts during circuit breaker events!?"

Yup! and here are **TWO** more instances:

1. CITADEL SECURITIES LLC EFFECTED TRANSACTIONS DURING NUMEROUS TRADING HALTS..

Disclosure 40 of 58	
Reporting Source:	Regulator
Current Status:	Final
Allegations:	FINRA RULE 5260, NASD RULE 3340 - CITADEL SECURITIES LLC EFFECTED TRANSACTIONS DURING NUMEROUS TRADING HALTS. IN EACH INSTANCE, THE FIRM EFFECTED A TRANSACTION IN A SECURITY WHILE A TRADING HALT WAS IN EFFECT FOR SUCH SECURITY. THE FIRM EFFECTED TRANSACTIONS IN A SECURITY WHILE A TRADING PAUSE WAS IN EFFECT WITH RESPECT TO THE SECURITY.
Initiated By:	FINRA
<small>©2021 FINRA. All rights reserved. Report about CITADEL SECURITIES LLC</small>	

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www.finra.org/brokercheck



Date Initiated: 12/23/2013
Docket/Case Number: [2011029287501](#)

2: And another...

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULE 3340 - CITADEL SECURITIES LLC EFFECTED TRANSACTIONS IN SECURITIES WHILE A TRADING HALT WAS IN EFFECT WITH RESPECT TO EACH OF THE SECURITIES.
Initiated By:	FINRA
Date Initiated:	09/20/2011
Docket/Case Number:	2007011847101

Think Citadel is alone in all of this? Think again... It's actually been termed- "**flash crash**".

\$12,500,000 fine for [Merrill Lynch](#) in 2016..

\$7,000,000 for [Goldman](#)...

\$12,000,000 for [Knight Capital](#)...

\$5,000,000 for [Latour Trading](#)...

\$2,440,000 for [Wedbush](#)...

PEAK-A-BOO, I SEE YOU! \$4,000,000 for [MORGAN STANLEY](#)

I can't tell who was responsible for the flash crash in \$GME last Wednesday; I don't think anyone can. However, to suggest that it wasn't market manipulation is laughable. The media and hedge funds are tighter than your wife and her boyfriend, so spending time on this issue is a waste.

But what we can do is look at the steps they're taking to prepare for this sh*tsunami. So let's summarize everything up to this point, shall we?

1. Citadel has been cited for 58 separate incidents, several of which were for naked shorting and circuit breaker flash-crashes

2. The short shares reported on Citadel's balance sheet as of December 2020 were up **127% YOY**

3. The price of several heavily-shorter stocks has skyrocketed since Jan 2021

4. Citadel uses 'Fair Value' accounting and needs to reconcile the value of their short positions to this new market price. The higher the price goes, the more expensive it becomes for them to HODL

We know that Citadel is on the hook for \$57,000,000,000 in shorts, but at least they're HODLing onto some physical shares as assets, right?....
RIGHT??

This should soothe that smooth ape brain of yours...

CITADEL SECURITIES LLC

Notes to Statement of Financial Condition

NOTE 1

Organization

Citadel Securities LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. CSHC US LLC ("CSHC"), an affiliate, is the sole member of the Company.

CALC IV LP ("CAL4"), an affiliate, is the manager of the Company. The Company has entered into a portfolio management agreement with CSUS (Hong Kong) Limited ("CS-HK"), an affiliate, whereby the

Securities Owned and Securities Sold, Not Yet Purchased

The Company's securities owned and securities sold, not yet purchased are recorded at fair value. Securities transactions are recorded on a trade date basis. Securities owned are held at various global financial institutions and at the DTCC. As of December 31, 2020, securities owned of approximately \$63.86 billion, have been pledged as collateral to counterparties on contract terms which permit the counterparties to sell or repledge these securities to others.

Derivative Contracts

Derivative financial instruments are referred to as off-balance sheet instruments because neither their notional amounts nor the underlying reference instruments are reported as securities owned or securities sold, not yet purchased on the statement of financial condition. Rather,

"UHHHHHH ACTUALLY, THE DTCC & FRIENDS OWN OUR PHYSICAL SHARES".....

Well that's just terrific, because the DTCC just implemented [SRCC 801](#) which means they **DON'T** have your f*cking shares... I've seriously never seen so much finger pointing and ass-covering in my LIFE....

I know this post was long, but the story can't go untold.

The pressure being placed on hedge funds to deliver has never been higher and the sh*t storm of corruption is coming to a head. Unfortunately, the dirty tricks & FUD will continue until this boil ruptures. There are several catalysts coming up, but no one truly knows when the MOAB will blow.

However, desperate times call for desperate measures and we have never seen so much happening at once. For all of these reasons and more: **Diamond. F*cking. Hands.**

“As an industry, we have a responsibility to manage risk in a way that is prudent.”

KEN GRIFFIN, CEO OF CITADEL

BLACKROCK BAGHOLDERS, INC.

PUBLISHED MARCH 18, 2021

U/ATOBITT

THIS IS NOT FINANCIAL ADVICE. Everything disclosed in the post was done by myself, with public information. I'm just making a DD smoothie for your smooth ape brains.

TL;DR- BlackRock is operating in a shadow market with Citadel and Bridgewater Associates. The three are contributing to the greatest market manipulation of all time, and the head of the snake (Citadel) is beginning to flail. I believe Citadel shorted the majority (if not 100%) of BlackRock's \$GME portfolio, in addition to other highly shorted stonks, leaving BlackRock to hodl the bag.

Before we start to finger-bang, you'll understand a lot more of this if I explain a few things. I promise I won't turn this into an accounting/legal lecture, but if we're going to look for whales, you'll need to know how.

I'll be referencing a form called [SEC Schedule 13G](#). This is used by institutional investors (like hedge funds) when they acquire more than 5% ownership in a company. Likewise, they would file a Schedule 13D if they

bought 20% or more. Investors usually do this when they want to exert influence over the future operations of a company.

So, when a hedge fund buys between 5% - 15% of a company, it's usually just to milk their tendies and not influence their operations.

With me so far?

When a qualified institutional investor buys at least 5% of a company, they have to report it in their *Schedule 13G* within 45 days of year-end. The only exception is if they purchase more and it brings their total ownership above 10%. When this happens, they must file the 13G by the **end of the month** in which their ownership breached 10%.

Quick example:

1. Whale buys 5% of \$GME in July 2020. They have to file a 13G within 45 days of 12/31/2020.

2. On October 15th 2020, they buy an additional 5% of \$GME's outstanding shares. They now own 10% and must file their initial 13G within 10 days of 10/31/2020.

3. From this point on, any **change** (bought or sold) **of 5% or more** must be reported by the end of that month in which the change was made.

Now buckle up apes: I'm bout' to wrinkle that smooth brain.

I started investigating \$GME's [13Fs](#) from 2020 to find out who the biggest whales are. As discussed above, those owning more than 10% would have to file an amended 13G if they bought or sold more than 5%. This would tell us which whales are still in the fight.

Here's what I found..

Whales travel in pods. Although they may not communicate together, they *think* together... It's important to note that most whales will start *paperhanding* parts of their portfolios when a stonk isn't performing... it's basic investing... and during 2020, \$GME wasn't a very attractive buy.. (thank god for [u/deepfuckingvalue](#)).

Some *bearish* whales include Dimensional Fund Advisors, Vanguard Group, and State Street Corp.. Not only did they NOT BuY tHe DiP, but most of their sales occurred evenly throughout the year which signals a bearish position.

1. Dimensional Fund Advisors LP

a. Owner since Q2 2003

b. Holds [5.6417%](#) of \$GME as of Q4 2020 (drop from 7.0627% in Q4 2018)

2. Vanguard Group

a. Owner since Q2 of 2002

b. Holds [7.4012%](#) of \$GME as of Q4 2020 (drop from 10.5198% in Q4 2019)

3. State Street Corp

a. Owner since Q1 of 2001

b. Holds [3.5058%](#) of \$GME as of Q4 2020 (drop from 4.2532% in Q4 2019)

In contrast, we had another whale pod that most definitely BoUgHt ThE dIp during 2020; several for the first time.

1. The silverback himself- Ryan Cohen

a. Aggregate shares of 9,001,000 as of Q4 2020.

2. Maverick Capital LTD

a. Owner since Q1 2020

b. HODLs 6.6793% ownership, 1.4053% of entire portfolio (25 highest / 832 in portfolio)

c. Increased holdings by *164.11%* since Q1

3. Senvest Management, LLC

a. Owner since Q3 2020

b. HODLs 7.2418%

4. Morgan Stanley

a. Owner since Q1 2002

b. HODLs 6.1305% of \$GME as of Q4 2020

c. Increase of 114.24% since Q4 2019

Although these are bull whales and we *want* to believe they are trying to force a squeeze (not saying they *aren't*), the SAFEST assumption is that they realized GameStop was *extremely* undervalued and wanted to get in while the tendies were frying... Regardless, we can't really tell if they are still holding because an amended 13G is only filed for these guys at year-end.. Unless they bought more than 10% of outstanding shares, but I haven't seen a recent amendment for any of them..

ANYWAY, IT MATTERS NOT!

"Call me Cap'n APEhab: I'm searching for Moby Dick"

One of the biggest \$GME owners at the end of 2019 was FMR, LLC (fidelity)... They owned [9,267,087](#).. I didn't realize they just transferred 100% of the position into another side of the company. Tricky to catch that...

At any rate, this left us with only one chickontender.... **BlackRock, Inc.**

According to their most recent 13F on 12/31/2020, BlackRock had \$3,134,881,697,000 (yeah, trillion) in assets. If you check page 4 of their annual [10K](#), they list **\$8,676,680,000,000** in assets under management (AUM)...

Now Citadel and BlackRock go way back.. Several of BlackRock's employees ended up working at Citadel, and vice-versa. Check out [Navneet Arora](#), for example. He's the current Head of Global Quantitative Strategies at Citadel and previously served as Managing Director and Global Head of Model-Based Credit Research at BlackRock....

....Are you ready for this?

There was an [article](#) published by Alphacution in 2019 which explained the shadow-relationship between BlackRock, Citadel, and Bridgewater. Long story short, the author weaves the thread between all three firms and shows how their coordinated efforts are rigging the game for big money. BlackRock (the beta) provides trillion-dollar asset bases which are pushed through Bridgewater's (the Asymmetric Alpha) quantitative management zone. Citadel (the Structural Alpha) then acts as the market maker (through Citadel Securities) and rigs the market by serving them the most favorable trades using their high-frequency trading platforms.... If you haven't read my first article [Citadel Has No Clothes](#), please do so.

Want proof? In February 2020, Bloomberg published an [article](#) showing how companies like Citadel, BlackRock, and the Royal Bank of Canada (former CEO of Royal Bank is now on the board of BlackRock) were able

to shut down a proposal by the CBOE which tried to implement a four-millisecond delay in its EDGA exchange. This would take a HUGE ADVANTAGE out of Citadel's high frequency platform and presented a systemic risk to their secretive three-way affair.

So guess who shut down the proposal? **The F*CKING SEC.**

Markets

Citadel Securities, BlackRock Win Battle Over Stock Speed Bump

By [Lananh Nguyen](#)

February 21, 2020, 3:56 PM CST

LISTEN TO ARTICLE

▶ 2:54

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Some of the biggest players in U.S. stock markets campaigned against a speed bump to slow high-frequency trading. They won.

The U.S. Securities and Exchange Commission shot down a proposal by Cboe Global Markets Inc. to introduce a four-millisecond delay on its EDGA exchange. The lag was designed to protect market-makers from trading at stale prices. The plan was opposed by a range of equity-market participants that includes Citadel Securities, BlackRock Inc., RBC Capital Markets LLC and industry groups representing mutual funds, hedge funds and high-frequency traders.

"The commission concludes that the proposal is discriminatory," the SEC said in its decision. "The exchange has not demonstrated that the proposal is sufficiently tailored to its stated purpose, which is to improve displayed liquidity."



Under the Cboe plan, the delay on bids or offers arriving at the exchange would've given market-makers time to refresh prices at which they were willing to deal. That would've helped them avoid taking losses due to higher-frequency traders who send orders to multiple marketplaces to glean price signals, it said. Opponents argued the speed bump would create unfair advantages for the fastest players and make the market more complex.

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.....Makes me sick to watch a House Committee meeting where the SEC shills just shrug their shoulders and say "*we'll get to the bottom of these matters*"... like you don't already know about it..

Anyway, BlackRock, Bridgewater, and Citadel are basically best friends. BlackRock cooks & serves the tendies, Bridgewater packages the order for the customer, and Citadel provides coupons at the register. Now how does this tie back into \$GME?

Let's review:

1. BlackRock is the Moby Dick of GameStop and brick n' mortar stores weren't doing too well in 2020..

2. Throughout the year, they liquidated [18.23%](#) of their \$GME position
 - a. Q1 balance of 11,271,702 shares
 - b. Q4 balance of 9,217,335 shares
 - i. This is a reduction of 2,054,367 shares / 11,271,702 shares (18.23% decrease)

3. Citadel & Friends decided to short 140% of GameStop by borrowing shares from asset managers like BlackRock. Gabe Plotkin even ADMITTED they do this with asset funds like BlackRock during the 1st Committee Meeting and Bloomberg wrote an [article](#) about it

4. When stocks aren't performing well, asset managers like BlackRock will make money by charging a [high interest rate](#) on lending shares for highly shorted stocks

5. Citadel Securities pockets the proceeds from selling the short shares and never plans on repurchasing them after GameStop goes bankrupt

6. BlackRock makes more money on the high interest rate than they would on the sale of their declining \$GME shares, and everyone gets a good ol' fashioned hand job before sleeping soundly at night...

The only problem is that Ryan Cohen stepped in to challenge Moby Dick... Whether intentionally or not, Ryan more than likely prevented the entire collapse of GameStop when he purchased 9,001,000 shares during 2020....

In addition to the number of autists hodling shares, his purchase GUARANTEED that 9,001,000 shares would NOT be sold through paperhanded FUDers. I know there are other significant stocks with high short volumes and I'd bet my left nut that BlackRock did the same thing to them. Now would be a great time for BlackRock to sell their shares of \$GME when the price is +\$200, but wait.... THEY DON'T HAVE THEM. If they sold a significant part of their portfolio, like they were doing throughout 2020, they would have filed an amended 13G to show the reduction. I'd bet my right nut that BlackRock lent most, if not 100% of their shares and Citadel left them HODLing the bag.

"But BlackRock has waaaaay more money than Citadel. Surely they'll be fine"

Wrong. BlackRock is not an investment bank- they manage assets. Their primary business is to network and gather large amounts of money, then package it within various investment vehicles. Their total revenue for 2020 was \$16,205,000,000 (with a B) and while this sounds impressive, it's peanuts compared to the \$8 trillion in assets on their balance sheet. In fact, the actual net income attributable to BlackRock was less than \$5,000,000,000 (with a B)... Imagine BlackRock as a giant tendie warehouse, but without a distribution network.... That's where Bridgewater and Citadel Securities step in.

FINANCIAL HIGHLIGHTS

(in millions, except per share data)

GAAP:	2020	
Total revenue	\$	16,205
Operating income	\$	5,695
Operating margin		35.1%
Nonoperating income (expense)(1)	\$	475
Net income attributable to BlackRock, Inc.	\$	4,932
Diluted earnings per common share	\$	31.85

(in millions, except per share data)

As adjusted(2):	2020	
Operating income	\$	6,284
Operating margin		44.9%
Nonoperating income (expense)(1)	\$	353
Net income attributable to BlackRock, Inc.(3)	\$	5,237
Diluted earnings per common share(3)	\$	33.82

BlackRock, LLC 2020 10K

So where does this leave us now...

Citadel is hemorrhaging funds like there's no tomorrow. In addition to all of this, they just issued \$600,000,000 in 5 year bonds on March 3rd... For a company that manages "\$384 billion in assets", this seems ridiculous... It's more likely that the head of the snake is choking on it's own venom and BlackRock could cease to have a dominant market-maker for that \$3 trillion asset fund.. It's literally poetic justice.

This turbulence between BlackRock and Citadel can only end poorly for them... BlackRock built a supply chain relationship with Citadel and Citadel obviously needs an asset manager. Don't believe me? 76.7% of Citadel's portfolio are DERIVATIVES! BETS on the outcomes of the market!... less than 25% are actual, physical shares! Imagine driving a car without gas; running a marathon without eating; landing on the moon without tendies...

Of course, BlackRock will cash in a moon shot once they receive their shares, but it will cripple their biggest market maker in return.

Speaking of which....

Citadel has owned shares of BlackRock (BLK) since Q3 of 2008. Their business relationship started at a rather *peculiar* time if you ask me. Although it has fluctuated since at least Q4 2018 (earliest I can see) , they just sold off [48.31%](#) of their BLK portfolio and own 206,500 BLK puts to 135,700 BLK calls (1.52 put/call).. For those who don't know... 1.52 is an EXTREMELY high put ratio. They've actually had a large put ratio on BlackRock for quite a while... anything over 0.7 signals bearish, and anything over 1 is treated like a dumpster fire. It's like Citadel knows that BlackRock is screwed without a mule like Citadel Securities.

"Want to know what you get out of it? You get the ice cream, the hot fudge, the banana, and the nuts. Right now, I get the sprinkles, and yeah, if this goes through, I get the cherry. But you get the Sundae, Vinnie. You get the sundae"

- Jared Vennett, The Big Short (2015)

Unfortunately, BlackRock never got their tendies and are probably PISSED that their business partner didn't handle their end of the deal... Even though \$GME was a small portion of their portfolio, it was declining in value. Not to mention all of the other assets that were lent as highly shorted stocks... They made a few bucks on the high loan % but it wasn't for long...

And now the table is set.... Citadel is gasping for air, BlackRock is at risk of losing a major partnership with a dominant market maker, and the DTCC just started ringing the dinner bell...

I think I hear the wellerman calling.

“Business is business. I don’t manufacture cars, but we do manufacture money.”

KEN GRIFFIN, CEO OF CITADEL

THE EVERYTHING SHORT

PUBLISHED MARCH 31, 2021

U/ATOBITT

TL;DR- Citadel and friends have shorted the treasury bond market to oblivion using the repo market. Citadel owns a company called Palafox Trading and uses them to EXCLUSIVELY short & trade treasury securities. Palafox manages one fund for Citadel - the Citadel Global Fixed Income Master Fund LTD. Total assets over \$123 BILLION and 80% are owned by offshore investors in the Cayman Islands. Their reverse repo agreements are ENTIRELY rehypothecated and they CANNOT pay off their own repo agreements until someone pays them, first. The ENTIRE global financial economy is modeled after a fractional reserve system that is beginning to experience THE MOTHER OF ALL MARGIN CALLS.

THIS is why the DTC and FICC are requiring an increase in SLR deposits. The madness has officially come full circle.

My fellow apes,

After writing [Citadel Has No Clothes](#), I couldn't shake one MAJOR issue: *why do they have a balance sheet full of financial derivatives instead*

of physical shares? Even Melvin keeps their derivative exposure to roughly 20%...(whalewisdom.com*, Melvin Capital 13F - 2020)*

The concept of a hedging instrument is to protect against price fluctuations. Hopefully you get it right and make a good prediction, but to have a portfolio with literally 80% derivatives.... absolute INSANITY.. it's is the complete OPPOSITE of what should happen.. so WHAT is going on?

Let's break this into 4 parts:

1. ***Repurchase & Reverse Repurchase agreements***
2. ***Treasury Bonds***
3. ***Palafox Trading***
4. ***Short-seller Endgame***

Ok, 4 easy steps... as simple as possible.

Step 1: Repurchase & Reverse Repurchase agreements.

WTF are they?

A Repurchase Agreement is much like a loan. If you have a big juicy banana worth \$1,000,000 and need some quick cash, a repo agreement might be right for you. Just take that banana to a pawn shop and pawn it for a few days, borrow some cash, and buy your banana back later (plus a few tendies in interest). This creates a liability for you because you have to buy it back, unless you want to default and lose your big, beautiful banana. Regardless, you either buy it back or lose it. A reverse repo is how the *pawn shop* would account for this transaction.

Why do they matter?

Repos and reverse repos are the *LIFEBLOOD* of global financial liquidity. They allow for SUPER FAST conversions from securities to cash. The repo agreement I just described is happening daily with hedge funds and commercial banks. *EDIT: Inserting the quote from George Gammon: according to his calculations, the estimated total amount of repos are \$4 TRILLION, DAILY.* The NY Fed, alone, submitted \$40.354 BILLION for repo agreements on (3/29). This amount represents the ONE DAY REPO due on 3/30. So yeah, SUPER short term loans- usually a few days. It's probably not a surprise that back in 2008 the go-to choice of collateral for repo agreements was mortgage backed securities..

Lehman Brothers went bankrupt because they fraudulently classified repo agreements as sales. You can do your own research on this, but I'll give you the quick n' dirty:

Lehman would go to a bank and ask for cash. The bank would ask for collateral in return and Lehman would offer mortgage backed securities (MBS). *It's great having so many mortgages on your balance sheet, but WTF good does it do if you have to wait 30 YEARS for the cash....* So Lehman gave their collateral to the bank and recorded these loans as *sales* instead of payables, with no intention of buying them back. This *EXTREMELY* overstated their revenue. When the market started realizing how sh*tty these "AAA" securities actually were (thanks to Michael BRRRRRRRRy & friends), they were no longer accepted as collateral for repo loans. We all know what happened next.

The interest rate in 2008 on repos started climbing as the cost of borrowing money went through the roof. This happens because **the collateral is no longer attractive compared to cash.** My favorite bedtime story is how the Fed stepped in and bought all of the mean, toxic assets to save the US economy.. They literally paid Fannie & Freddie over \$190 billion in bailouts..



A few years later, [MF Global](#) would suffer the same fate when their European repo exposure triggered a massive margin call. Their foreign exposure to repo agreements was nearly **4.5x** their total equity.. Both Lehman and MF Global found themselves in a major liquidity conundrum and were forced into bankruptcy. Not to mention the other losses that were incurred by other financial institutions... check this list for [bailout totals](#).

But.... did you know this happened AGAIN in 2019?



"but don't say it's QE.."

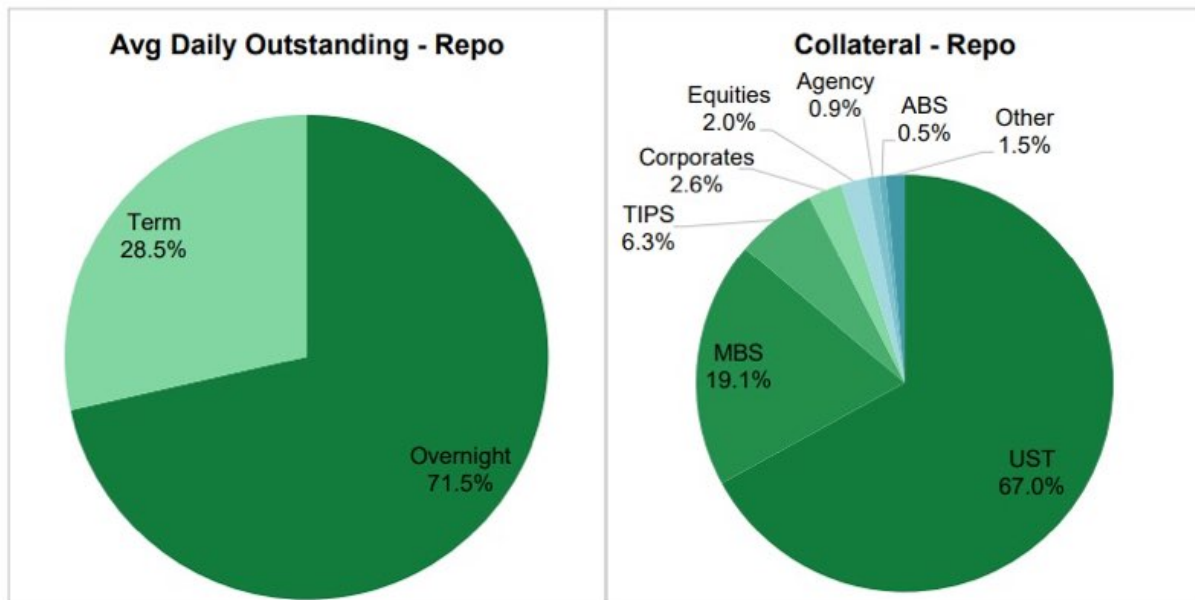
Step 2: Treasury Bonds

Ever heard of the bond market? Well it's the redheaded step-brother of the STONK market.

The US government sells you a treasury bond for \$1,000 and promises to pay you interest depending on how long you hold it. Might be 1%, might be 3%; might be 3 months, might be 10 years. Regardless, the point is that purchasing the US Treasury bond, in conjunction with mortgage backed securities, allowed the fed to keep pumping unlimited liquid tendies into the repo market. Surely, liquidity won't be an issue anymore, right?

Now... take the repo scenario from the Lehman Brothers story, but instead of using ONLY mortgage backed securities, add in the US Treasury bond: primarily the 10-year. Note that MBS are still prevalent at 19.1% of all repo transactions, but the US Treasury bond now represents a whopping 67%.

Repo



For now, just know that the US Treasury has replaced the MBS as the dominant source of liquidity in the repo market.

Step 3: Palafox Trading

Ever heard of Palafox Trading? Me either. It's pretty much meant to be that way.

Palafox Trading is a market maker for repurchase agreements. Initially, they appear to be an innocent trading company, but their financial statements revealed a little secret:

Notes to Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

NOTE 1

Organization

Palafix Trading LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), a member of the Securities Investor Protection Corporation, and a clearing member of the Fixed Income Clearing Corporation ("FICC") and LCH RepoClear ("LCH"). The Company is a netting member and sponsoring member of the Government Securities Division of FICC.

Citadel Global Fixed Income Master Fund Ltd. ("GFIL") is the sole member of the Company. As of December 31, 2020, Citadel Kensington Global Strategies Fund Ltd. through its holding company KGSF Offshore Holdings Ltd.; Citadel Wellington LLC; Citadel Kensington Global Strategies Fund II Ltd.; Citadel Global Fixed Income Fund Ltd. through its holding company GFID Offshore Holdings Ltd.; and Citadel Global Fixed Income Fund LLC were the shareholders and ultimate beneficiaries of GFIL.

The Company acts as an intermediary for GFIL in certain repurchase and reverse repurchase agreement transactions.

Citadel Advisors LLC ("CALC") is responsible for managing all investment and other activities for the Company. CALC is a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940.

Citadel Enterprise Americas LLC ("CEAMER") and Citadel Americas LLC ("HFAMER"), both affiliates, provide administrative and investment-related services to the Company.

Northern Trust Hedge Fund Services LLC ("NTHFS") is responsible for providing certain middle and back office administrative and operational services to the Company. The services contract between the Company and NTHFS is currently effective through June 30, 2021.

NOTE 2

Summary of Significant Accounting Policies

The accompanying financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of the financial statement in accordance with GAAP requires CALC to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ significantly from those estimates.

Cash

The Company defines cash on the statement of financial condition as liquid amounts on deposit. Cash is held at various global financial institutions.

Cash Segregated Under Federal Regulation

Restricted cash of \$50 has been segregated in a special reserve bank account for the benefit of customers under SEC Rule 15c3-3.

Foreign Currency Translation

The functional currency of the Company is the U.S. dollar. The Company may hold assets and liabilities denominated in foreign currencies. The fair value of assets and liabilities is translated into U.S. dollars using spot currency rates on the date of valuation.

Offsetting Financial Instruments

Financial assets and liabilities, as well as cash collateral received and posted, are offset by counterparty when there exists a legally enforceable right to offset the recognized amounts and when certain other criteria are met in accordance with applicable accounting guidance on offsetting. As a result, the net exposure to each counterparty is reported as either an asset or liability on the statement of financial condition, where applicable.

Transfers of Financial Assets

In general, transfers of financial assets are accounted for as sales when the Company has relinquished control over the transferred assets. For transfers of financial assets that are not accounted for as sales, in which the transferor retains control of the financial assets, the financial assets remain on the statement of financial condition and the transfer is accounted for as a collateralized financing. Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financings (see Note 3).

Reverse repurchase and repurchase agreements are recorded at the amounts of cash paid or received, plus accrued interest, on the statement of financial condition. Reverse repurchase agreements and repurchase agreements with the same counterparty are reported on a net basis when there exists a legally enforceable right to offset the recognized amounts and when certain other criteria are met in accordance with applicable accounting guidance on offsetting.

Valuation of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting guidance for fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input, individually or in the aggregate, that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below.

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Are you KIDDING ME?... I should have known...
OF COURSE Citadel has their own private repo market..
Who else is in this cesspool?!

PALAFX TRADING LLC

Notes to Statement of Financials

(Expressed in U.S. dollars in thousands)

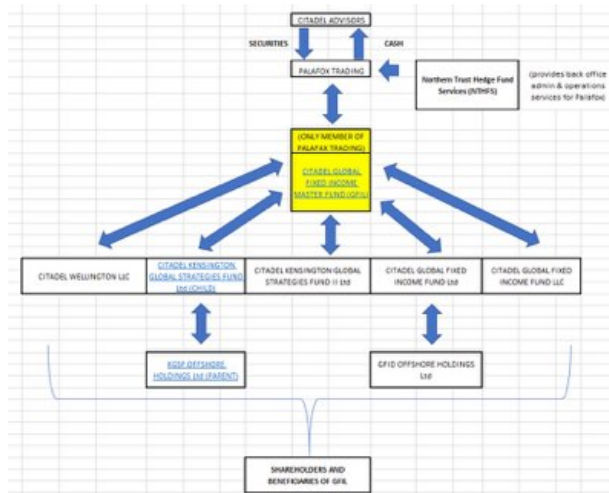
NOTE 1

Organization

Palafox Trading LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), a member of the Securities Investor Protection Corporation, and a clearing member of the Fixed Income Clearing Corporation ("FICC") and LCH RepoClear ("LCH"). The Company is a netting member and sponsoring member of the Government Securities Division of FICC.

Citadel Global Fixed Income Master Fund Ltd. ("GFIL") is the sole member of the Company. As of December 31, 2020, Citadel Kensington Global Strategies Fund Ltd. through its holding company KGSF Offshore Holdings Ltd.; Citadel Wellington LLC; Citadel Kensington Global Strategies Fund II Ltd.; Citadel Global Fixed Income Fund Ltd. through its holding company GFID Offshore Holdings Ltd.; and Citadel Global Fixed Income Fund LLC were the shareholders and ultimate beneficiaries of GFIL.

The Company acts as an intermediary for GFIL in certain repurchase and reverse repurchase agreement transactions.



I made this using the financial statement listed above, showing all beneficiaries of the GFIL

Everything rolls into the [Citadel Global Fixed Income Master Fund](#)... This controls **\$123,218,147,399** (THAT'S BILLION) in assets under management... I know offshore accounts are technically legal for hedge funds.... but when you look at the itemized holdings of these funds on Citadel's most recent [form ADV](#), it gives me chills.. [Form ADV](#) page 105-106....

11. Current gross asset value of the *private fund*:

\$ 123,218,147,399

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 0

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the a fund).

13. Approximate number of the *private fund's* beneficial owners:

4

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

0%

15. (a) What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

100%

(b) If the private fund qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the of the fund limited to *qualified clients*?

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

80%

Ok... ok.... let me get this straight....

1. The repo market provides IMMEDIATE liquidity to hedge funds and other financial institutions
2. After the MBS collapse in 2008, the US Treasury replaced it as the liquid asset of choice
3. Citadel owns 100% of Palafox Trading which is a market maker for repo agreements
4. This market maker provides liquidity to the Global Fixed Income Master Fund LTD (GFIL) through Citadel Advisors
5. 80% of its \$123,218,147,399 in assets under management belong to entities in the Cayman Islands

Ok.....I tore the [bermuda, paradise, and panama papers](#) apart and found that all of these funds boil down to just a few managers, but can't pin anything on them for money laundering... However, if there EVER were a case for it, I'd be extremely suspicious of this one...

The level of shade on all this is INCREDIBLE... There should be NO ROOM for a investment pool as big as Citadel to hide this sh*t.... absolutely ridiculous..

The fact that there is so much foreign influence over our bond & repo market, which controls the liquidity of our country, is VERY concerning..

Step 4: Short-seller Endgame

Alright, I know this is a lot to take in..

I've been writing this post for a week, so reading it all at one time is probably going to make your head explode.. But now we can finally start putting all of this together.

Ok, remember how I explained that the repo rate started to rise in '08 because **the collateral was no longer attractive compared to cash? That means there wasn't enough liquidity in the system.** Well this time the OPPOSITE effect is happening. Ever since March 2020, the short-term lending rate (repo rate) has nearly dropped to **0.0%....**

Secured Overnight Financing Rate (SOFR)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	858

Historical Search

Broad General Collateral Rate (BGCN)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	348

Historical Search

Tri-Party General Collateral Rate (TGCR)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	329

Historical Search

<https://www.newyorkfed.org/markets/treasury-repo-reference-rates>

So the fed is printing free money, the repo market is lending free money, and there's basically NO difference between the collateral that's being lent and the cash that's being received.. With all this free money going around, it's no wonder why the price of the 10 year treasury has been declining.

In fact, hedge funds are SO confident that the 10 year treasury will continue to decline, that they've **SHORTED THE 10-YEAR BOND MARKET**. I'm not talking about speculative shorting, I mean shorting it to oblivion like they've shorted stocks.

Don't believe me?

Hedge funds like Citadel Advisors must first locate the treasury bond in order to swap them for cash in the repo market. It's extremely difficult to do this with the fed because they're tied up in government BS, so they locate a lender in the market. These consist of other commercial banks and hedge funds.

NOTE: I MADE A COMMENT ABOUT BLACKROCK SUPPLYING TREASURY BONDS AND THIS IS NOT TRUE. UPON FURTHER REVIEW (CREDIT [u/dontfightthevol](#)) THESE BONDS CONSIST OF MBS AND CORPORATE BONDS. WHILE THE US TREASURY DEPARTMENT IS INVOLVED, THEY ARE NOT SUPPLYING TREASURY BONDS.

So financial institutions keep treasuries on reserve for hedgies like Citadel to short. Citadel comes along and asks for the bond, they throw it into Palafox Trading and collect their cash. So what happens when they need to pay for their repo agreement? Surely to GOD there are enough bonds floating around, right? **Not unless hedge funds like Citadel have shorted more bonds than there are available.**

Here's the evidence.

There have been 3 instances over the past year where the repo rate dipped below the "failure" rate of -3.0%. On March 4th 2021, the repo rate hit [-4.25%](#) which means that investors were willing to PAY someone **4.25%** interest to lend THEIR OWN MONEY in exchange for a 10 year treasury bond.

This is a major signal of a squeeze in the treasury market. It's MAJOR desperation to find bonds. With the federal reserve purchasing them

monthly from the open market, it leaves room for a shortage when the repo call hits. If commercial banks and hedge funds haven't purchased more treasuries since first lending them out, short sellers simply cannot cover unless they go into the market and PAY the bond holder for their bond. It's literally the same story as all of the heavily shorted stocks.

Still not convinced?

At the end of 2020, Palafox Trading listed **\$31,257,102,000 (BILLION)** in GROSS repo agreements. **\$30,576,918,000 (BILLION)** were directly related to repurchasing treasury bonds....

Notes to Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

LIABILITIES AS OF DECEMBER 31, 2020

	Repurchase Agreements
Included in the statement of financial condition	
Gross amounts	\$ 31,257,102
Amounts offset	(15,290,565)
Net amounts	15,966,537
Amounts not offset	
Counterparty netting	—
Financial instruments, at fair value	(15,960,081)
Total	\$ 6,456

In the tables above:

- Gross amounts and net amounts include all instruments, irrespective of whether there is a legally enforceable master netting agreement or similar arrangement in place. These amounts also include financing interest receivables and payables related to these transactions.
- Amounts offset, counterparty netting, and financial instruments, at fair value, relate to master netting agreements or similar arrangements which have been determined by the Company to be legally enforceable in the event of default.
- Amounts are reported on a net basis in the statement of financial condition when subject to a legally enforceable master netting agreement or similar arrangement and when certain other criteria are met in accordance with applicable accounting guidance on offsetting.
- Financial instruments not offset in the statement of financial condition include the fair value of securities purchased or sold under the agreements to resell or repurchase, respectively, accrued coupon interest and cash collateral, where applicable. These amounts are limited to the net amount by counterparty reported on the statement of financial condition and therefore any over-collateralization of these positions is not included.

Collateralized Transactions—Maturities and Collateral Pledged

The following table presents gross obligations for repurchase agreements by remaining contractual maturity as of December 31, 2020.

	Repurchase Agreements
Overnight and open	\$ 24,805,127
2-30 days	5,630,000
31-90 days	820,250
Total	31,255,377
Financing interest payable	1,725
Gross amount presented in the offsetting table above	\$ 31,257,102

The following table presents gross obligations for repurchase agreements by class of collateral pledged as of December 31, 2020.

	Repurchase Agreements
U.S. government securities	\$ 30,576,918
Residential mortgage-backed securities	678,459
Total	31,255,377
Financing interest payable	1,725
Gross amount presented in the offsetting table above	\$ 31,257,102

NOTE 4

Transactions with Related Parties

Expenses

The Company reimburses CEAMER, HFAMER, and their affiliates for direct and allocable administrative, general and operating expenses paid by these entities, on behalf of the Company. As of December 31, 2020, the Company had a receivable from HFAMER of \$14 and a payable to CEAMER of \$421, which is included in receivable from affiliates and payable to affiliates, respectively, on the statement of financial condition.

Reverse Repurchase and Repurchase Agreements

During 2020, the Company entered into reverse repurchase and repurchase agreements with GFIL. The following table presents information about reverse repurchase and repurchase agreements with GFIL as of December 31, 2020.

	Reverse Repurchase Agreements	Repurchase Agreements
Gross contract value	\$ 23,689,613	\$ 7,595,406
Financing interest receivable/payable	1,681	2
Amounts offset in the statement of financial condition	(7,595,408)	(7,595,408)
Net amounts	\$ 16,095,886	\$ —
Fair value of securities collateral received/pledged	\$ 23,664,088	\$ 7,626,717

In the table above, the fair value of the collateral pledged and received includes accrued coupon interest.

As of December 31, 2020, GFIL paid cash collateral to the Company of \$264,808 related to reverse repurchase and repurchase agreements. The amount is included in payable to affiliates on the statement of financial condition. As of December 31, 2020, interest payable to GFIL of \$19 is included in payable to affiliates on the statement of financial condition.

Additionally, in relation to repurchase and reverse repurchase transactions during the year, the Company earned and incurred charges relating to failed delivery or receipt of securities with GFIL. As of December 31, 2020, the Company had a receivable from GFIL of \$170 and a payable to GFIL of \$132 related to fails charges, which is included in receivable from affiliates and payable to affiliates on the statement of financial condition.

The Company is compensated for financing services provided to GFIL, based on a comparable profits model in accordance with applicable transfer pricing regulations under the Internal Revenue Code. The Company receives payment for such fees monthly and recognizes such fees over time in the period when the service is provided. As of December 31, 2020, the Company had a receivable from GFIL of \$1,359, which is included in receivable from affiliates on the statement of financial condition. As of December 31, 2020, the Company did not have any transaction price allocated to unsatisfied or partially satisfied performance obligations.

Miscellaneous Related Party Transactions

The Company participates in a variety of operating and administrative transactions with related parties and affiliates. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties and such differences could be material.

<https://sec.report/CIK/0001284170>

But what about their Reverse Repurchase agreements? Don't they have assets to BUY treasury bonds? SURE.. Take a look..

ASSETS AS OF DECEMBER 31, 2020

	Reverse Repurchase Agreements
Included in the statement of financial condition	
Gross amounts	\$ 31,386,451
Amounts offset	(15,290,565)
Net amounts	16,095,886
Amounts not offset	
Counterparty netting	—
Financial instruments, at fair value	(16,095,886)
Total	\$ —

<https://sec.report/CIK/0001284170>

SeE tHeRe? I tOLD yOu ThEy HaD iT cOvErEd..
Yeaaaah... now read the fine print.

Reverse repurchase and repurchase agreements are collateralized primarily by receiving or pledging securities, respectively. Typically, the Company has rights of rehypothecation with respect to the securities collateral received under reverse repurchase agreements. As of December 31, 2020, substantially all securities collateral received under reverse repurchase agreements has been delivered or repledged in connection with repurchase agreements. Also, the counterparty generally has rights of rehypothecation with respect to the securities collateral received from the Company under repurchase agreements.

The Company monitors the fair value of underlying securities in comparison to the related receivable or payable, including accrued interest, and as necessary, transfers or requests additional collateral as provided under the applicable agreement to ensure transactions are adequately collateralized. Based on these collateral arrangements, CALC determined there are no expected credit losses for collateralized financings.

The following table presents information about reverse repurchase agreements and repurchase agreements as of December 31, 2020.

Fair value of securities collateral received for reverse repurchase agreements	\$31,392,643
Fair value of securities collateral pledged for repurchase agreements	31,295,308
Net cash collateral pledged to FICC	30,421
Net cash collateral received from GFIL	264,808

I know the totals are slightly different than the balance above, but they're both from 2020. It's just how they are presented. Check for yourself.

<https://sec.report/CIK/0001284170>

So no, they don't have it covered. Why? Because our POS financial system allows for rehypothecation, that's why. It's a big fancy word for

using amounts owed to you as collateral for another transaction. In the event that the party defaults, **SO DO YOU**.

This means that the securities which Palafox is waiting to receive, have **ALREADY** been pledged to pay off the bonds they currently **OWE** to someone else.

Does this sound familiar? Promising to repay something with something you don't already have? Basically you need to wait on Ted, to repay Steve, to repay Jan, to repay Mark, to repay you, so you can repay Fred, so Fred can.... Yeah, REAAAAL secure..

OH, and by the way, the problem is getting **WORSE**.

Here's Palafox's financial statements in **2018**:

PALAFX TRADING LLC

Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

ASSETS

	As of December 31, 2018
Assets:	
Cash	\$ 141,657
Securities purchased under agreements to resell	5,107,993
Receivable from brokers, dealers, and clearing organizations	43,347
Receivable from affiliate	21,155
Other assets	286
Total assets	\$ 5,314,438

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold under agreements to repurchase	\$ 5,145,299
Payable to brokers, dealers, and clearing organization	36,804
Payable to affiliates	242
Other liabilities	76
Total liabilities	5,182,421
Member's capital	132,017
Total liabilities and member's capital	\$ 5,314,438

<https://sec.report/CIK/0001284170>

And 2019:

PALAFox TRADING LLC

Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

ASSETS

	As of December 31, 2019
Assets:	
Cash	\$ 165,844
Cash segregated under federal regulation	50
Securities purchased under agreements to resell	7,739,032
Receivable from brokers, dealers, clearing organizations, and custodian	111,158
Receivable from affiliate	421
Other assets	259
Total assets	\$ 8,016,764

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold under agreements to repurchase	\$ 7,783,495
Payable to affiliates	50,952
Other liabilities	107
Total liabilities	7,834,554
Member's capital	182,210
Total liabilities and member's capital	\$ 8,016,764

<https://sec.report/CIK/0001284170>

The amount in **2020** is STILL +100% greater than 2019, AFTER netting (which is even more bullsh*t).

Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

ASSETS

	As of December 31, 2020
Assets:	
Cash	\$ 56,011
Cash segregated under federal regulation	50
Securities purchased under agreements to resell	16,095,886
Receivable from brokers, dealers, clearing organizations, and custodian	315,459
Receivable from affiliates	1,543
Other assets	208
Total assets	\$ 16,469,157

LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold under agreements to repurchase	\$ 15,966,537
Payable to affiliates	265,380
Payable to clearing organization	54,218
Other liabilities	211
Total liabilities	\$ 16,286,346
Member's capital	182,811
Total liabilities and member's capital	\$ 16,469,157

<https://sec.report/CIK/0001284170>

All of this made me wonder what the FICC's balance is for treasury deposits... For those of you that don't know, the FICC is a branch of the DTCC that deals with government securities.

Just like the updated DTC rule for supplemental liquidity deposits being calculated throughout the day, the FICC also calculates this amount as it relates to treasury securities multiple times throughout the day.

Would you be surprised that the FICC has \$47,000,000,000 (BILLION) just in DEPOSITS for unsettled treasury bonds? **\$47,000,000,000!?!?!?**

CAN YOU IMAGINE HOW ASTRONOMICAL THE ACTUAL MARGIN MUST BE?!

FIXED INCOME CLEARING CORPORATION STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	As of December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 300,549	\$ 277,811
Accounts receivable - net of allowance for credit losses	24,360	13,330
Clearing Fund	47,005,609	32,960,513
Other Participants' assets	1,142	1,340
Other current assets	89	11,954
Total current assets	47,331,749	33,264,948
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation	639	659
Intangible assets - net of accumulated amortization	52,796	45,385
Total non-current assets	53,435	46,044
TOTAL ASSETS	\$ 47,385,184	\$ 33,310,992
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 16,821	\$ 10,074
Clearing Fund	47,005,609	32,960,513
Payable to Participants	1,142	1,340
Other current liabilities	2,358	—
Total current liabilities	47,025,930	32,971,927
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	21,140	19,081
Total liabilities	47,047,070	32,991,008
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDER'S EQUITY		
Common stock, \$0.50 par value - 105,000 shares authorized; 20,400 shares issued and outstanding	10	10
Additional paid-in capital	86,617	86,617
Retained earnings	251,487	233,357
Total shareholder's equity	338,114	319,984
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 47,385,184	\$ 33,310,992

There is TOO much evidence, from TOO many separate events, pointing to the imminent default of something big. That's all this is going to take. When Ted can't repay Steve, it means the panic has already started. Just look at how easy it was for the repo rate to spike overnight in 2019..

We are already starting to see the consequences of the SLR update with Archegos, Nomura, and Credit Suisse. This is just a taste of what's to come.. and now we know the bond market represents an even BIGGER catalyst in triggering this event.. and it's happening already.

With that being said, things finally started to make sense... Citadel doesn't NEED shares if their investment strategy to go short on EVERYTHING instead of going long. Why bother owning shares? Financial institutions and other asset managers simply lend them to you when you need to pony up a margin call for stocks and bonds..

Their HFT systems allow them to manipulate the market in their favor so there's NO way they could fail.... unless.... a bunch of degenerates all decided to ignore taking profits...

But that would NEVER happen, right?

...wrong...

we just like the stonks

DIAMOND.F*CKING.HANDS

This is not financial advice

“When I was a boy in Bulgaria....”

VLAD TENEV, CEO OF ROBINHOOD

WALKIN' LIKE A DUCK. TALKIN' LIKE A DUCK.

PUBLISHED APRIL 6, 2021

U/ATOBITT

TL;DR - I have prepared a case which strongly indicates that Citadel Securities, along with it's "affiliates" are committing securities fraud. On March 26th 2021, FINRA released a new citation against Citadel Securities for nearly 2 years worth of securities violations. The only reason Citadel HASN'T been busted for fraud is because they hide behind the veil of 'unintentional' behavior. However, this post illustrates how Citadel's actions flag ALL 3 corners of the fraud triangle- *pressure, motivation, and opportunity*. It's time for these people to be held accountable.

Trying something new this time.

I recorded a video walkthrough of this DD with [u/isitabuy](#), prior to dropping the DD.

If you wanna watch that, [click here](#)

Prerequisite DD

[1. Citadel Has No Clothes](#)

[2. BlackRock Bagholders, INC.](#)

3. The EVERYTHING Short

My fellow apes,

Many of you are wondering how these posts about Citadel relate to GameStop. Perhaps I've lost sight on explaining this connection, so let me clear this up before diving into MORE sh*t on them.

As [u/dontfightthevol](#) pointed out: you just never know what a company's short position is because they aren't required to disclose it. And unfortunately, she's right.

What we can do, however, is expose the sh*t surrounding them. The fraud triangle WORKS because people act maliciously when they have the pressure, incentive, and opportunity to commit it. PERIOD. This means if it walks and talks like a duck, it's most likely a f*cking duck.

I hope I've done a good job revealing the evidence of their ever-tightening noose. To name a few big ones:

1. the FINRA violations for naked shorting, failing to post a short sale indicator on transactions, withholding large customer orders to lower the market price, FLASH crashes
2. the growth of rehypothecated assets for both treasury & equity securities (especially in 2020)
3. the growth in liabilities as their PROMISES to repay keeps getting bigger and bigger (especially in 2020)

4. FINRA's concern regarding the lack of preventative measures within their system to detect these issues

5. the number of times they've been documented for 'accidentally' removing logic to detect these issues

Everything fits within ALL corners of the fraud triangle. Citadel commits violations just to make a few million, knowing their fines are essentially just a small tax. Now that their exposure to shorted stocks and bonds is increasing, the PRESSURE to commit these actions is even higher.

For far too long, people with money have been draining the wealth out of the global economy. Everything around us becomes more expensive and the power to do anything about it, decreases. We are forced to think about pinching-pennies just to make ends-meet, while there are people benefitting from ALL of this injustice- the ultra-wealthy.

This aggregation of wealth has been going on behind the scenes for centuries. Slowly and gradually like a frog sitting in a pot of boiling water. Debt has been designed to be carried for life.

Their confidence and greed reached a level SO HIGH that it should have been impossible for them to fail on their bet against GameStop. The ONLY thing that could blow their victory was if we all started listening to one another.. and most importantly- learning.

And learn, we did...

We sat down at the World Series of Poker, called their bluff, and won.

GameStop is the lynchpin; GameStop opens the flood gates; GameStop is our checkmate.

GameStop exposes them to a LIMITLESS and IMMEDIATE transfer of wealth back to the 99%. This situation is dangerous because those who put

their vote into GameStop are finally able to take back control.

GameStop is our hedge against the funds.

Hopefully that's been cleared up and we can get back to the point of this post.

Now.... This sh*t just **KEEPS COMING!**

To me, this is further evidence of their desperate actions within a rigged market. After [calling out Citadel](#) for shorting US treasuries, I recently found out they've been slapped with ANOTHER [FINRA violation](#) on **3/25/2021** for US treasury securities..

yeah....seriously..

BTW, this wasn't even something I was searching for.. I literally walked Cory (the host) through my investigative process and uncovered it in our first [live interview](#) (*this link is for the short version; I uncovered it in the long version which wasn't posted*).

Anyway, these violations occurred between **July 2017** and **October 2019** while the Fed's tapering program was kicking off. It's extremely hard to be conclusive about the little details when you can only see a portion of the puzzle, so I usually start these DDs by finding WIDE holes that scream for attention- this violation is one of those holes. Citadel Securities has been [slapped 58 times](#) for regulatory violations and those are JUST within the stock market. To me, the reason why THIS violation is so monumental is because it represents their **FIRST treasuries violation** ([first page](#) under background). FINRA issued them a \$275,000 fine along with a censure order, meaning they really disprove of Citadel's actions, here.

I'm going to show you pieces of the disclosure event and gently massage it into your smooth brains.

OVERVIEW

From July 2017 through October 2019, Citadel Securities had multiple issues with correctly reporting Treasury transactions to the Trade Reporting and Compliance Engine (TRACE) causing violations of FINRA Rules 6730 and 2010. These issues resulted in the following types of TRACE reporting violations: (i) incorrectly reporting internal transfers as Treasury transactions, when they were not reportable, (ii) failing to append the "No Remuneration" indicator to TRACE reports for certain Treasury transactions between affiliates, and (iii) failing to include the correct contra-party type in its TRACE reports for certain affiliate transactions. Citadel Securities also violated FINRA Rules 3110(a)

and (b) and 2010 because its supervisory system, including written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with TRACE reporting rules because it could only detect violations that would generate automatic alerts. In all cases, the incorrect TRACE reports involved internal position transfers or transactions with affiliates, and did not involve transactions with clients.

1. Incorrectly reporting internal transfers as treasury transactions
2. Failing to append the "No Remuneration" indicator to TRACE reports for certain transactions between affiliates
3. Failing to include the correct contra-party type in its TRACE reports for certain affiliates

To me, the biggest red flag in this comes from the very last sentence: ***"IN ALL CASES, THE INCORRECT TRACE REPORTS INVOLVED***

INTERNAL POSITION TRANSFERS OR TRANSACTIONS WITH AFFILIATES AND DID NOT INVOLVE TRANSACTIONS WITH CLIENTS". I'll touch back on the rest of the violation, shortly.

Now, lemme take you to school.

I'll walk you through these indicators and then discuss how they relate to Citadel's situation.

What are **related party transactions** and why do they matter?

The codification (official accounting bible from FASB) explains related party disclosures under ASC 850. I'd love to have a subscription to this, but it's about \$1,200 a year. So here's a [link](#) from Deloitte that gives a decent overview of ASC 850-10.

A typical related party transaction occurs just like a normal transaction, but the parties involved have a connection, somehow. They can be:

1. A parent entity and its subsidiaries

2. Subsidiaries of a common parent

3. An entity and trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of the entity's management

4. An entity and its principal owners, management, or members of their immediate families

5. Affiliates.

Transactions can be any of the following:

1. Sales, purchases, and transfers of real and personal property

2. Services received or furnished, such as accounting, management, engineering, and legal services

3. Use of property and equipment by lease or otherwise

4. Borrowings, lendings, and guarantees

5. Maintenance of compensating bank balances for the benefit of a related party

6. Intra-entity billings based on allocations of common costs

7. Filings of consolidated tax returns.

When you have related parties, or affiliated parties, the biggest concern is that a relationship materially affects the way that business is conducted. For example, you should disclose situations where subsidiaries are conducting transactions with the parent entity. Or if the subsidiary is wholly owned, which means you're doing business with yourself, at least in practice. The failure to disclose this information may materially mislead investors.

For example, party A (affiliate) may be selling products / services to party B (also an affiliate) at a rate that differs significantly from the open market. For example, Party A sells treasuries to Party B at an amount that's much lower (\$990) than fair market (\$1,000). This would allow Party B to sell those securities back into the market at the normal market rate (\$1,000), and record a bigger profit (\$10) because their cost is much lower (\$990). Party A then offsets the expense (\$10) back to yet ANOTHER company, and removes it from their books. Hedge funds and offshore funds are perfect for burying these transactions because they don't report financial statements like public companies.

Likewise, Party A may need to remove something from their balance sheet (bad loans, etc.) and simply use Party B as a dumpster. This is EXACTLY what [Enron](#) did with their **special purpose entities (REMEMBER THAT TERM), or SPEs**. When Enron had to incur huge losses, they simply shifted those losses to shell companies and left the "good" stuff on their books.

Queue violation # 1

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's Trading and Execution Group's 2019 exam of Citadel Securities.

Citadel Securities reported Treasury transactions to TRACE that it should not have reported.

FINRA Rule 6730(a)(5) provides that members have an obligation to report transaction information, promptly, accurately, and completely to TRACE. FINRA began requiring firms to report Treasury transactions to TRACE beginning on July 10, 2017, in response to a request from the Treasury Department and the Securities and Exchange Commission. At this time, the reported information is not publicly disseminated.¹ However, it is important that firms report accurate information to TRACE because inaccurate information, including reporting transactions that should not have been reported, affect the audit trail, and can result in either false alerts or the inability to detect problematic transactions.

From August 2, 2017, through December 8, 2018, Citadel Securities reported 452,451 Treasury transactions to TRACE that it was not required to report. These reports constituted over 14% of the total Treasury reports the firm made. The over-reporting occurred when the firm transferred Treasury securities within its internal accounts because the firm unintentionally removed the logic to prevent these internal transfers from being automatically reported. Therefore, Respondent violated FINRA Rule 6730(a)(5) and 2010.² The firm detected the issue prior to being contacted by FINRA and reinserted the logic on December 8, 2018.

Ok.... when you send transactions to the TRACE system, they ask you to prove they are legitimate. If they are legitimate, and occur with an affiliate, FINRA needs to know that.. This is to prevent frauds like Enron from happening again.

For sake of argument, let's just ignore the part where they "unintentionally" removed logic and then "intentionally" reinserted it..... because that would make this DD too damn easy.

Breaking this down:

1. Citadel OVER reported 452,451 securities transactions which represents only 14% of total REPORTED transactions to TRACE. This means that **Citadel reported 3,231,792 treasury transactions, and 1 transaction doesn't necessarily mean 1 treasury... could be thousands**

2. They were **not** required to report 14% of those because they SHOULD have been flagged as internal transfers and not treasury transactions

Now we begin to uncover the corners of the fraud triangle (*pressure, incentive, opportunity*). Citadel was obviously compliant for 86% of their treasury reports, so WHY would they feel the need to "unintentionally" OVER-report 14%....

Hey Citadel... why you WALKIN' like a duck?

How did FINRA find out these were actually internal transfers? Probably the same way I did- by looking for clues. Check out Citadel Securities "Related Party Disclosures" from 2020 (same as in 2019, I checked).

NOTE 1

Organization

Citadel Securities LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. **CSHC US LLC ("CSHC")**, an affiliate, **is the sole member of the Company.**

CSHC..... Who are you, REALLY???

Ladies and Gentlemen,

Presenting [Citadel Securities Institutional, LLC!!!](#)



Think it's the same company?

Nope..

 CITADEL | Securities

Citadel Securities LLC

2020 Financial Statement

Citadel Securities **INSTITUTIONAL** is a completely different company in the books. These guys are **AFFILIATED** to one another, but exist separately as **SPECIAL PURPOSE ENTITIES**, or **SPEs**..

Let's walk through this again..

Citadel **SECURITIES** lists CSHC US LLC ("CSHC") as an affiliate (PG 2), and the **sole MEMBER** of the company....

NOTE 1

Organization

Citadel Securities LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. **CSHC US LLC ("CSHC")**, an affiliate, is the sole member of the Company.

Citadel Securities **INSTITUTIONAL ("CSHC")** lists [CSHC US LLC \("CSUH"\)](#) as an affiliate (also PG 2), and ALSO as the sole MEMBER of the company....

NOTE 1

Organization

Citadel Securities Institutional LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. **CSHC US LLC ("CSUH")**, an affiliate, is the sole member of the Company.

CSHC US LLC ("**CSUH**")???? Who the hell is this?

Had to go back to a financial disclosure in 2016 to dig up this lil' jewel....

CITADEL SECURITIES INSTITUTIONAL LLC
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2016
(Expressed in U.S. dollars in thousands)

(1) Organization:

Citadel Securities Institutional LLC (the "Company"), a Delaware limited liability company, which was formed on June 8, 2015, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation. The Company was funded on September 11, 2015 and commenced operations on January 27, 2016. At the time of funding, CLP Holdings Three LLC ("CLP3") was the sole member of the Company. On January 1, 2016, CLP3 merged with and into CSHC US LLC ("CSUH"), an affiliate. As of January 1, 2016, CSUH is the sole member of the Company.

CLP Holdings Three LLC ("CLP3").....

WTF....

On January 1, 2016 "CLP3" merged into ("CSUH")....

So WHO is CLP Holdings Three LLC !?!?!?!?

Citadel Securities is a limited liability company organized under the laws of the State of Delaware. Citadel Securities is a wholly-owned subsidiary of CLP Holdings Three LLC, a limited liability company organized under the laws of the State of Delaware ("Citadel Parent" and, collectively with Citadel Securities and CSPI, "Citadel"). CSPI, like Citadel Securities, is also a wholly-owned subsidiary of Citadel Parent.

....found this from 2015 (bottom paragraph, PG 2)...

1. Citadel Parent Owns 100% of CLP Holdings Three LLC, which became "CSUH" in 2016

2. CSHC US LLC ("CSUH") is the ONLY member of CSHC US LLC ("CSHC")

3. CSHC US LLC ("CSHC") is ALSO managed by Citadel Parent.....

So basically.....

...Citadel, is Citadel, is Citadel, is Citadel....

No wonder why FINRA was pissed. It *LOOKS LIKE* Citadel took treasuries from Citadel Securities and transferred them to Citadel Securities Institutional, but reported them as sales transactions to TRACE.....

[Queue violation # 2](#)

Citadel Securities failed to include the "No Remuneration indicator" in certain TRACE reports.

FINRA Rule 6730(d)(4)(F) provides that when a trade report does not reflect either a commission, markup or markdown, the member should include the No Remuneration indicator. From July 10, 2017, through October 9, 2019, in 45,638 instances, Citadel Securities failed to append the No Remuneration indicator to TRACE reports for Treasury transactions with an affiliate that were at cost. The firm did not include the No

¹ Regulatory Notice 16-39 (Oct. 2016).

² FINRA Rule 2010 provides that a member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade. A violation of a FINRA rule constitutes a violation of Rule 2010.



Remuneration indicator because it did not have the necessary logic to automatically code these transactions to include it. Therefore, Respondent violated FINRA Rules 6730(d)(4)(F) and 2010. The firm discovered the issue in June 2019 prior to being contacted by FINRA and added the necessary logic to include the indicator in October 2019.

Again, let's ignore the part where they pretended to "discover" the issue in June 2019 prior to being contacted. Let's also ignore the lack of "necessary" logic to determine which transactions are which.

They do this in almost every f*cking violation they get...

Now what is [remuneration](#)?

Basically, it's a type of compensation. In the case of Citadel Securities, it's the price adjustment that is passed to Citadel Securities Institutional when a treasury is sold / lent.

A normal market transaction might sell a treasury security for \$1,000. In this case, the \$1,000 is entirely represented by the bond's value.

An affiliated market transaction might sell a treasury security for \$990, with \$10 in remuneration for a total of (\$1,000). In this case, the bond is ONLY worth \$990, but the \$10 in remuneration makes it APPEAR like a \$1,000 bond..

FINRA asks for companies to disclose this because it can be heavily abused, obviously...

This is what happened to Citadel Securities. There were 45,638 instances between July 2017 and October 2019 where Citadel Securities did NOT appropriately indicate this....

If you fail to indicate this, and ALSO report internal transfers as normal transactions, it REALLY starts to look like you're covering your tracks....

Citadel..... Why you TALKIN' like a duck?

[Queue Violation #3.](#)

Citadel Securities reported the incorrect contra-party type to TRACE for transactions with its affiliate.

FINRA Rule 6730(c)(6) provides that each TRACE report shall include a contra-party indicator. From July 10, 2017, through November 15, 2018, in 11,989 instances, Citadel Securities reported that the contra-party in a transaction was a customer when the transaction was with an affiliate. The inaccurate reporting occurred because the firm's logic automatically marked any contra-party that was not a broker-dealer as a customer. Therefore, Respondent violated FINRA Rules 6730(c)(6) and 2010. The firm discovered the issue in August 2018 prior to being contacted by FINRA and fixed the issue on November 15, 2018.

Call this the smoking gun.....

Really.... it doesn't get much more obvious than this....

Citadel Securities gets busted pushing transactions into the TRACE system when they were really just internal transfers between SPEs....

They're then cited for failing to indicate a No Remuneration transaction with affiliated parties....

And finally, they "misclassified" the nature of the contra party in 11,989 transactions, saying they were customers instead of their own... you guessed it.... SPEs..

Want more? Check out this disclosure from Citadel Securities....

NOTE 6

Transactions with Related Parties

Expenses

Pursuant to an administrative services agreement, the Company reimburses CEAMER, CSAMER and their affiliates for direct and allocable administrative, general and operating expenses, including employee compensation and benefits, paid by these entities, on behalf of the Company. As of December 31, 2020, the Company had a combined payable to CEAMER, CSAMER and their affiliates of \$160 million, which is included in payable to affiliates on the statement of financial condition. As of December 31, 2020, the Company has paid compensation to CSAMER of \$20 million, which has not yet been expensed due to service vesting requirements. Such amount is included in other assets on the statement of financial condition.

The Company has also entered into service agreements with other affiliates, where such affiliates provide the Company certain relationship management, marketing or risk monitoring services, and technical support. The Company incurs expenses from such affiliates providing these services.

Executing and Settlement Activities

During 2020, CSIN provided execution services to the Company under a cost-plus agreement. As a result of this activity, the Company incurred service fee expense and recorded commission revenue from CSIN for acting as a counterparty for trades with third parties. As of December 31, 2020, the Company had a payable to CSIN of \$7 million, which is included in payable to affiliates on the statement of financial condition.

Citadel Securities Institutional (CSIN) provided execution services to Citadel Securities under a cost-plus agreement..

huh.... [cost-plus](#)..... sounds a lot like a remuneration agreement.... because it is.

Let's bring this all together, shall we?

1. Citadel Securities sells treasuries to "affiliate" parties, such as Citadel Securities Institutional
2. Citadel Securities marks (most) of their transactions with a 'No-Remuneration' indicator after selling the security to the "affiliate" party.
3. To FINRA, this complies with TRACE because it looks like a typical transaction without a markup / markdown on the price of the treasury
4. At the end of the month, Citadel Securities reimburses Citadel Securities Institutional for the cost of their treasury purchases, plus a little more in profit for their services
5. Citadel Securities records the commission revenue from Citadel Securities Institutional once the treasuries are finally sold to the outside party

Did you catch the loophole?

Citadel Securities is able to remain compliance with FINRA because they pay for the services (markup / markdown) provided by Citadel Securities Institutional AFTER the transactions are cleared through this system... they just disguise them as "service fees".

Instead of paying DURING the transaction, by remuneration, they simply leave it off the books and hide it on their financial statements....

If you're wondering where the SEC is in all of this mess, listen up.

THE SEC AND FINRA ARE BOTH REGULATORY AGENCIES FOR FINANCIAL INSTITUTIONS.

I am now 100% convinced that the SEC has given the responsibility of investigating fraud to FINRA, while the SEC 'works' on creating the legislation to stop these acts...

However, it appears the SEC and FINRA are working as totally separate agencies while the SEC is supposed to be overseeing FINRA.... I'm convinced the money flows directly to the SEC from FINRA fines and the SEC is at risk of losing that revenue if they actually start cracking down on these pigs.

I am presenting a genuine case, here.

If you're wondering where the auditor (PWC) is in all of this, they just have to verify the statements are FAIRLY PRESENTED. **THEY DON'T HAVE TO SAY ANYTHING ELSE! All audit firms are now in the business of consulting, like Arthur Andersen did with Enron. They all sit in a room and discuss the best way to present this sh*t without looking like a giant fraud.**

You want to see how bad the situation has become? Check out this [10K](#) (PG 4) from one of Citadel's recent 13G/A filings on 2/16/2021. Keep in mind, this is an acquisition company that *specializes* in purchasing companies that are headed for bankruptcy...

We believe the following factors will lead to a significant number of post-reorganized companies with unnatural equity holders which could be attractive combination targets:

- According to S&P, their leveraged loan "Weakest Link" count, which reflects companies with a B- or lower credit rating and a negative outlook, has more than doubled since 2019, rising from 145 companies, or 11% of the S&P coverage universe, to 329 companies as of June 2020, or 25%
- US default rates have risen sharply this year and are projected to continue to rise over the next 12 months. According to S&P, the trailing 12 month default rate has doubled since the beginning of the year to 3.9% and is projected to reach over 10% within the next 12 months. Defaults have ranged across a large number of industries including Business Services, Consumer and Industrials, according to S&P;
- The US leveraged loan market today is approximately \$1.2 trillion, which is approximately double the size of the market during the 2008-2009 credit cycle. This means that similar default rates in today's market would imply a significantly larger volume of restructured liabilities;
- Collateralized loan obligations, or CLOs, represent a much larger ownership of today's leveraged loan market compared to the leveraged loan market in 2008-2009. There has been almost 2.5x the CLO issuance from 2013-2019 (\$743 billion) compared to 2001-2007 (\$302 billion). The increased CLO market share of the leverage loan market may lead to a larger number of post-restructured companies with equity ownership being held by CLOs, which could lead to attractive investment opportunities at relatively more favorable terms.

MUDRICK CAPITAL ACQUISITION CORPORATION II

This is so much more than speculation..... Citadel is a *duck*.

DIAMOND.F*CKING.HANDS

This is not financial advice.

“Payment for order flow is one of our largest revenue sources.”

VLAD (THE STOCK IMPALER) TENEV

A HOUSE OF CARDS PART 1

PUBLISHED APRIL 22, 2021

U/ATOBITT

TL;DR- The DTC has been taken over by big money. They transitioned from a manual to a computerized ledger system in the 80s, and it played a significant role in the 1987 market crash. In 2003, several issuers with the DTC wanted to remove their securities from the DTC's deposit account because the DTC's participants were naked short selling their securities. Turns out, they were right. The DTC and it's participants have created a market-sized naked short selling scheme. All of this is made possible by the DTC's enrollee- Cede & Co.

[Andrew MoMoney - Live Coverage](#)

I hit the image limit in this DD. Given this, and the fact that there's already SO MUCH info in this DD, I've decided to break it into AT LEAST 2 posts. So stay tuned.

Previous DD

- [1. Citadel Has No Clothes](#)
- [2. BlackRock Bagholders, INC.](#)
- [3. The EVERYTHING Short](#)
- [4. Walkin' like a duck. Talkin' like a duck](#)

*Holy SH*T!*

The events we are living through *RIGHT NOW* are the 50-year ripple effects of stock market evolution. From the birth of the DTC to the cesspool we currently find ourselves in, this DD will illustrate just how fragile the *House of Cards* has become.

We've been warned so many times... We've made the same mistakes *so many times*.

And we never seem to learn from them..

In case you've been living under a rock for the past few months, the DTCC has been proposing a boat load of rule changes to help better-monitor their participants' exposure. If you don't already know, the DTCC stands for Depository Trust & Clearing Corporation and is broken into the following (primary) subsidiaries:

1. Depository Trust Company (DTC) - *centralized clearing agency that makes sure grandma gets her stonks and the broker receives grandma's tendies*

2. National Securities Clearing Corporation (NSCC) - *provides clearing, settlement, risk management, and central counterparty (CCP) services to its members for broker-to-broker trades*

3. Fixed Income Clearing Corporation (FICC) - *provides central counterparty (CCP) services to members that participate in the US government and mortgage-backed securities markets*

Brief history lesson: I promise it's relevant (this [link](#) provides all the info that follows).

The DTC was created in 1973. It stemmed from the need for a centralized clearing company. Trading during the 60s went through the roof and resulted in many brokers having to quit before the day was finished so they could manually record their mountain of transactions. All of this was done on paper and each share certificate was physically delivered. This obviously resulted in many failures to deliver (FTD) due to the risk of human error in record keeping. In 1974, the Continuous Net Settlement system was launched to clear and settle trades using a rudimentary internet platform.

In 1982, the DTC started using a [Book-Entry Only](#) (BEO) system to underwrite bonds. For the first time, there were no physical certificates that actually traded hands. Everything was now performed virtually through computers. Although this was advantageous for many reasons, it made it MUCH easier to commit a certain type of securities fraud- naked shorting.

One year later they adopted [NYSE Rule 387](#) which meant most securities transactions had to be completed using this new BEO computer system. Needless to say, explosive growth took place for the next 5 years. Pretty soon, other securities started utilizing the BEO system. It paved the way for growth in mutual funds and government securities, and even allowed for same-day settlement. At the time, the BEO system was a tremendous achievement. However, we were destined to hit a brick wall after that much growth in such a short time.. By October 1987, that's exactly what happened.

"A number of explanations have been offered as to the cause of the crash... Among these are computer trading, derivative securities, illiquidity, trade and budget deficits, and overvaluation.."

If you're wondering where the birthplace of High Frequency Trading (HFT) came from, look no further. The same machines that automated the exhaustively manual reconciliation process were also to blame for amplifying the fire sale of 1987.

CAUSE #2: COMPUTER TRADING

Website, University of Melbourne:

In searching for the cause of the crash, many analysts blame the use of computer trading (also known as program trading) by large institutional investing companies. In program trading, computers were programmed to automatically order large stock trades when certain market trends prevailed. However, studies show that during the 1987 U.S. Crash, other stock markets which did not use program trading also crashed, some with losses even more severe than the U.S. market.

<https://historynewsnetwork.org/article/895>

The last sentence indicates a much more pervasive issue was at play, here. The fact that we still have trouble explaining the calculus is even more alarming. The effects were so pervasive that it was dubbed the [1st global financial crisis](#)

Here's another great summary published by the [NY Times](#): *"..*to be fair to the computers.. [they were].. programmed by fallible people and trusted by people who did not understand the computer programs' limitations. As computers came in, human judgement went out."* Damned if that didn't give me goosiebumps...

Here's an EXTREMELY relevant [explanation](#) from [Bruce Bartlett](#) on the role of derivatives:

CAUSE #1: DERIVATIVE SECURITIES

Bruce Bartlett, senior fellow with the National Center for Policy Analysis of Dallas, Texas:

Initial blame for the 1987 crash centered on the interplay between stock markets and index options and futures markets. In the former people buy actual shares of stock; in the latter they are only purchasing rights to buy or sell stocks at particular prices. Thus options and futures are known as derivatives, because their value derives from changes in stock prices even though no actual shares are owned. The Brady Commission [also known as the Presidential Task Force on Market Mechanisms, which was appointed to investigate the causes of the crash], concluded that the failure of stock markets and derivatives markets to operate in sync was the major factor behind the crash.

Notice the last sentence? A major factor behind the crash was a disconnect between the price of stock and their corresponding derivatives. The value of any given stock should determine the derivative value of that stock. It shouldn't be the other way around. **This is an important concept to remember as it will be referenced throughout the post.**

In the off chance that the market DID tank, they hoped they could contain their losses with [portfolio insurance](#). Another [article from the NY times](#) explains this in better detail.

Portfolio insurance would let them get out with minimal damage if markets ever began to fall. They would simply sell ever-increasing numbers of futures contracts, a process known as dynamic hedging.

The short position in futures contracts would then offset the losses caused by falls in the stocks they owned.

Portfolio insurance did not start the widespread selling of stocks in 1987. But it made sure that the process got out of hand. As computers dictated that more and more futures be sold, the buyers of those futures not only insisted on sharply lower prices but also hedged their positions by selling the underlying stocks. That drove prices down further, and produced more sell orders from the computers. At the time, many people generally understood how portfolio insurance worked, but there was a belief that its very nature would assure that it could not cause panic. Everyone would know the selling was not coming from anyone with inside information, so others would be willing to step in and buy to take advantage of bargains. Or so it was believed.

But when the crash arrived, few understood much of anything, except that it was like nothing they had ever seen. Anyone who did step in with a buy order quickly regretted the decision.

A major disconnect occurred when these futures contracts were used to intentionally tank the value of the underlying stock. In a perfect world, organic growth would lead to an increase in value of the company

(underlying stock). They could do this by selling more products, creating new technologies, breaking into new markets, etc. This would trigger an organic change in the derivative's value because investors would be (hopefully) more optimistic about the longevity of the company. It could go either way, but the point is still the same. This is the type of investing that most of us are familiar with: investing for a better future.

I don't want to spend too much time on the crash of 1987. I just want to identify the factors that contributed to the crash and the role of the DTC as they transitioned from a manual to an automatic ledger system. **The connection I really want to focus on is the ENORMOUS risk appetite these investors had. Think of how overconfident and greedy they must have been to put that much faith in a computer script.. either way, same problems still exist today.**

Finally, the comment by Bruce Bartlett regarding the mismatched investment strategies between stocks and options is crucial in painting the picture of today's market.

Now, let's do a super brief walkthrough of the main parties within the DTC before opening this **can of worms**.

I'm going to talk about three groups within the DTC- **issuers, participants, and Cede & Co.**

Issuers are companies that issue securities (stocks), while participants are the clearing houses, brokers, and other financial institutions that can utilize those securities. Cede & Co. is a subsidiary of the DTC which holds the share certificates.

Participants have MUCH more control over the securities that are deposited from the issuer. Even though the issuer created those shares, participants are in control when those shares hit the DTC's doorstep. The

DTC transfers those shares to a holding account (*Cede & Co.*) and the participant just has to ask "*May I haff some pwetty pwease wiff sugar on top?*"

Now, where's that can of worms?

Everything was relatively calm after the crash of 1987.... until we hit 2003..

deep breath

The DTC started receiving several requests from issuers to pull their securities from the DTC's depository. I don't think the DTC was prepared for this because they didn't have a written policy to address it, let alone an official rule. Here's the half-assed response from the DTC:

including its book-entry transfer system. The securities are held by DTC in its nominee name for the benefit of its participants. **DTC has stated that, in its opinion, these issuers have no legal or beneficial interest in the securities they are requesting to be withdrawn from DTC.**

<https://www.sec.gov/rules/sro/34-47978.htm> (section II)

Realizing this situation was heating up, the DTC proposed [SR-DTC-2003-02..](#)

DTC's proposed rule change provides that upon receipt of a withdrawal request from an issuer, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of the withdrawal request from the issuer and reminding participants that they can utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business but will not effectuate withdrawals based upon a request from the issuer.

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

Honestly, they were better off WITHOUT the new proposal.

It became an even BIGGER deal when word got about the proposed rule change. Naturally, it triggered a TSUNAMI of comment letters against the DTC's proposal. There was obviously something going on to cause that level of concern. Why did *SO MANY* issuers want their deposits back?

...you ready for this sh*t?

As outlined in the DTC's opening remarks:

II. Description

Recently a number of issuers of securities have independently requested that DTC withdraw from the depository all securities issued by them.⁴

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

OK... see footnote 4....

⁴ As explained in further detail by many of the commenters opposing DTC's proposal, the issuers making these requests have alleged that **their securities have been the target of manipulative short sellers.**

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

UHHHHHHH WHAT!?!? Yeah! I'd be pretty pissed, too! Have my shares deposited in a clearing company to take advantage of their computerized trades just to get kicked to the curb with NO WAY of getting my securities back... AND THEN find out that the big-d*ck "participants" at your fancy DTC party are literally short selling my shares without me knowing....?!

....This sound familiar, anyone??? IDK about y'all, but this "trust us with your shares" BS is starting to sound like a major con.

The DTC asked for feedback from all issuers and participants to gather a consensus before making a decision. All together, the DTC received 89 comment letters (a pretty big response). 47 of those letters opposed the rule change, while 35 were in favor.

To save space, I'm going to use smaller screenshots. Here are just a few of the opposition comments..

Dear Senator Lieberman:

My firm represents Flight Safety Technologies, Inc. ("FST") whose shares are traded on the NASD Over-The-Counter Bulletin Board ("OTCBB"). We are writing to enlist your support of our request to the SEC to conduct an investigation into naked shortselling of shares of small cap companies on the OTCBB.

FST is concerned that it, along with numerous other small-cap companies, has been the target of "naked shortselling". Naked shortselling occurs when a party sells shares of a company without making an affirmative determination that it can borrow shares to "cover" those that it has sold. The purpose of naked shortselling is to drive down the share price of the targeted company. In contrast to the national exchanges (NYSE, AMEX and NASDAQ), there are virtually no regulatory guidelines that apply to short sales of OTCBB traded small-cap companies.

I have attached a comment letter that we recently sent to the Securities and Exchange Commission. In our letter, we urge the SEC to (1) deny a requested rule change from the Depository Trust Company that would make it harder for a company such as FST to track and expose illegitimate short sales and (2) conduct an investigation into naked shortselling of small cap companies.

We would greatly appreciate it if you could contact the SEC, Division of Market Regulations, Margaret H. McFarland, Deputy Secretary, 450 5th Street, N.W., Washington, D.C. 20549, to urge it to vigorously investigate this growing and serious problem.

<https://www.sec.gov/rules/sro/dtc200302/srdtc200302-89.pdf>

And another:

From: Bob Rondeau [Bob@caesy.com]
Sent: Tuesday, May 20, 2003 10:49 AM
To: 'rule-comments@sec.gov'
Subject: DTC rules changes

Sirs,

As an investor who has been continually burned by an inefficient and poorly organized DTC as relates to naked short selling, I urge you to allow companies to continue to withdraw from the DTC at their discretion. The current climate of investing, fostered and perpetuated by the DTC is scandalous and ruinous for the individual investor. Confidence in the system is bankrupt...changes must be made....and fast.

Robert S. Rondeau

<https://www.sec.gov/rules/sro/dtc200302/rsrondeau052003.txt>

AAAAAAAAAAAND another:

From: Michael Sondow [msondow@iciiu.org]
Sent: Friday, April 04, 2003 10:38 PM
To: rule-comments@sec.gov
Subject: SR-DTC-2003-02 - SEC: Proposed Rule on Restriction of
Withdrawal of Stock Certificates from Depository Trust Corp to
Shareholder Action

Dear SEC-

Regarding the proposed rule that would restrict the withdrawal of stock certificates from the DTC to shareholder action, rather than by company request:

This rule should not be passed because, by permitting the settlement of so-called "short" trades by traders not holding share certificates, the Depository Trust Corporation has shown itself to be incompetent to uphold the law and stop illegal naked short selling, if not complicit in such practices, and therefore a company's only protection from an attack on its stock by such criminal activity may be to withdraw unilaterally from the DTC settlement system.

If the SEC cannot prevent illegal short selling, and is unable to police and regulate the DTC to make certain rules are being followed, it must allow the companies whose shares are under attack to protect their investors by withdrawing those shares from the system - the DTC - where they are vulnerable to such attacks.

In the end, a free market will correct abuses. But if the SEC constrains the market, by regulating how and where a company may settle the trades of its shares, in a way that results in unfair practices by which individual investors are hurt, it is guilty of both denying the play of free market forces and of forcing investors and companies into an obligatory system of abuse.

In short, the proposed rule will foster further abuses and undermine the already decreased public confidence in the stock market.

Yours,
Michael Sondow
(A concerned private investor)

<https://www.sec.gov/rules/sro/dtc200302/msondow040403.txt>

Here are a few in favor*..*

*All of the comments I checked were participants and classified as market makers and other major financial institutions... go f*cking figure.*

April 23, 2003

Re: ⁰² File No. SR-DTC-2003-0.3 "Proposed Rule Change Concerning **Requests for Withdrawal of Certificates by Issuers**"

Dear Mr. Katz:

UBS Warburg LLC is pleased to provide the Securities and **Exchange** Commission with comments on the above-referenced proposed **rule** change.

UBS Warburg LLC believes the proposed **rule change** is consistent with the securities industry's initiative toward straight-through processing and decertification. Returning to physical securities is contrary to the recommendations of the Group of **Thirty** and would engender operational and clearance risk that the securities industry and **the broader** economy can ill afford.

Accordingly, UBS Warburg LLC supports the Depository Trust Company's proposed rule change concerning requests for withdrawals of certificates by issuers. .

<https://www.sec.gov/rules/sro/dtc200302/srdtc200302-82.pdf>

Two



9th Floor
Jersey City, New Jersey 07302
201 557 3495
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urk@ml.com



Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: Proposed Rule Change by The Depository Trust Company Relating to Issuers Requests for Withdrawal of Certificates. [Release No. 34-47365; File No. SR-DTC-2003-02].

Dear Mr. Katz:

Merrill Lynch welcomes the opportunity to comment on the proposed **rule** filing by The Depository Trust Company (DTC) under which “DTC will only honor requests **for** withdrawal of certificates submitted **by** its participants and not by the issuer of the securities.”

Merrill Lynch actively supports industry efforts to achieve Straight Through Processing (STP) in the clearance and settlement of U.S. securities. A significant building block of this effort is dematerialization -- eliminating the issuance, use, transfer and retention of physical securities. Achievement of STP and dematerialization will reduce risk and costs to investors and all market participants and create greater market efficiencies.

The industry recognizes the need to support registered ownership and DTC’s Direct Registration Service (**DRS**) provides a vehicle in an effective and safe environment. DRS enables the electronic movement of securities between the transfer agents and the participants in DTC. The service offers registered shareowners a reliable alternative to physical certificates and eliminates the risks, delays and costs associated with completing a securities transaction in certificated form.

In recent months, a number of issuers have announced plans to withdraw their certificates from DTC and move to exclusively certificated ownership of their shares. These plans to perpetuate a physical certificate environment are contradictory to industry efforts to achieve STP and dematerialization. The investing public will be especially inconvenienced in that they will bear the burden of the extra effort required to complete securities transactions, the risk of missed market opportunities and the cost of replacing lost certificates.

Merrill Lynch fully supports DTC’s **proposal**. We find it consistent with the industry’s **STP** efforts and urge the Commission to adopt **the** proposed rule change.

<https://www.sec.gov/rules/sro/dtc200302/srdtc200302-81.pdf>

Three



April 21, 2003

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: File No. SR-DTC-2003-03; Request for Withdrawal of Certificates by Issues

Dear Mr. Katz:

We would like to take this opportunity to comment on the proposed rule filing by The Depository Trust Company (DTC) to honor requests for withdrawal of certificates submitted by its participants and not by the issuers of the securities.

RBC Dain Rauscher Inc., a broker-dealer, serves individual investors and small business owners through offices across the United States, and capital markets and correspondent clients in select U.S. and international markets. RBC Dain Rauscher believes we are well positioned to understand and meet the service needs of our customers in respect to the handling of their securities.

The industry goal is to achieve Straight Through Processing (STP) and ultimately migrate to T+1 settlement. Achievement of STP processing will reduce costs to customers, reduce settlement risk, and create greater market efficiencies. In connection with a study to determine obstacles to STP, a major effort was made to analyze all reasons by retail customers to hold physical certificates and to determine appropriate alternatives. The answer was that the Direct Registration System (DRS) was established to enable owners to be held directly on the books of the issuer, in lieu of receiving a physical certificate. DRS provided many of the benefits of STP while giving share owners the convenience of holding certificates without a brokerage intermediary.

At a board meeting held January 9, 2003, the Securities Industry Association (SIA) endorsed an initiative that focuses on eliminating physical certificates. Further supporting this initiative is AT&T's decision to dematerialize a recent corporate action event and request shareholders to exchange their certificates for book-entry ownership. The industry plan to dematerialize certificates is a significant building block toward STP and the plan must continue to evolve.

<https://www.sec.gov/rules/sro/dtc200302/rbcdain042303.pdf>

Here's the [full list](#) if you wanna dig on your own.

...I realize there are advantages to "paperless" securities transfers... However... It is EXACTLY what Michael Sondow said in his comment letter above.. *We simply cannot trust the DTC to protect our interests when we don't have physical control of our assets**.***

Several other participants, including **Edward Jones, Ameritrade, Citibank, and Prudential** overwhelmingly favored this proposal.. How can someone NOT acknowledge that the absence of physical shares only makes it easier for these people to manipulate the market....?

This rule change would allow these 'participants' to continue doing this because it's extremely profitable to sell shares that don't exist, or have not been collateralized. Furthermore, it's a win-win for them because it forces issuers to keep their deposits in the holding account of the DTC...

Ever heard of the [fractional reserve banking system](#)?? Sounds A LOT like what the stock market has just become.

Want proof of market manipulation? Let's fact-check the claims from the opposition letters above. *I'm only reporting a few for the time period we discussed (2003ish). This is just to validate their claims that some sketchy sh*t is going on.*

1. [UBS Securities](#) (formerly UBS Warburg):

- a. pg 559; SHORT SALE VIOLATION; 3/30/1999
- b. pg 535; OVER REPORTING OF SHORT INTEREST POSITIONS; 5/1/1999 - 12/31/1999
- c. PG 533; FAILURE TO REPORT SHORT SALE INDICATORS; INCORRECTLY REPORTING LONG SALE TRANSACTIONS AS SHORT SALES; 7/2/2002

2. Merrill Lynch (Professional Clearing Corp.):

a. pg 158; VIOLATION OF SHORT INTEREST REPORTING;
12/17/2001

3. RBC (Royal Bank of Canada):

a. pg 550; FAILURE TO REPORT SHORT SALE TRANSACTIONS
WITH INDICATOR; 9/28/1999

b. pg 507; SHORT SALE VIOLATION; 11/21/1999

c. pg 426; FAILURE TO REPORT SHORT SALE MODIFIER;
1/21/2003

Ironically, I picked these 3 because they were the first going down the line.. I'm not sure how to be any more objective about this.. Their entire FINRA report is littered with short sale violations. Before anyone asks "how do you know they aren't ALL like that?" The answer is- I checked. If you get caught for a short sale violation, chances are you will ALWAYS get caught for short sale violations. Why? Because it's more profitable to do it and get caught, than it is to fix the problem.

Wanna know the 2nd worst part?

Several comment letters asked the DTC to investigate the claims of naked shorting **BEFORE** coming to a decision on the proposal.. I never saw a document where they followed up on those requests.....

NOW, wanna know the WORST part?

V. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of Section 17A(b)(3)(F) of the Act and the rules and regulations thereunder. **IT IS THEREFORE**

ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-2003-02) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶⁷

Margaret H. McFarland
Deputy Secretary

https://www.sec.gov/rules/sro/34-47978.htm#P99_35478

The DTC passed that rule change....

They not only prevented the issuers from removing their deposits, they also turned a 'blind-eye' to their participants manipulative short selling, even when there's public evidence of them doing so...

....Those companies were being attacked with shares THEY put in the DTC, by institutions they can't even identify...

..Let's take a quick breath and recap:

The DTC started using a computerized ledger and was very successful through the 80's. This evolved into trading systems that were also computerized, but not as sophisticated as they hoped.. They played a major part in the 1987 crash, along with severely desynchronized derivatives trading.

In 2003, the DTC denied issuers the right to withdraw their deposits because those securities were in the control of participants, instead. When issuer A deposits stock into the DTC and participant B shorts those shares

into the market, that's a form of rehypothecation. This is what so many issuers were trying to express in their comment letters. In addition, it hurts their company by driving down its value. They felt robbed because the DTC was blatantly allowing its participants to do this, and refused to give them back their shares..

It was critically important for me to paint that background.

..now then....

Remember when I mentioned the DTC's enrollee- Cede & Co.?

DTC or its nominee, Cede & Co.

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635 (section II)

I'll admit it: I didn't think they were that relevant. I focused so much on the DTC that I didn't think to check into their enrollee...

..Wish I did....

You Don't Really Own Your Securities; Can Blockchains Fix That?

By Brian Patrick Eha July 27, 2016, 3:29 p.m. EDT 9 Min Read



If blockchain technology accomplishes nothing else in the capital markets, it is at least drawing attention to an unsettling fact: In the United States, publicly traded stock does not exist in private hands.

It is not owned by the ostensible owners, who, by virtue of having purchased shares in this or that company, are led to believe they actually own the shares. Technically, all they own are IOUs. The true ownership lies elsewhere.

While private-company stock is still directly owned by shareholders, nearly all publicly traded equities and a majority of bonds are owned by a little-known partnership, Cede & Co., which is the nominee of the Depository Trust Co., a depository that holds securities for some 600 broker-dealers and banks. For each security, Cede & Co. owns a master certificate known as the "global security," which never leaves its vault. Transactions are recorded as debits and credits to DTC members' securities accounts, but the registered owner of the securities — Cede & Co. — remains the same.

<https://www.americanbanker.com/news/you-dont-really-own-your-securities-can-blockchains-fix-that>

That's right.... Cede & Co. hold a "master certificate" in their vault, which **NEVER** leaves. Instead, they issue an *IOU* for that master certificate..

Didn't we JUST finish talking about why this is such a major flaw in our system..? And that was almost 20 years ago...

Here comes the mind f*ck

Part 8: Illegal Naked Shorting Series: Who or What is Cede and What Role Does Cede Play in the Trading of Stocks?

POSTED by LARRY SMITH on JUL 1, 2019 · (0) 

You Really Don't Own the Shares that Appear in Your Brokerage Account; They Belong to Cede

Most investors when they buy a publicly traded stock believe that they own a part of some company. They think that somewhere there is a stock certificate or some indication of ownership that has their name on it, but this is not the case. **When you buy a "stock" you are actually purchasing a security that affords certain entitlement rights related to registered stock which actual owners hold.** The registered shares of a private company are directly owned by shareholders. In contrast, the registered shares of nearly all publicly traded equities are owned by Cede & Co., which is the nominee of the Depository Trust Company (DTC). (A nominee is a company whose name is given as having title to a stock, but does not receive the financial benefits of ownership.) **Cede is a subsidiary of the Depository Trust Company (DTC) which is a subsidiary of the Depository Trust and Clearing Corporation (DTCC) and the DTCC is a private company owned by elite Wall Street firms and money center banks.** If you need background or a refresher on DTC and DTCC, **click on this link.** Effectively, **elite Wall Street firms and money center banks, not institutions and individual investors, own almost all of the registered shares of publicly traded companies in the US.**

<https://smithonstocks.com/part-8-illegal-naked-shorting-series-who-or-what-is-cede-and-what-role-does-cede-play-in-the-trading-of-stocks/>

benefits such as dividends and to vote on corporate governance issues. **While you may think you are buying registered stock, you are actually buying a financial derivative related to that stock. Effectively, you are buying a financial derivative from brokers of a financial derivative they hold from Cede that is just a digital entry in your DTC account.**

<https://smithonstocks.com/part-8-illegal-naked-shorting-series-who-or-what-is-cede-and-what-role-does-cede-play-in-the-trading-of-stocks/>

Now.....

You wanna know the BEST part???

I found a list of all the DTC participants that are responsible for this mess..

**I've got your name, number, and I'm coming for you- *ALL OF YOU*
*to be continued.***

DIAMOND.F*CKING.HANDS

“They (retail traders) exploited an opportunity around short selling and we will have to adapt.”

GABRIEL PLOTKIN, FOUNDER OF MELVIN CAPITAL

A HOUSE OF CARDS PART 2

PUBLISHED MAY 27, 2021

U/ATOBITT

1. Pilot

I WASN'T LOOKING into GameStop when all of this began. Most of my time was spent researching the pandemic's impact on the economy. I'm talking about the economic steam engine that employs people and puts food on their tables. Especially the small businesses that were executive steamrolled by COVID lockdowns. It was scary how fast they had to close their doors.

I spent a lot of time looking at companies like GameStop. Brick-n-mortar businesses were basically running out of bricks to sh*t. Frankly, GameStop looked a lot like the next Blockbuster and it just seemed like a matter of time before they went under. Had DFV not done his homework, it's possible we wouldn't have a rocket to HODL or a story to TODL.

Whoever has/had a short position with GameStop was probably thinking the same thing. The number of shares that can be freely traded on a daily basis is referred to as "the float". GameStop has 70,000,000 shares outstanding, but 50,000,000 shares represented "the float". With a small float like this, a short position of 20% becomes significant. Heck, Volkswagen got squozed with just a 12.8% short position. So let's use little numbers to walk through an example of how this works.

Assume VW has 100 shares outstanding. If 12.8% of the company has been sold short, then 12.8 shares (let's just say 13) must be available to purchase at a later date (assuming VW doesn't go bankrupt). However, VW had a float of 45% which meant there was no real strain to cover that 12.8% short position at any moment. However, when Porsche announced they wanted to increase their position in VW, they invested HEAVILY.

“The kicker was that Porsche owned 43% of VW shares, 32% in options, and the government owned 20.2%... In plain terms, it meant that the actual available float went from 45% down to 1% of outstanding shares” (bullishbears.com/vw-short-squeeze/).

Let's revisit our scenario. With 100 shares outstanding and 13 shares sold short, what happens if only 1 share was available to cover instead of 45?

Well..... THIS:



GameStop is/was the victim of price suppression through short selling. I discussed this topic with [Dr. T](#) and [Carl Hagberg](#) in [our AMAs](#). Every transaction has two sides- a buy and a sell. Short selling artificially increases the *supply* of shares and causes the price to decline. When this happens, the price can only increase if *demand* exceeds the increase in supply.

I started looking closely at GameStop after confirming their reported short position of 140%. It's important for me explain this why this is so much different than the VW example...

140% of GameStop's FLOAT was sold short. There were 50,000,000 shares in that float, so 140% of this was equal to the 70,000,000 shares the company has outstanding. This means AT LEAST 100% of their outstanding shares has been sold short. Now compare that to VW where the short position was only 12.8%... Simply put, it is mathematically impossible to cover more than 100% of a company's outstanding stock.

The *peak* of the VW squeeze was reached when the demand for shares became surpassed by the supply of those shares. Here, demand represents 12.8% of their stock which must be available to close the short position. With only 1% of shares available, this guaranteed a squeeze until the number of shares available to trade could satisfy the remaining short interest.

When a company has a short position with more than 100% of total shares outstanding, the preceding argument is thrown out the window. Supply cannot surpass demand because the company can only issue 100% of itself at any given time. Therefore, the additional 40% could only be explained by multiple people claiming ownership of the same share... Surely this is a mistake.. right? I thought this level of short selling was impossible..

..Until I saw the number of short selling violations issued by FINRA..

As we go through these FINRA reports, there are a few things to keep in mind:

1. FINRA is not a part of the government. FINRA is a non-profit entity with regulatory powers set by congress. This makes FINRA the largest self-regulatory organization (SRO) in the United States. The SEC is responsible

for setting rules which protect individual investors; FINRA is responsible for overseeing most of the brokers (collectively referred to as members) in the US. As an SRO, FINRA sets the rules by which their members must comply- **they are not directly regulated by the SEC**

2. FINRA investigates cases at their own pace. When looking at the “*Date Initiated*” on their reports, it is not synonymous with “*date of occurrence*”. Many times, FINRA will not say when a problem occurred, just resolved. It can be YEARS after the initial occurrence. The [DTC participant report](#) is littered with cases that were initiated in 2019 but occurred in 2015, etc. Many of the violations occurring today will take years to discover

3. FINRA can issue a violation for each occurrence using a 1:1 format. When it comes to violations like short selling, however, these “occurrences” can last months or even years. When this happens, FINRA issues a violation for multiple occurrences using a 1:MANY format. I discussed this event in [Citadel Has No Clothes](#) where one violation represented FOUR YEARS of market f*ckery. What’s sh*tty is that FINRA doesn’t tell you which violations are which. You have to read each line and see if they mention a date range of occurrence within each record. If they don’t, you must assume it was for one event... BRUTAL

4. FINRA’s investment portfolio is held by the same entities they are issuing violations to... Let that sink in for a minute

2. State your case...

Can you think of a reason why short sellers would want to understate their short positions? Put yourself in their situation and imagine you're running a hedge fund...

You operate in a self-regulated (SRO) environment and your records are basically private. If the SEC asks you to justify suspicious behavior, you really don't have to provide it. The worst that could happen is a slap on the wrist. I wrote about this EXACT same thing in [Citadel Has No Clothes](#). They received a cease-and-desist order from the SEC on 12/10/2018 for failing to submit complete and accurate records. This 'occurred' from November 2012 through April 2016 and contained deficient information for over 80,000,000 trades. Their punishment... \$3,500,000... So why even bother keeping an honest ledger?

Now, suppose you short a bunch of shares into the market. When you report this to FINRA, they require you to mark the transaction with a short sale indicator. In doing so, FINRA builds a paper trail to your short selling activity.

However... if you omit this indicator, FINRA can't distinguish that transaction from a long sale. Who else would there be to hold you accountable for covering your position? This is especially true for self-clearing organizations like Citadel because there are less parties involved to hold you accountable with recordkeeping. If FINRA thinks you physically owned those shares and sold them (long sale), they have no reason to revisit that transaction in the future... You could literally pocket the cash and dump the commitment to cover.

Another very important advantage is that it allows short sellers to artificially increase the supply of shares while understating the outstanding short interest on that security. The supply of shares being sold will drive down the price, while the short interest on the stock remains the same.

So.. aside from paying a fine, how could you possibly lose by “forgetting” to mark that trade with a short sale indicator? It would seem the system almost incentivizes this type of behavior.

I combed through the [DTC participant report](#) and found enough dirt to fill the empty chasm that is Ken Griffin’s soul. Take a guess at what their most common short selling violation is.. I’m going to assume you said **“FAILING TO PROPERLY MARK A SHORT SALE TRANSACTION”**.

For the record, I just want to say I called this in March when I wrote [Citadel Has No Clothes](#). Citadel has one of the highest concentrations of short selling violations in their FINRA report. At the time, I didn’t fully understand the consequences of this violation... After seeing how many participants received the same penalty, it finally made sense.

There are roughly 240 participant account names on the DTC’s list. Sh*t you not, I looked at every short selling violation that was published on [Brokercheck.finra.org](#). To be fair, I eliminated participants with only 1 or 2 violations related to short selling. There were PLENTY of bigger fish to fry.

I literally picked the first participant at the top of the list and found three violations for short selling.

cracks knuckles

[ABN AMRO Clearing Chicago LLC](#) (AACC) is the 3rd largest bank in the Netherlands. They got popped for three short selling violations, one of which included a failure-to-deliver. In total, they have 78 violations from FINRA. Several of these are severe compared to their violations for short selling. However, the short selling violations revealed a MUCH bigger story:

Disclosure 36 of 78

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT SHORT INTEREST POSITIONS TO THE NEW YORK STOCK EXCHANGE AND FINRA FOR SAMPLE SETTLEMENT DATES AND SUBMITTED TO FINRA AN INACCURATE SHORT INTEREST POSITION REPORT. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA AND NASD RULES, CONCERNING SHORT-INTEREST REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S).

So... ABN AMRO submitted an inaccurate short interest position to the NYSE and FINRA and lacked the proper supervisory systems to comply with... practically everything...

In 2014, AMRO forked over \$95,000 to settle this and didn't even say they were sorry.

In these situations, it's easy to think "*meh, could have been a fluke event*". So I took a closer look and found violations by the same participants which made it much harder to argue their case of sheer negligence. Here are a couple for AMRO:

Disclosure 39 of 78

Reporting Source: Regulator

Current Status: Final

Allegations: CFTC RELEASE PR6614-13/JUNE 19, 2013: THE COMMODITY FUTURES TRADING COMMISSION (CFTC) HAS REASON TO BELIEVE THAT ABN AMRO CLEARING CHICAGO LLC VIOLATED THE COMMODITY EXCHANGE ACT (THE CEA) AND COMMISSION REGULATIONS (REGULATIONS). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED TO DETERMINE WHETHER THE FIRM HAS ENGAGED IN THE VIOLATIONS AS SET FORTH HEREIN AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS. **THE CFTC**

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www.finra.org/brokercheck

ISSUED AN ORDER FILING AND SETTLING CHARGES AGAINST THE FIRM FOR FAILING TO SEGREGATE OR SECURE SUFFICIENT CUSTOMER FUNDS, FAILING TO MEET THE MINIMUM NET CAPITAL REQUIREMENTS, FAILURE TO MAINTAIN ACCURATE BOOKS AND RECORDS, AND FAILURE TO SUPERVISE ITS EMPLOYEES.

ABN AMRO got slapped with a \$1,000,000 fine for understating capital requirements, failing to maintain accurate books, and failing to supervise employees. If you mess up once or twice but end up fixing the problem-GREAT. When your primary business is to clear trades and you fail THIS bad, there is a much bigger problem going on. It gets hard to defend this as an accident when every stage of the trade recording process is fundamentally flawed. The following screenshot came from the same violation:

THE CME GROUP FOUND THAT THE FIRM HAD IMPROPERLY USED A CUSTOMER'S WITHDRAWN WAREHOUSE RECEIPTS AS COLLATERAL FOR MARGINING PURPOSES. WITHOUT THESE WAREHOUSE RECEIPTS, THE CUSTOMER'S ACCOUNTS WERE UNDER-MARGINED ON SEVERAL OCCASIONS, AND THE FIRM HAD TO REDUCE ITS ADJUSTED NET CAPITAL BY AN AMOUNT EQUAL TO THE MARGIN DEFICITS. ONCE THESE

[Warehouse receipts](#) are like the receipts you get after buying lumber online. You can print these out and take them to Home-Depot, where you

exchange them for the ACTUAL lumber in the store. Instead of trading the actual goods, you can trade a warehouse receipt instead... so yeah... since this ONE record allowed AMRO to meet their customer's margin requirement, it seems EXTREMELY suspicious that they didn't appropriately remove it once they were withdrawn.

Do I think this was an accident? F*ck no. Because FINRA reported them 8 years later for doing the SAME F*CKING THING:

Disclosure 4 of 78

Reporting Source: Regulator

©2021 FINRA. All rights reserved. Report about ABN AMRO CLEARING CHICAGO LLC

www.finra.org/brokercheck

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT UNDERSTATED THE PORTFOLIO MARGIN REQUIREMENTS FOR ACCOUNTS AT VARIOUS POINTS IN TIME. THE FINDINGS STATED THAT THE FIRM INCORRECTLY TREATED CERTAIN OTC EQUITY SECURITIES THAT ARE NOT MARGIN ELIGIBLE, AS MARGINABLE SECURITIES. AS A CONSEQUENCE, THE FIRM UNDERSTATED THE MARGIN REQUIREMENTS FOR THESE ACCOUNTS BY MILLIONS OF DOLLARS. THE FIRM MISTAKENLY CATEGORIZED THE OTC TRADED EQUITIES AT ISSUE AS MARGIN ELIGIBLE BECAUSE OF AN INCORRECT DEFINITION OF MARGIN ELIGIBLE SECURITIES USED BY THE FIRM. AFTER THE PROBLEM WAS IDENTIFIED BY FINRA, THE FIRM CORRECTED THE ISSUE.

Once again, AMRO got caught understating their margin requirements. Last time, they used the value of withdrawn warehouse receipts to meet their margin requirements. Here, they're using securities which weren't eligible for margin to meet their margin requirements..

You can paint apple orange, but it's still an apple..

The bullsh*t I read about in these reports doesn't really shock me anymore. It's actually the opposite.. You begin to *expect* bigger fines as they set higher benchmarks for misconduct. When I find a case like AMRO, I'll usually put more time into it because certain citations represent puzzle

pieces. Once you find enough pieces, you can see the bigger picture. So believe me when I say I was genuinely shocked by the [detail report](#) on this case...

OVERVIEW

From April 2007 until July 2015 (the “relevant period”), AACC understated the portfolio margin requirements for 22 accounts at various points in time. It incorrectly treated certain over-the-counter (“OTC”) equity securities, which are not margin eligible, as marginable securities. As a consequence, the firm understated the margin requirements

This has been going on for 8 F*CKING YEARS!?

Without a doubt, this is a great example of a violation where the misconduct supposedly *ended* in 2015 but took another 4 years for FINRA to publish the d*mn report. If my math is correct, the 8 year “relevant period” plus the 4 years FINRA spent... I don’t know... reviewing?... yields a total of 12 years. In other words, from the time this problem started to the time it was publicized by FINRA, the kids in 1st grade had graduated high school...

Does anyone else think these self-regulatory organizations (SROs) are doing a terrible job self-regulating...? How we can trust these situations are appropriately monitored if it takes 12 years for a sh*t blossom to bloom?

...OH! I almost forgot... After understating their margin requirements in 22 accounts for over 8 years, ABN AMRO paid a \$150,000 fine to settle the dust...

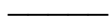
I know that was a sh*t load of information so let me summarize it for you:

One of the most common citations occurs when a firm “accidentally” marks a short sale as long, or misreports short interest positions to FINRA. When a short sale occurs, that transaction should be marked with a short sale indicator. Despite this, many participants do it to avoid the borrow requirements set by Regulation SHO. If they mark a short sale as long, they are not required to locate a borrow because FINRA doesn’t know it’s a short sale.

This is why so many of these FINRA violations include a statement about the broker failing to locate a borrow along with the failure to mark a short sale indicator on the transaction. It literally means the broker was naked short selling a stock and telling FINRA they physically owned that share..

Suddenly, a “small” violation had much bigger implications. The number of short shares that have been excluded from the short interest calculation is directly related to these violations... and there are HUNDREDS of them. Who knows how many companies have under reported short interest positions..

To be clear, I did NOT choose them based on the amount of ‘dirt’ they had. AMRO’s violations were like grains of sand on a beach and It’s going to take A LOT of dirt to fill the bottomless pit that is Ken Griffin’s soul. Frankly, ABN MRO wouldn’t get us there with 10,000 FINRA violations. So without further ado, let’s get dirty..



3. Call em’ out...

When FINRA publishes one of their reports, the granular details like numbers and dates are often left out. This makes it impossible to determine how systematic a particular issue might be.

For example, if you know that “XYZ failed to comply with FINRA’s short interest reporting requirements” your only conclusion is that the violation occurred. However, if you know that “XYZ failed to comply with FINRA’s short interest reporting requirements on 15,000 transactions during 2020” you can start investigating the magnitude of that violation. If XYZ only completed 100,000 transactions in 2020, it means 15% of their transactions failed to meet requirements. This represents a major systematic risk to XYZ and the parties it conducts business with.

I spent some time analyzing [Apex Clearing Corporation](#) after I left ABN AMRO. Apex is 8th on the list and the 2nd participant I found with an evident short selling problem.

In 2019, FINRA initiated a case against Apex for doing the same sh*t as ABN AMRO. However, the magnitude of this violation really put things into perspective: I got a small taste of how f*cked this house of cards truly is.

Disclosure 2 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO COMPLY WITH FINRA'S SHORT INTEREST REPORTING REQUIREMENTS AND RELATED SUPERVISION OBLIGATIONS. THE FINDINGS STATED THAT THE FIRM EXPERIENCED AN ISSUE IN ITS SHORT INTEREST REPORTING LOGIC THAT EXCLUDED CERTAIN SHORT INTEREST POSITIONS FROM THE FIRM'S SUBMISSIONS TO FINRA. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS SHORT INTEREST REPORTING OBLIGATIONS. SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, TO CONFIRM THAT ITS REPORTING SYSTEM CAPTURED ALL REPORTABLE SHORT INTEREST POSITIONS. MOREOVER, THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM TO REVIEW FOR THE ACCURACY OF THE FIRM'S SHORT INTEREST POSITIONS REPORTED TO FINRA.
Initiated By:	FINRA
Date Initiated:	10/15/2019
Docket/Case Number:	2016049448301

This is practically a template of the first ABN AMRO violation we discussed. To see the difference, we need to look at their [letter of](#)

Acceptance, Waiver and Consent (AWC)..

FACTS AND VIOLATIVE CONDUCT

Short Interest Reporting Violations

1. FINRA Rule 4560 requires firms to maintain a record of total short positions in all customer and proprietary firm accounts in all equities securities (with certain exceptions that are not applicable here), and regularly report such information to FINRA in such a manner as may be prescribed by FINRA.
2. During the review period, the firm experienced an issue in its short interest reporting logic that excluded certain short interest positions from the firm's submissions to FINRA. Specifically, Apex instructed its correspondent broker-dealer customers to book short positions into either the Type 1 (cash) or Type 5 (short margin) accounts. Unbeknownst to Apex, certain correspondent broker-dealers were booking short positions into another account available to them – Type 2 (margin) account. The short positions booked into this account were not included in the firm's submissions to FINRA. For two sample settlement dates during the 47-months review period the firm failed to report 256 short interest positions totaling 481,195 shares, and inaccurately reported 130 short interest positions totaling 1,648,923 shares, when it should have reported 130 short interest positions totaling 2,528,244 shares.
3. By virtue of the foregoing, the firm violated FINRA Rules 4560 and 2010.¹

Let's break this down step-by-step...

Apex had an issue for 47 months where certain customers recorded their short positions in an account which was NOT being sent to FINRA. It only takes a few wrinkles on the brain to realize this is a problem. The sample data tells us just how bad that problem is..

When you see the term “*settlement days*”, think “T+2”. Apex follows the T+2 settlement period for both cash accounts and margin accounts which means the trade *should* clear 2 days after the original trade date. When you buy stock on a Monday, it should settle by Wednesday.

Ok.. quick maff...

There are roughly 252 trading days in one year after removing weekends and holidays. Throughout the 47 month “review period”, we can safely assume that **Apex had roughly 987 ((252/ 12) * 47) settlement dates...**

In other words: 256 misstated reports over 47 months is more than 1 misstatement / week for nearly 4 years. Tell me again how this is *trivial*?

The wording of the “sample settlement” section is a bit ambiguous... It doesn’t clarify if those were the only 2 settlement dates they sampled, or if they were the only settlement dates with reportable issues. Honestly, I would be shocked if it was the latter because auditors don’t examine every record, but I can’t be certain...

Anyway... FINRA discovered 256 short interest positions, consisting of 481,195 shares, were *incorrectly* excluded from their short interest report. In addition, they understated the share count by 879,321 in 130 separate short interest positions. Together, this makes 1,360,516 shares that were excluded from the short interest calculation. When you realize nearly 1.5 million ‘excluded’ shares were discovered in just 2 settlement periods and there were almost 1,000 dates to choose from, it seriously dilates the imagination...

Once again... FINRA wiped the slate clean for just \$140,000...

I want to talk about one last thing before we jump to the next section. Did you happen to notice the different account types that Apex discussed in their letter of Acceptance, Waiver and Consent ? They specifically instructed their customers to book short positions into a TYPE 1 (CASH) account, or TYPE 5 (SHORT MARGIN) account. A short margin account is just a margin account that holds short positions. The margin requirement for short positions are more strict than regular margin accounts, so I can see the advantage in separating them.

In the [AMA with Wes Christian](#) (*starting at 7:30*), he specifically discussed how a broker-dealer's margin account is used to locate shares for short sellers. However, the margin account contains shares that were previously pledged to another party. Given the lack of oversight in securities lending, the problem keeps compounding each time a new borrower claims ownership of that share.

Now think back to the situation with Apex..

They asked their customers to book short positions to a short-margin account or a cash account. The user agreement with a margin account allows Apex to continue lending those securities at any time. As discussed with Dr. T and Carl Hagberg, the broker collects interest for lending your margin shares and doesn't pay you anything in return. When multiple locates are authorized for the same share, the broker collects multiple lending fees on the same share.

In contrast, the cash account falls under the protection of [SEA 15c3-3](#) and consists of shares that have not been leveraged- or lent- like the margin-short account. According to Wes (*starting at 8:30*), these shares are segregated and cannot be touched. The broker cannot encumber-or restrict-them in any way. However, according to Wes, this is currently happening. He also explained how Canada has legalized this and currently allows broker-dealers to short sell your cash account shares against you.

Alright.... I'll stop beating the dead horse regarding short sale indicators & inaccurate submissions of short interest positions. Given the volume of citations we haven't discussed, I'll summarize some of my findings, below.

Keep in mind these are ONLY for “**FAILURE TO REPORT SHORT INTEREST POSITIONS**” or “**FAILURE TO INDICATE A SHORT**”

SALE MODIFIER”. If the violations contain additional information, it’s because that citation actually listed additional information. **It does NOT represent an all-inclusive list of short selling violations for these participants.**

...You wanted to know how systematic this problem is, so here you go... *(EACH BROKER-DEALER NAME IS HYPERLINKED TO THEIR FINRA REPORT)*

1. [Barclays](#) | Disclosure 36 – “SUBMITTED 86 SHORT INTEREST POSITIONS TOTALING 41,100,154 SHARES WHEN THE ACTUAL SHORT INTEREST POSITION WAS 44,535,151 SHARES.. FAILED TO REPORT 8 SHORT INTEREST POSITIONS TOTALING 1,110,420 SHARES”

- a. \$10,000 FINE

2. [Barclays](#) | Disclosure 54 – “SUBMITTED AN INACCURATE SHORT INTEREST POSITION TO FINRA AND FAILED TO REPORT ITS SHORT INTEREST POSITIONS IN 835 POSITIONS TOTALING 87,562,328 SHARES”

- a. \$155,000 FINE

3. [BMO Capital Markets Corp](#) | Disclosure 23 – “SUBMITTED SHORT INTEREST POSITIONS TO FINRA THAT WERE INCORRECT AND FAILED TO REPORT TO FINRA ITS SHORT INTEREST POSITIONS TOTALING OVER 72 MILLION SHARES FOR 11 MONTHS”

- a. \$90,000 FINE

4. [BNP Paribas Securities Corp](#) | Disclosure 53 – “FAILED TO REPORT TO FINRA ITS SHORT INTEREST IN 2,509 POSITIONS TOTALING 6,051,974 SHARES”

- a. \$30,000 FINE

5. [BNP Paribas Securities Corp](#) | Disclosure 9 – “ON 35 OCCASIONS OVER A FOUR-MONTH PERIOD, A HEDGE FUND SUBMITTED SALE ORDERS MARKED “LONG” TO BNP FOR CLEARING. FOR EACH OF THOSE “LONG” SALES, ON THE MORNING OF SETTLEMENT, THE HEDGE FUND DID NOT HAVE THE SHARES IN IT’S BNP ACCOUNT TO COVER THE SALE ORDER. IN ADDITION, BNP WAS ROUTINELY NOTIFIED THAT THE HEDGE FUND WOULD NOT BE ABLE TO COVER. NEVERTHELESS, WHEN EACH SETTLEMENT DATE ARRIVED AND THE HEDGE FUND WAS UNABLE TO COVER, BNP LOANED THE SHARES TO THE HEDGE FUND. IN TOTAL, BNP LOANED MORE THAN 8,000,000 SHARES TO COVER THESE PURPORTED “LONG” SALES”

- a. \$250,000 FINE

6. [Cantor Fitzgerald & Co](#) | Disclosure 1 - (literally came out on 5/6/2021) – “THE FIRM SUBMITTED INACCURATE SHORT INTEREST POSITIONS TO FINRA. THE FIRM OVERREPORTED NEARLY [55,000,000 SHORT SHARES](#) WHICH WERE CUSTODIED WITH AND ALREADY REPORTED BY ITS CLEARING FIRM, WITH WHICH CANTOR MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT”

- a. \$250,000 FINE

7. [Cantor Fitzgerald & Co](#) | Disclosure 31 - "...THE FIRM EXECUTED NUMEROUS SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT... THE FIRM, ON NUMEROUS OCCASIONS, ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE FROM ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY..."

- a. \$53,500 FINE

8. [Cantor Fitzgerald & Co](#) | Disclosure 33 - "...EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM HAD FAIL-TO-DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS... FAILED TO IMMEDIATELY CLOSE OUT FTD POSITIONS... ACCEPTED SHORT SALE ORDERS FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE FROM ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED..."

- a. \$125,000 FINE

9. [Canaccord Genuity Corp](#) | Disclosure 17 - "THE FIRM EXECUTED SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY AS SHORT"

- a. \$57,500 FINE

10. [Canaccord Genuity Corp](#) | Disclosure 20 - “THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT”

- a. \$27,500 FINE

11. [Canaccord Genuity Corp](#) | Disclosure 31 - “...SUBMITTED TO NASD MONTHLY SHORT INTEREST POSITION REPORTS THAT WERE INACCURATE”

- a. \$85,000 FINE

12. Citadel Securities LLC | [Citadel Has No Clothes](#) – LITERALLY ALL I TALK ABOUT IN THAT POST. GO READ IT

13. [Citigroup Global Markets](#) | Disclosure 10 – “THE FIRMS TRADING PLATFORM FAILED TO RECOGNIZE THAT THE FIRM WAS SELLING SHORT WHEN IT WAS ACTING AS THE CONTRA PARTY TO A CUSTOMER TRADE. AS A RESULT, THE FIRM ERRONEOUSLY REPORTED SHORT SALES TO A FINRA TRADE REPORTING FACILITY AS LONG SALES... EFFECTING SHORT SALES FROM ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY...”

- a. \$225,000 FINE

14. [Citigroup Global Markets](#) | Disclosure 59 – “...THE FIRM RECORDED 203,653 SHORT SALE EXECUTIONS ON ITS BOOKS AND RECORDS AS LONG SALES, SUBMITTED INACCURATE ORDER ORIGINATION CODES AND ACCOUNT TYPE CODES TO THE AUDIT TRAIL SYSTEM FOR APPROXIMATELY 2,775,338 ORDERS... “

- a. \$300,000 FINE

15. [Citigroup Global Markets](#) | Disclosure 76 – “...FAILED TO PROPERLY MARK APPROXIMATELY 9,717,875 SALE ORDERS AS SHORT SALES... FINDINGS ALSO ESTIMATED THAT THE FIRM ENTERED **55 MILLION ORDERS** INTO THE NASDAQ MARKET CENTER THAT IT FAILED TO CORRECTLY INDICATE AS SHORT SALES...”

- a. \$2,250,000 FINE

16. [Cowen and Company LLC](#) | Several Disclosures – almost every other disclosure is for failing to mark a sale with the appropriate indicator, including short AND long sale indicators

17. [Credit Suisse Securities LLC](#) | Disclosure 34 – “NEW ORDER REPORTS WERE INACCURATELY ENTERED INTO ORDER AUDIT TRAIL SYSTEM (OATS) AS LONG SALES BUT WERE TRADE REPORTED WITH A SHORT SALE INDICATOR”

- a. \$50,000 FINE

18. [Credit Suisse Securities LLC](#) | Disclosure 95 – “BETWEEN SEPTEMBER 2006 AND JUNE 2008, CREDIT SUISSE FAILED TO SUBMIT ACCURATE PERIODIC REPORTS WITH RESPECT TO SHORT POSITIONS...”

- a. \$40,000 FINE

19. [Deutsche Bank Securities INC.](#) | Disclosure 50 – “THE FIRM FAILED TO REPORT SHORT INTEREST POSITIONS IN DUALY-LISTED SECURITIES”

- a. \$200,000 FINE

20. [Deutsche Bank Securities INC.](#) | Disclosure 52 – “THE FIRM... EXPERIENCED MULTIPLE PROBLEMS WITH ITS BLUE SHEET SYSTEM THAT CAUSED IT TO SUBMIT INACCURATE BLUE SHEETS TO THE SEC AND FINRA... INCORRECTLY REPORTED LONG ON ITS BLUE SHEET TRANSACTIONS WHEN CERTAIN TRANSACTIONS SHOULD HAVE BEEN MARKED SHORT”

a. \$6,000,000 FINE (SEVERAL OTHER ISSUES REPORTED IN ADDITION TO SHORTS)

21. [Deutsche Bank Securities INC.](#) | Disclosure 58 – “BETWEEN JANUARY 2005 AND CONTINUING THROUGH NOVEMBER 2015, THE FIRM IMPROPERLY INCLUDED THE AGGREGATION OF NET POSITIONS IN CERTAIN SECURITIES OF A NON-US BROKER AFFILIATE... IN ADDITION... DURING THE PERIOD BETWEEN APRIL 2004 AND SEPTEMBER 2012, THE FIRM INAPPROPRIATELY REPORTED CERTAIN SHORT INTEREST POSITIONS ON A NET, INSTEAD OF GROSS, BASIS..”

- a. \$1,400,000 FINE

22. [Goldman Sachs & Co. LLC](#) | Disclosure 32 – “THE FIRM REPORTED SHORT SALE TRANSACTIONS TO FINRA TRADE REPORTING FACILITY WITHOUT THE REQUIRED SHORT SALE MODIFIER”

- a. \$260,000 FINE (SEVERAL OTHER ISSUES REPORTED IN ADDITION TO SHORTS)

23. [Goldman Sachs & Co. LLC](#) | Disclosure 54 – “FAILED TO ACCURATELY APPEND THE SHORT SALE INDICATOR TO FINRA/NASDAQ TRADE REPORTING FACILITY REPORTS... INACCURATELY MARKED SELL TRANSACTIONS ON ITS TRADING LEDGER”

- a. \$55,000 FINE

24. [Goldman Sachs & Co. LLC](#) | Disclosure 63 – “...SUBMITTED TO FINRA AND THE SEC BLUE SHEETS THAT INACCURATELY REPORTED CERTAIN SHORT SALE TRANSACTIONS AS LONG SALE TRANSACTIONS WITH RESPECT TO THE FIRM SIDE OF CUSTOMER FACILITATION TRADES... THE FIRM REPORTED SHORT SALES AS LONG SALES ON ITS BLUE SHEETS WHEN THE TRADING DESK USED A PARTICULAR MIDDLE OFFICE SYSTEM...”

- a. \$1,000,000 FINE

25. [Goldman Sachs & Co. LLC](#) | Disclosure 150 – “GOLDMAN SACHS & CO. FAILED TO REPORT SHORT INTEREST POSITIONS FOR FOREIGN SECURITIES AND NUMEROUS SHARES ONE MONTH... THE FIRM REPORTED SHORT INTEREST POSITIONS IN SECURITIES TOTALING SEVERAL MILLION SHARES EACH TIME WHEN THE ACTUAL SHORT INTEREST POSITIONS IN THE SECURITIES WERE ZERO SHARES... ACCEPTING A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE FROM ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY OR BELIEVING THE SECURITY COULD BE BORROWED ON THE DATE OF DELIVERY...”

- a. \$120,000 FINE

26. [Goldman Sachs & Co. LLC](#) | Disclosure 167 – “...THE FIRM FAILED TO REPORT TO THE NMC THE CORRECT SYMBOL INDICATING THAT THE TRANSACTION WAS A SHORT SALE FOR TRANSACTIONS IN REPORTABLE SECURITIES...”

- a. \$600,000 FINE (SEVERAL OTHER ISSUES REPORTED IN ADDITION TO SHORTS)

27. [HSBC Securities \(USA\) INC.](#) | Disclosure 26 – “FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO MARK THEM AS SHORT... HSBC SECURITIES HAD A FAIL-TO-DELIVER SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY CLOSE OUT THE FTD POSITION... THE FIRM CONTINUED TO HAVE A FTD IN THE SECURITY AT A CLEARING AGENCY ON 79 ADDITIONAL SETTLEMENT DAYS...”

- a. \$65,000 FINE

I'm going to stop at 'H' because I'm tired of writing. Hopefully, you all understand the point so far. We're only 8 letters into the alphabet and have successfully buried Ken to his waist.

The system that is used to mark the proper transaction type (sell, buy, short sell, short sell exempt, etc.) is obviously broken... There, I said it.. the system is INDUBITABLY, UNDOUBTEDLY, INEVITABLY F*CKED..

Regardless of the cause- fraud or negligence- there are too many firms failing to accomplish a seemingly simple task. The consequences of which are creating far more shares than we can imagine. It's a gigantic domino effect. If you fail to properly mark 1,000,000 short shares and a year goes by without catching the problem, it's already too late. They're like the f*cking replicators from Stargate..

In each of the examples listed above, the short interest on the stock was understated by the number of shares excluded... and that was just a handful..

Knowing this, how can someone look at the evidence and say it's *trivial*....?

No one really knows HOW systematic this issue is because it is so deeply incorporated in the market that it has BECOME the system itself. Therefore, there is obviously something much deeper going on, here.. How does one argue against the severity of these problems after reading this? There are FAR too many things that don't make sense and FAR too many people turning a blind eye..

The only conclusion I keep coming back to is that the people with money know what's going on and are desperately trying to keep it under wraps..

..So.... In an effort to prove this, I looked for violations that showed their desperation to protect this f*cked up system.

..Buckle up..

“Gamestonk!”

ELON MUSK’S TWITTER ACCOUNT

A HOUSE OF CARDS PART 3

PUBLISHED MAY 27, 2021

U/ATOBITT

4. Slimy...

IF YOU WATCHED the [AMA with Wes Christian](#), he talks about the number of occurrences where the actual short interest is severely understated based on the data his firm obtained for legal proceedings. According to his numbers, in most cases the short interest is 50% - 150% **MORE** than what is reported by the SEC (*starting at 14:30*).

The objective isn't to address the issue: it's to keep the issue hidden. Firms that underreport their short interest are gaming the system by taking advantage of how the short interest calculation is done. When the SEC relies on reports that broker-dealers provide, and FINRA takes YEARS to reveal the lies within those reports, the broker-dealer can lie without immediately facing the consequences. It allows these firms to operate in a high-risk environment without exposing just HOW big their risk-appetite is.

Another example that Wes mentioned was [Merrill Lynch](#). Merrill was fined [\\$415,000,000](#) (*violation 3*) in 2016 for using securities held in their customer's accounts to cover their own trades. Check out this screenshot I took from that case:

Allegations: ON JUNE 23, 2016, THE SECURITIES AND EXCHANGE COMMISSION ("SEC") ISSUED AN ADMINISTRATIVE ORDER IN WHICH IT FOUND THAT MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("MERRILL LYNCH") AND MERRILL LYNCH PROFESSIONAL CLEARING CORP. ("MLPRO") (COLLECTIVELY, "ML") HAD **WILLFULLY VIOLATED SECTION 15(C)(3) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND RULE 15C3-3 THEREUNDER AND SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-3(A)(10) AND 17A-5(A) THEREUNDER, AND THAT MERRILL LYNCH WILLFULLY VIOLATED SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-5(D)(3) (AS IT EXISTED PRIOR TO AMENDMENTS TO RULE 17A-5 IN 2014), 17A-5(D)(2)(II), 17A-5(D)(3) AND 17A-11(E) THEREUNDER, AND EXCHANGE ACT RULE 21F-17. SPECIFICALLY, THE ORDER FOUND THAT (I) ML ENGAGED IN A SERIES OF COMPLEX TRADES THAT ALLOWED IT TO USE CUSTOMER CASH TO FINANCE FIRM INVENTORY AND (II) MERRILL LYNCH ALLOWED CERTAIN OF ITS CLEARING BANKS TO HOLD LIENS ON CUSTOMER SECURITIES.**

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 06/23/2016

Docket/Case Number: 3-17312

Remember when we mentioned [SEA 15c3-3](#) in the case with Apex? They were asking customers to book short positions to either a cash account or a short margin account. [SEA 15c3-3](#) protects those customers from allowing brokers to lend out the securities within their cash accounts...

Well Merrill Lynch knocked that one right out of the f*cking park...

COUNTERPARTY ENTITIES. THROUGH THESE TRADES, ML IMPROPERLY REDUCED BY BILLIONS OF DOLLARS THE AMOUNT IT WAS REQUIRED TO DEPOSIT IN ITS CUSTOMER RESERVE ACCOUNT. THESE TRADES EVOLVED OVER TIME AND, IN THEIR FINAL ITERATION, BECAME INSTANTANEOUS ROUNDTRIPS STRUCTURED TO PROVIDE FINANCING FOR ML'S ACTIVITIES RATHER THAN IN RESPONSE TO CUSTOMER TRADING OBJECTIVES. RESPONDENT USED THESE TRADES TO REMOVE UP TO \$5 BILLION OF CUSTOMER CASH WEEK OVER WEEK FROM ITS CUSTOMER RESERVE ACCOUNT. ML THEN USED THESE FUNDS TO FINANCE ITS BUSINESS ACTIVITIES. HAD ML FAILED WHEN THE TRADES WERE IN USE, ITS CUSTOMERS WOULD HAVE BEEN EXPOSED TO A SHORTFALL OF CUSTOMER CASH IN THE CUSTOMER RESERVE ACCOUNT. THE SIGNIFICANT PENALTIES AND OTHER RELIEF IMPOSED IN THIS ORDER IN CONNECTION WITH ML'S VIOLATIONS OF THE CUSTOMER PROTECTION RULE REFLECT THE SERIOUSNESS WITH WHICH THE COMMISSION VIEWS FAILURES TO COMPLY WITH THIS RULE. AS A RESULT OF THE CONDUCT, MLPRO WILLFULLY VIOLATED SECTION 15(C)(3) OF THE EXCHANGE ACT AND RULE 15C3-3 THEREUNDER. ALSO, MLPRO WILLFULLY VIOLATED SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-3(A)(10), AND 17A-5(A).

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Merrill made it seem like the required deposit in their customer reserve account was much lower than it truly was. They wouldn't have been able to use that cash if it reduced the amount below the minimum capital requirement, so they found a way to fudge the numbers. In doing so, they managed to prevent a CODE RED while reaping the benefits of a high-risk 'opportunity'. Should Merrill have filed bankruptcy during that time, those customers would have been completely blindsided.

In the case of short selling, the *true* exposure of short interest is unknown... and I'm not just talking about the short sale indicator. When a firm fails to deliver securities that were sold short, there's a pretty good indication that they've exposed themselves to a bit of a problem.. Now imagine a case where the FTDs start piling up and they STILL continue to short sell that same security.. think I'm joking?

Check out the [Royal Bank of Canada](#):

Disclosure 63 of 332

Reporting Source: Regulator

Current Status: Final

Allegations: RBC CAPITAL MARKETS, LLC ("RBC"), AN EXCHANGE TPH ORGANIZATION, WAS CENSURED AND FINED \$75,000 FOR: (I) FAILING TO PROPERLY CLOSE OUT A FAIL-TO-DELIVER POSITION IN SEVEN SAMPLED SECURITIES, INCLUDING SANOMEDICS INTERNATIONAL HOLDINGS INC. ("SIMH"), APPLIED DNA SCIENCES INC. ("APDN"), GREAT ATLANTIC AND PACIFIC TEA CO. INC. ("GAPTQ"), QUAMTEL INC. ("QUMI"), TITAN IRON ORE CORP. ("TFER"), JINKOSOLAR HOLDING CO., LTD. ("JKS"), AND ITT EDUCATIONAL SERVICES, INC. ("ESI"); (II) INCREASING ITS SHORT POSITION WHEN A FAIL-TO-DELIVER POSITION HAD NOT BEEN PROPERLY CLOSED OUT WITHOUT DEMONSTRATING THAT IT MADE ARRANGEMENTS FOR PRE-BORROWING IN THE FOLLOWING EQUITY SECURITIES: APDN, QUMI, TFER, GAPTQ, AND JKS; AND (III) FAILING TO SUPERVISE ITS ASSOCIATED PERSONS TO ASSURE COMPLIANCE WITH REGULATION SHO RULE 204 AS: (1) RBC FAILED TO ASSURE THAT NUMEROUS FAIL-TO-DELIVER POSITIONS WERE CLOSED OUT ON A TIMELY BASIS; AND (2) RBC IMPROPERLY ASSERTED

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www.finra.org/brokercheck

RELIANCE ON CERTAIN EXEMPTIONS UNDER REG. SHO RULE 204 WITHOUT UNDERTAKING SUFFICIENT DUE DILIGENCE TO ASCERTAIN AND DOCUMENT THAT SPECIFIC REQUIREMENTS THEREUNDER WERE MET. (EXCHANGE RULE 4.2 - ADHERENCE TO LAW; AND REGULATION SHO RULE 204 - CLOSE-OUT REQUIREMENT, PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 11/11/2015

Docket/Case Number: 15-0093/ 20150459684

Principal Product Type: Options

Again... I was pretty shocked at that one. However, nothing rang-the-bell quite like this one from [Goldman Sachs](#):

Reporting Source: Regulator
Current Status: Final
Allegations: **04/26/2010**STIPULATION OF FACTS AND CONSENT TO PENALTY FILED BY NYSE REGULATION'S DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS:FOR THE SOLE PURPOSE OF SETTLING THIS

DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO HEREIN, GOLDMAN SACHS EXECUTION & CLEARING, L.P. STIPULATED THAT DURING THE PERIOD OF SEPTEMBER 24, 2008 TO JANUARY 22, 2009, IT

1. VIOLATED RULE 204T(A) OF REGULATION SHO BY FAILING ON APPROXIMATELY 68 OCCASIONS TO TIMELY CLOSE OUT FAIL-TO-DELIVER POSITIONS IN CERTAIN EQUITY SECURITIES (DECEMBER 9, 2008-JANUARY 22, 2009).

2. VIOLATED RULE 204T(B) OF REGULATION SHO ON APPROXIMATELY 45 OCCASIONS BY ACCEPTING CERTAIN CUSTOMER SHORT SALE ORDERS IN EQUITY SECURITIES FOR WHICH IT HAD AN OPEN FAIL-TO-DELIVER POSITION WHILE GSEC AND THE CUSTOMER WERE IN THE "PENALTY BOX", AS THE CUSTOMER HAD NOT FIRST BORROWED SUCH SECURITIES OR ENTERED INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITIES (DECEMBER 9, 2008 - JANUARY 22, 2009).

3. VIOLATED RULE 204T(C) OF REGULATION SHO ON APPROXIMATELY 68 OCCASIONS BY FAILING TO TIMELY NOTIFY ITS CUSTOMERS THAT THE FIRM HAD AN OPEN FAIL-TO-DELIVER POSITION THAT HAD NOT BEEN CLOSED OUT IN ACCORDANCE WITH RULE 204T(A) (DECEMBER 9, 2008-JANUARY 22, 2009).

4. VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 204T OF REGULATION SHO, AS DESCRIBED ABOVE.

STIPULATED SANCTION: CENSURE AND A \$450,000 FINE. THE AMOUNT TO BE PAID TO NYSE REGULATION BY THE FIRM SHALL BE REDUCED BY THE AMOUNT PAID BY THE FIRM PURSUANT TO AN AGREEMENT TO PAY A CIVIL MONETARY PENALTY OF \$225,000 TO THE UNITED STATES TREASURY IN RELATED PROCEEDINGS INSTITUTED BY THE SECURITIES AND EXCHANGE COMMISSION.

Initiated By: NEW YORK STOCK EXCHANGE
Date Initiated: 04/26/2010
Docket/Case Number: HBD# 10-NYSE-11

Goldman had 68 occasions in 4 months where they didn't close a failure-to-deliver... In 45 occasions, they CONTINUED to accept customer short sale orders in securities which it had an active failure-to-deliver...

When a firm is really starting to sweat, they pull certain tricks out of their ass to quell the situation. Again, this is nothing but smoke and mirrors because that's all they can really do. Just as Merrill Lynch artificially lowered their customer reserve deposit, other firms make it look like they cover their short positions.

One of the ways they do this is by short selling a SH*T load of shares right before a buy-in... Since we're talking about Goldman Sachs, this seems like a great time to showcase their experience with this..

Disclosure 14 of 148

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT DID NOT, AS A GENERAL PRACTICE, ALLOCATE RESPONSIBILITY FOR CLOSING OUT FAIL TO DELIVER POSITIONS TO ITS BROKER-DEALER CLIENTS UNDER REGULATION SHO RULES 203(B)(3)(VI), 204T(D), OR 204(D). THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY POLICIES AND PROCEDURES FAILED TO ADDRESS THAT CERTAIN OPTIONS MARKET MAKER (OMM) CLIENTS OF THE FIRM HAD, ON A NUMBER OF OCCASIONS, SHORT SOLD A SECURITY ON THE SAME DAY THAT THEY WERE NOTIFIED THAT THEY WERE BEING "BOUGHT IN" BY THE FIRM IN THAT SAME SECURITY, TYPICALLY IN AMOUNTS EQUAL TO OR GREATER THAN THEIR ATTRIBUTED PORTION OF THE NUMBER OF SHARES PURCHASED BY THE FIRM IN AN EFFORT TO MEET ITS CLOSE-OUT OBLIGATIONS. THESE SHORT SALES WOULD OFFSET, IN WHOLE OR IN PART, THE EFFECT OF THE FIRM'S PURCHASES ON THE FIRM'S NET FAIL TO DELIVER POSITION IN THE NATIONAL SECURITIES CLEARING CORPORATION'S CONTINUOUS NET SETTLEMENT SYSTEM (CNS). THE FIRM FAILED TO IMPLEMENT ADEQUATE SUPERVISORY POLICIES AND PROCEDURES REASONABLY DESIGNED TO ADDRESS THE IMPACT OF OMM ACTIVITY ON THE CLOSE-OUT DATE ON THE FIRM'S NET FAIL TO DELIVER POSITION TO CNS BY REQUIRING THE FIRM TO ALLOCATE RESPONSIBILITY FOR THE CLOSE OUT TO ITS BROKER-DEALER CLIENTS OR BY TAKING OTHER APPROPRIATE STEPS TO DETERMINE WHETHER THE FIRM WAS A NET PURCHASER, OR NET FLAT OR NET LONG, AS APPLICABLE, ON THE CLOSE-OUT DATE. THE FIRM'S SUPERVISORY POLICIES AND PROCEDURES DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, INCLUDING SEC AND FINRA RULES, REGARDING THE CLOSE-OUT OF FAIL TO DELIVER POSITIONS AS REQUIRED BY REGULATION SHO RULES 203(B)(3), 204T(A), AND 204(A).

I promise... It really is as dumb as it sounds...

So the perception here is when Goldman's client has a FTD and they find out a buy-in is coming, the required buy-in would obviously be too extreme for the client to handle.. So they begin to buy those shares while simultaneously shorting AT LEAST the same amount they were required to purchase...

Have you ever failed to repay a loan so you went to another bank and got a loan to cover the first one? Well that's exactly what this is... I know what you're probably thinking... "didn't that just kick the can down the road?". The answer is YES: it didn't actually solve anything..

There's still one more citation that Goldman received which truly represents the pinnacle of *no-sh*ts-given*. After I cover this, I don't know

how anyone could argue the systematic risks that exist within the securities lending business.. Check it out:

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>SEC ADMIN RELEASE 34-76899/JANUARY 14, 2016: THE SECURITIES AND EXCHANGE COMMISSION (COMMISSION) DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) AGAINST GOLDMAN, SACHS & CO. THESE PROCEEDINGS ARISE OUT OF PRACTICES ENGAGED IN BY GOLDMAN'S SECURITIES LENDING DEMAND TEAM (THE DEMAND TEAM), BETWEEN NOVEMBER 2008 AND MID-2013, IN PROVIDING AND DOCUMENTING "LOCATES" TO ENABLE ITS CUSTOMERS TO EXECUTE SHORT SALES. BETWEEN NOVEMBER 2008 AND MID-2013, TO COMPLY WITH REG SHO, GOLDMAN EMPLOYED A SYSTEM WHERE THE VAST MAJORITY OF CUSTOMER SHORT SALE LOCATE REQUESTS WERE HANDLED BY AN AUTOMATED MODEL THAT WOULD EITHER GRANT, IN WHOLE OR IN PART (OR FILL), DENY, OR ROUTE (OR PEND) THE REQUESTS FOR FURTHER REVIEW TO THE DEMAND TEAM, A GROUP OF TEN TO TWELVE INDIVIDUALS WHO WORKED ON GOLDMAN'S SECURITIES LENDING DESK. THE AUTOMATED MODEL WOULD REVIEW AND FILL LOCATE REQUESTS BASED ON CERTAIN AVAILABLE INVENTORY REPORTED TO GOLDMAN BY CERTAIN LENDING BANKS AND BROKERAGES THAT FED INTO GOLDMAN'S AUTOMATED MODEL AT THE START OF EACH DAY AFTER BEING REDUCED BY GOLDMAN BASED ON THEIR EXPERIENCE WITH VARIOUS LENDERS (THE START-OF-DAY INVENTORY). AS THE AUTOMATED MODEL PROCESSED LOCATE REQUESTS, IT REDUCED THAT START-OF-DAY INVENTORY ON A 1:1 BASIS FOR ALL SHARES THAT WERE USED TO GRANT LOCATE REQUESTS (REGARDLESS OF WHETHER THE CLIENT ACTUALLY USED THE LOCATE). WHEN THE START-OF-DAY INVENTORY WAS DEPLETED IN THAT MANNER, THE AUTOMATED MODEL WOULD PEND SUBSEQUENT LOCATE REQUESTS TO THE DEMAND TEAM FOR FURTHER REVIEW AND PROCESSING. OVER THE COURSE OF THE RELEVANT PERIOD, THE NUMBER OF LOCATE REQUESTS THAT PENDED TO THE DEMAND TEAM GREW SIGNIFICANTLY, REACHING MORE THAN 20,000 LOCATE REQUESTS PER DAY AT ITS PEAK. THE VOLUME OF LOCATE REQUESTS BECAME FAR MORE THAN THE DEMAND TEAM COULD MANUALLY HANDLE ON A REQUEST-BY-REQUEST BASIS. THUS, INSTEAD OF MANUALLY IDENTIFYING AN ALTERNATIVE SOURCE OF SECURITIES TO SATISFY THESE PENDED REQUESTS, THE DEMAND TEAM PROCESSED APPROXIMATELY 98 PERCENT OF THE PENDED REQUESTS BY RELYING ON A FUNCTION OF GOLDMAN'S ORDER MANAGEMENT SYSTEM REFERRED TO AS "FILL FROM AUTOLOCATE," WHICH WAS ACTIVATED BY THE "F3" KEY. THIS FUNCTION ENABLED THE DEMAND TEAM TO CAUSE GOLDMAN'S AUTOMATED MODEL TO FILL LOCATE REQUESTS BASED ON THE AMOUNT OF INVENTORY THAT</p>

For 5 years, Goldman relied on a team of 10-12 individuals to locate shares to be used by its clients for short selling. This group was known as the “demand team”. Naturally, as the number of requests coming in the door started to increase, it became difficult for the team to properly document all

of them. The volume peaked at 20,000 requests PER DAY, but the number of individuals that handled this job stayed the same.

Obviously, this became too much for them to handle so they opted out of the manual process and found another solution- the F3 key....

Yes- the F3 key... This button activated an autofill system which completed **98% of Goldman's orders to locate shares**

EXISTED AT THE START OF THE DAY (I.E., THE START-OF-DAY INVENTORY LEVEL BEFORE ANY LOCATES WERE GRANTED), EVEN THOUGH GOLDMAN'S AUTOMATED MODEL HAD ALREADY TREATED THE START-OF-DAY INVENTORY AS DEPLETED. IN PROCESSING LOCATE REQUESTS USING THE "F3" FUNCTION, THE DEMAND TEAM TYPICALLY DID NOT CHECK ALTERNATIVE SOURCES OF SECURITIES OR PERFORM A MEANINGFUL FURTHER REVIEW. INSTEAD, THEY RELIED ON THEIR GENERAL BELIEF THAT GOLDMAN'S AUTOMATED MODEL WAS CONSERVATIVE AND THAT THE PROVISION OF ADDITIONAL LOCATES WOULD NOT RESULT IN FAILURES TO DELIVER THE SECURITIES IF AND WHEN DUE FOR SETTLEMENT. THE DEMAND TEAM DID NOT DOCUMENT THE BASIS FOR THIS GENERAL BELIEF. ADDITIONALLY, GOLDMAN'S DOCUMENTATION OF ITS COMPLIANCE WITH REG SHO IN ITS LOCATE LOG WAS INACCURATE IN THAT GOLDMAN FAILED TO SUFFICIENTLY DIFFERENTIATE BETWEEN LOCATES THAT WERE FILLED BY ITS AUTOMATED MODEL AND LOCATES THAT WERE FILLED BY THE DEMAND TEAM USING THE "F3" FUNCTION. IN BOTH CASES, THE LOCATE LOG SIMPLY CONTAINED THE TERM "AUTOLOCATE" TO REFER TO THE START-OF-DAY INVENTORY UTILIZED BY GOLDMAN'S AUTOMATED MODEL AS THE SOURCE OF SECURITIES SUPPORTING THE LOCATE. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, GOLDMAN WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 203(B)(1) AND 203(B)(1)(III) OF REGULATION SHO PROMULGATED UNDER THE EXCHANGE ACT.

Initiated By:

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

The problem with Goldman's autofill system was that it used the number of shares available to borrow at the beginning of that day, which had already been accounted for. After using the auto-locate feature, the demand team didn't even verify the accuracy of the autofill feature or document which method was used to locate the shares for each order... and this happened for 5 years..

Just goes to show how dedicated firms like Goldman Sachs truly are to the smallest of details, you know? Great f*cking work, guys.

By the way, I have to show one of Goldman's short sale indicator violations... It's too good to pass up.

Disclosure 15 of 148

Reporting Source:	Regulator
Current Status:	Final
Allegations:	FINRA RULES 2010, 4560, NASD RULES 2110, 3010, 3360, NYSE RULE 421 - GOLDMAN SACHS EXECUTION & CLEARING, L.P., FOR SHORT INTEREST REPORTING CYCLES FOR ABOUT FOUR YEARS, SUBMITTED REPORTS THAT DID NOT INCLUDE SHORT INTEREST POSITIONS OF OVER 380 MILLION SHARES. THE FIRM SUBMITTED TO FINRA AND THE NEW YORK STOCK EXCHANGE SHORT INTEREST POSITION REPORTS THAT WERE INCORRECT OR FAILED TO REPORT SHORT INTEREST POSITIONS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD, NYSE AND FINRA RULES REGARDING SHORT INTEREST REPORTING.
Initiated By:	FINRA
Date Initiated:	01/07/2014

At some point, you just have to laugh at these ass clowns... I mean seriously... one violation for a 4 year period involving over 380,000,000 short interest positions... they have plenty of other short interest violations, I just laughed at how the magnitude of this one was summarized by FINRA with 10 lines and roughly 4 minutes... whoever wrote that one must have been late for lunch..

The last thing I'd like to note here is the way in which short sellers use options to "cover" their positions. Wes gave a great overview of this in the AMA (*starting at 6:25*). Basically, one group will buy puts and another group buys calls. This creates a synthetic share that is only provided if the option is activated. Regardless, short sellers will use that synthetic share to cover their short position and the regulators actually accept it...

However, as Wes points out, most of those options expire without being activated which means the share is never delivered. This expiration can be set months down the road and allows the short seller to keep kicking the can.

I doubt I need to say this, but we all remember the wild options activity that was happening shortly after GameStop spiked in January. [u/HeyItsPixel](#) was one of the first to point this out. While a lot of that activity was on the retail front, I suspect a lot of it was done by short sellers to cover those positions.

5. Hedgies are f*cked...

I'm officially +20 pages deep and there's still so much I'd like to say. It's best saved for another time and another post, I suppose. So I guess I'll wrap all of this up with some of the best news I can possibly provide...

It all started with a [73 page PDF](#) that was published in 2005 by a silverback named John D. Finnerty.

John was a Professor of Finance at Fordham University when he published "*short selling, death spiral convertibles, and the profitability of stock manipulation*". The document is loaded with sh*t that's incredibly relevant today, especially when it comes to naked short selling. He dives into the exact formula that short sellers use, which is far beyond what my wrinkled brain can interpret, alone...

..However, when firms are naked shorting a company with the goal of bankrupting them, they leave footprints which are only explained by this event. The proof is in the pudding, so to speak..

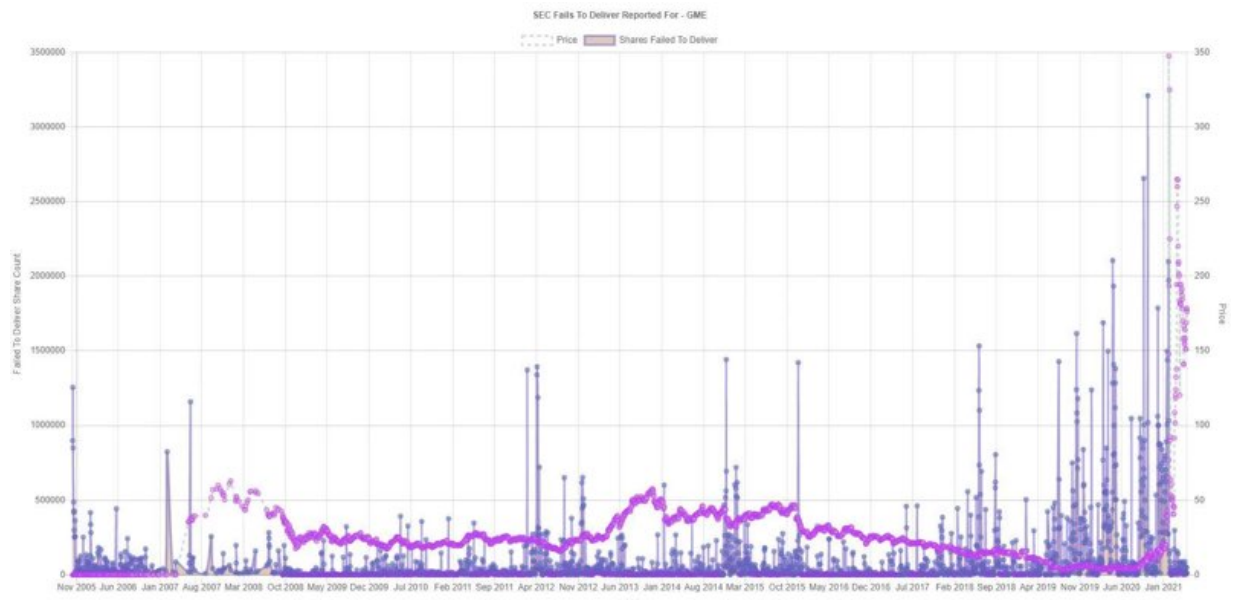
Building a short position of H/B to drive $P^*(3)$ to zero would involve naked shorting more shares than the firm has outstanding because $H/B > (A - L)/B$.⁶⁵ The manipulator can not drive the share price close to zero unless he can naked short an extraordinary number of shares.⁶⁶ This form of manipulation would result in a precipitous drop in the firm's share price to well below its intrinsic value, unusually heavy trading volume, and unusually large and persistent fails to deliver at the NSCC. Preventing this activity requires the clearing house to enforce its buy-in rules for fails to deliver and to impose penalties on short positions that are rolled over for an extended period, which is the purpose behind new Regulation SHO (SEC, 2004).

Any of this sound familiar??

“The manipulator can not drive the share price close to zero unless he can naked short an extraordinary number of shares... this form of manipulation would result in... unusually heavy trading volume, and unusually large and persistent fails to deliver at the NSCC”.

Anyone else remember the volume in GME during the run-up in January? The total volume traded between **1/31/2021 and 2/5/2021 was 1,508,793,439 shares**, or an average daily trade volume of **88,752,555 shares**. On 1/22/2021, the volume reached 197,157,946... that’s roughly 3x the number of shares that exist..

if this doesn’t sound like unusual volume then I’m not sure what is. Furthermore, the FTD report on GameStop was through the roof during this time:



invest in its equity. Customers may cease doing business with it as well because its warranties will appear worthless. Eventually, the firm will exhaust its liquidity and have to file for bankruptcy. The manipulator will be relieved of its obligation to cover its short position if the firm's shares are cancelled in bankruptcy.⁶⁸ This scenario leads to a zero cost of covering the short positions. This form of manipulation may involve a single manipulator or a group of manipulators who act in concert and make an unusually high percentage of apparently unlucky equity investments that become worthless in bankruptcy, all of which have unusually high trading volume, large and persistent fails to deliver, and a precipitous drop in share price below the stock's intrinsic value (often to just pennies a share).

Notice the statement where the manipulator will be relieved of its obligation to cover **IF** the firm's shares are cancelled in bankruptcy? Did you happen to see footnotes 65 & 66 in the first screenshot of his PDF? It references a company that he used for his analysis...

⁶⁶ The NASD reported that Charter Communications had short interest of 88,520,000 shares in January 2005, but Charter reported having outstanding shares minus shares held by insiders of only 36,600,000 shares.

Charter Communications had a whopping 241.8% short float in 2005... The ONLY way the manipulator could have escaped this was by bankrupting the company and relieving the obligation to repurchase those shares...

Guess what happened to Charter? They filed for [bankruptcy](#) in 2009...

However, unlike John's example where naked short sellers were driving down the price without opposition, GameStop had extremely high demand from retail investors to counter this activity. As I have discussed with Dr. T and Carl Hagberg, the run-up in volume during January and February was largely conducted by naked short sellers in an attempt to suppress the share

price. As I have shown in the example with Goldman Sachs, firms will short sell during a buy-in for the same exact reason. To stabilize the price, you must stabilize supply and demand.

...You know what Charter didn't have?

AN ARMY OF APES TO HODL THE STONK
DIAMOND. F*CKING. HANDS

MORE OF WHAT'S REALLY HAPPENING ON WALL STREET

YOU STILL HAVE SOME FAITH IN THE SYSTEM, DON'T
YOU?

**“Things to know about all markets. Buying on Margin giveth,
Margin Calls taketh away even more, faster. Rumors giveth.
News taketh away even faster.”**

MARK CUBAN

CHAOS THEORY - THE EVERYTHING CONNECTION

PUBLISHED APRIL 11, 2021

U/SHARKBAITLOL

CITADEL, BlackRock, Susquehanna, and many others are intricately connected through a variety of sources; namely offshore tax havens as proven through the Panama & Paradise Papers. I attempt to piece together what I believe is the reason we are seeing certain behavior from each of these parties.

What you're about to read is MY ATTEMPT to amalgamate multiple pieces of DD by various users from across multiple subs, discord and private discussions in an attempt to piece together what may be happening behind the scenes in the darkside of the financial world. THIS DOES NOT MEAN IT'S 100% RIGHT, SIMPLY MY THOUGHTS ON HOW ALL THESE ELEMENTS MAY PIECE TOGETHER.

I INTEND FOR THIS TO BE THE START OF A FRAMEWORK THAT GETS DEVELOPED OVER TIME. I HOPE TO PROVIDE A STARTING POINT.

Now grab yourself a beer and strap in, this is about to get crazy.



This is an incredibly complicated web with MULTIPLE moving pieces. I will attempt to streamline the findings as much as possible to ease of understanding.

1. Introduction; Prerequisites
2. Follow The Money
3. Let's take a trip to the Cayman Islands and Back Again
4. The Uglad House
5. A New Foe Has Appeared
6. Familiar Faces
7. What does this mean for apes?

SECTION 1. INTRODUCTION

As a prerequisite I highly recommend reading through [/u/atobitt](#) 's "[The EVERYTHING Short](#)" whitepaper. It provides a lot of context as to what's going on under the hood and gets you primed for this post. I'd also highly recommend reading through [/u/pinkcatsonacid](#) 's DD "[The Missing □](#)"; for an understanding of how much deeper this potentially goes. Lastly thank you to [/u/tropicalsecret](#) for helping me hash out some missing pieces and their [investigative work](#) as well.

My name is [/u/sharkbaitlol](#) and over the last couple of weeks or so I've prioritized investigating this story further while putting my consultancy on hold - I feel that this is the start of something bigger than any of us can imagine that can improve ours, and our children's lives. I've prided myself in my career as a data scientist and a lifelong gamer in being able to pick up on patterns. I hope that I'm able to help support our community further with

this DD. Special thank you to all those who have contributed their time and expertise to getting us this far. I will be referencing other DD written and hope you understand that even if not mentioned, almost every single DD post written by apes has helped getting us closer to the truth.

With that being said, lets jump in.

SECTION 2. FOLLOW THE MONEY

As we know **Susquehanna** has been of interest in recent weeks due to their suspicious nature of their position within the GME saga. This suspicion grew quickly when some Redditors pointed out that Dr. Burry may have been pointing a finger at Susquehanna through a hidden message on [Twitter](#) (whether this is really what was happening is up to you) - now we have **Sus** attempting to [appeal new DTCC regulations SR-OCC-2021-003](#) to make things even weirder. Their growing position prompted me to start doing a deep dive on their positions across the market; particularly how they've [DOUBLED](#) in size since the start of the pandemic, parties of association, and conflict of interest across the stock market. What I was able to find has left me baffled at how interconnected all this actually is. **Remember this throughout this post, THERE ARE NO COINCINDICES.**

We begin by looking at **Susquehanna's** filings to the SEC. We're able to figure out that they break down into multiple connections with the following:

- Susquehanna Investment Group
- Susquehanna Securities, LLC
- **Capital Ventures International**
- Susquehanna Advisors Group, Inc
- CVI Opportunities Fund I, LLLP
- G1 Execution Services, LLC
- Darby Financial Products

Now I've highlighted Capital Ventures International (**CVI**) as this will be our main point of interest of now for the peculiar reason that they're based out of **Cayman Islands**. You know, that little island of 64k people where Citadel is laundering bonds? Yeah it turns out they're not the only ones, not by a long shot.

Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

CVI INVESTMENTS, INC. is under common control with the firm.

Business Address:	WINWARD 1 REGATTA OFFICE PARK GRAND CAYMAN, CAYMAN ISLANDS KY1-1103
Effective Date:	07/14/2015
Foreign Entity:	Yes
Country:	CAYMAN ISLAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE BENEFICIAL OWNERS OF SUSQUEHANNA FINANCIAL GROUP, LLLP AND CVI INVESTMENTS, INC. ARE SUBSTANTIALLY THE SAME.

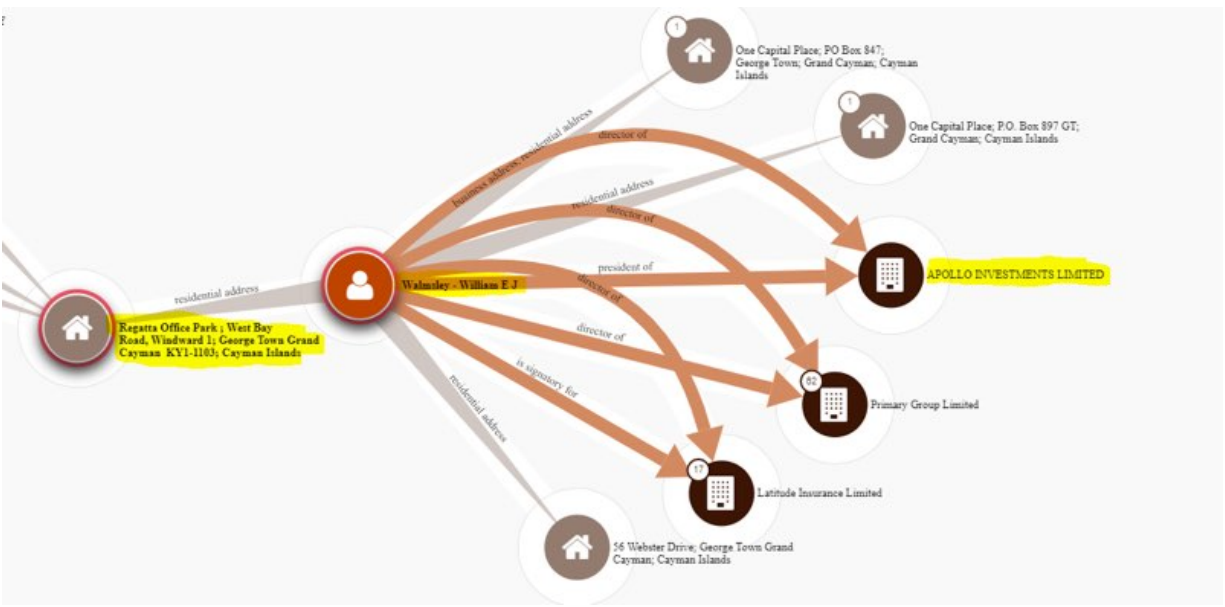
"The ultimate beneficial owners of Susquehanna and CVI are substantially the same". Source: Finra

You can find the source for the address on BrokerCheck Report [here](#) under Finra's website. What they're saying basically saying is that description at the end there, is that Susquehanna Financial and CVI are beneficially owned by the same company (fancy speak for have 25% or more total control of the company); CVI hold around [\\$839 million](#).

SECTION 3. LET'S TAKE A TRIP TO THE CAYMAN ISLANDS AND BACK AGAIN

Great now that we understand that CVI is in bed with Susquehanna and owned by them; lets go a layer deeper. It's mentioned that this address is located at **Winward 1, Regatta Office Park, Grand Cayman, Cayman Islands**. I was genuinely curious if this address was even real; after a quick Google search, none other than the **PARADISE PAPERS** come up. Remember the massive investigation that exposed some of the most powerful leaders to tax havens around the world?

[Offshoreleaks](#) is a pretty amazing website that allows you to do a network visualization to see who's connected with what. So we start digging; *keep in mind that the data from these papers are from 2014 so some names/elements have been slightly modified since then.*



We connected directly to someone named William Walmsley. Source: Offshoreleaks

You'll notice that **Mr. Walmsley** comes up a few times throughout this post, but for now we see that he's connected to this address that CVI is registered to. We can confirm his participation in CVI via a **13G FILING** through the **SEC**.

He's the director of CVI as seen [here](#).

Company Details	
Reporting File Number	028-17822
State of Incorporation	CAYMAN ISLANDS
Fiscal Year End	12-31
Date of Edgar Filing Update	2017-02-14
Business Address	P.O. BOX 309 UGLAND HOUSE GRAND CAYMAN E9 KY1-1104
Business Phone	345-949-8080
Mailing Address	P.O. BOX 309 UGLAND HOUSE GRAND CAYMAN E9 KY1-1104
LEI	549300TMGPBPLY1R295

EDIT: FURTHER VALIDATION OF APOLLO INVESTMENTS LIMITED REQUIRED. THIS APPEARS TO BE A REGISTERED

ENTITY IN THE CAYMAN ISLANDS AS A SHELL NAME. I CANNOT CONFIRM IF THIS IS ACTUALLY THE APOLLO INVESTMENTS MENTIONED BELOW YET. THERE'S MANY NAMES THAT COME CLOSE TO THIS SHELL COMPANY YOU SEE HERE. WE GET APOLLO VALUE INVESTMENT Offshore Fund LTD, WHICH IS AS YOU GUESSED - ANOTHER OFFSHORE SHELL COMPANY IN THE CAYMAN ISLANDS. YOU EITHER CHOOSE TO BELIEVE THAT THEY HAVE A COMPANY CALLED APOLLO INVEMENTS LIMITED BY CHANCE, OR THAT IT HAS SOMETHING TO DO WITH APOLLO INVESTMENTS. EVEN WITHOUT THIS PIECE WE STILL SEE APOLLO'S HAND IN THE UGLAND HOUSE: <https://whalewisdom.com/filer/apollo-total-return-co-investors-a-lp>

We see a second address come up in the above screenshot for a place called the "**Ugland House**" located in the Cayman Islands in this filing associated with CVI. Hold that thought for now, we'll go over it soon.

Going back our network visualization screen shot with Mr. Walmsley, he leads us to yet another connection called "**Apollo Investments**" (you'll notice that CVI isn't on that screenshot, this is because the first filings we see for CVI is at the end of year 2017 whereas the Paradise Papers were published prior to that). "Apollo Investments" will be the next piece of the puzzle.

So who are they? Well we know they manage about \$13bn and invest mostly in finance, industrials, and information technology (top buys being SPY puts (oof, there goes a chunk of change)) [*just want to clarify here that Apollo Investments is directly affiliated with Apollo Management, you get redirected on their site to the main Apollo Page*].

So to recap we know that Mr. Walmsley is located in the Cayman Islands, Director of CVI which is owned by Susquehanna, AND some sort of senior title in a a company called Apollo Investment.

EDIT: For a whole another rabbit hole check out **Jay Clayton** who was chairman of the SEC (as instated during the **TRUMP** administration) who now works for Apollo: [https://en.wikipedia.org/wiki/Jay_Clayton_\(attorney\)](https://en.wikipedia.org/wiki/Jay_Clayton_(attorney)) with the following description: " In February 2021, [Apollo Global Management](#) appointed Clayton to the newly created role of lead independent director on its board "

Lets not forget about **Mr. Heath Tarbert**, who was the former chairmen of the CFTC (Commodity Futures Trading Commission) who just got hired by Kenny boy as one of his Chief Legal Officers at Citadel not even 2 weeks ago. **Heath** had this to say about his friend **Jay Clayton**.

"It has been an honor to serve alongside Jay Clayton. He is one of the smartest and most capable transactional attorneys in the country and an even better colleague and friend. As leaders of the SEC and CFTC, we have worked together closely to harmonize our rules where appropriate and hold wrongdoers accountable.

Directly from the cftc site: <https://cftc.gov/PressRoom/PressReleases/8310-20> . Still not a conflict of interest?

EDIT 2: Maybe I'm just cherry picking information here, but we see that Citadel had hired Apollo's head of corporate credit trade in the last 2 years; check out this excerpt "

Since joining Citadel in 2019, Salame, one of Wall Street's most prominent trading executives, has expanded the credit team amid a hiring spree at the firm. He last week hired Prakash Narayanan from CQS, who was one of Michael Hintze's top performers. David Casner joined from

Goldman Sachs Group Inc. **last year as head of convertible bonds and equity volatility.**"

Interesting.. Head of convertible bonds and equity volatility...

<https://www.chicagobusiness.com/finance-banking/citadel-hires-apollos-head-corporate-credit-trading>

Now have a look at who are the majority stakeholders are of **Apollo Global Management:**

File Date	Form	Security		Prev Shares	Current Shares	Change (Percent)	Ownership (Percent)
2021-02-16	13G/A	TIGER GLOBAL MANAGEMENT LLC			33,913,500		14.80
2021-02-16	13G/A	Capital World Investors			11,921,674		5.20
2021-02-12	13G/A	BRH Holdings GP, Ltd.			185,115,974		45.80
2021-02-10	13G/A	VANGUARD GROUP INC			17,621,428		7.70

Hmmm, some familiar faces. Source: Fintel

Wait... TIGER GLOBAL MANAGEMENT? Hasn't one of the Tiger Cubs associated with them -- you know, just gotten blown up? More on [The Archegos phiasco](#) and how they screwed **Credit Suisse**. How VANGUARD is associated here, I'm not exactly sure yet...

Remember how I said there's no coincidences? Lets have a look where both **APOLLO** and **TIGER GLOBAL MANAGEMENT** are located in New York.

INTRODUCING THE SOLOW BUILDING

Tenants [edit]



Rental fees at the Solow Building are amongst the most expensive in Manhattan.^[4] The Solow Building Company occupies a permanent lease of the top floor. Notable tenants include Chane (44th fl.) and private equity firms Sycamore Partners, Veritas Capital (32nd fl.), Kohlberg Kravis Roberts & Co. (42nd fl.), Apollo Management (43rd/48th fl.), Silver Lake Partners (32nd fl.), Providence Equity Partners (49th fl.), and Highland Capital Management (38th fl.).

Several law firms and hedge funds occupy a majority of the remaining space, including Ruane, Cunniff & Goldfarb (50th fl.), Och-Ziff Capital Management (40th fl.), Tiger Global Management (35th fl.), Highbridge Capital Management (27th fl.), and Coatue Management (25th fl.). The corporate offices of Avis Budget Group (37th fl.) are also located in the building.^{[5][6][7]} Bombardier Inc. signed a lease agreement for 14,000 square feet on the 49th floor.

Architecture and design [edit]

The concave vertical slope of its facade is similar to another of Bunshaft's creations, the W.R. Grace Building, which was also built in 1974. The initial, rejected design of the Solow building was used in the design for the Grace Building.^[8] The sloping facade also evokes the Chase Tower in Chicago.

I can't remember where I saw it, but I believe Mr. Walmsley had something to do with Highland Capital too. I have hundreds of tabs open guys you'll have to give me a pass on this one. Source: Wikipedia

We'll totally ignore the other tenants for now; although I'm sure they have their hand in the cookie jar haha (cough* Chanel, cough* Bombardier). But lo and behold, one of the largest holders of **Apollo** are the Tigers which happen to be in the same building. [What a story](#) huh.

SIDE QUEST TIME

Marc Rowan of **Apollo** became the new CEO just back in February of this year after the old CEO **Leon Black** stepped down due to links to "the late financier and convicted sex offender **J3FFR3Y 3PST3IN**". [WHAT LOL](#).

Rowan was also quoted saying the following during a **Credit Suisse Financial Services Forum**:

“The opportunity, nothing other than that, and in the middle of a pandemic taking a sabbatical is never a good idea,” Rowan said during the **Credit Suisse Financial Services Forum** when asked why he wanted the role.

By Chibuike Oguh

2 MIN READ



FILE PHOTO: Marc Rowan, Co-Founder and Senior Managing Director, Apollo Global Management, LLC, takes part in a panel discussion in Beverly Hills, California April 29, 2014. REUTERS/Kevork Djanssezian

(Reuters) - Apollo Global Management Inc co-founder Marc Rowan said on Wednesday he returned from a sabbatical to succeed Leon Black as chief executive because of the opportunity to run the private equity firm.

Black said last month he would relinquish the CEO role but remain Apollo's board chairman following a review of his ties to the late financier and convicted sex offender Jeffrey Epstein.

JUST WHEN YOU THOUGHT IT COULDN'T GET CRAZIER. Source: Reuters

SIDE QUEST PART 2

Tiger Global Management's Executive **Scott Shleifer** in the last month purchased a lovely \$132 million dollar Palm Beach house on a piece of land owned by the former President. He also owns 14.8% of **Apollo Global Management**:[SEC 13G/A Filing](#)

NEWS WIRE | Investing

Feb 11, 2022

Tiger Global's Shleifer Purchases \$132 Million Palm Beach Home

Katherine Burton, Bloomberg News



NEW YORK, NY - DECEMBER , Photographer: Ben Gabbe/Getty Images

(Bloomberg) -- A Palm Beach house built on a piece of land once owned by former President Donald Trump was bought by Tiger Global Management executive Scott Shleifer.

Shleifer is the co-founder of the private-equity unit of Tiger Global Management, which oversees about \$40 billion.

The nine-bedroom, 21,000-square-foot house was listed for \$140 million a few weeks ago. The mansion, which was sold fully furnished, is situated on the water and has an outdoor movie theater and a pool. The \$132 million price tag ranks it as the priciest transaction in Palm Beach history.

Sounds like someone we know, *cough Ken*. Source: Bloomberg

HOLD YOUR BREATHE, WE'RE GOING DEEPER

SECTION 4. THE UGLAND HOUSE

Let's go back to that other address we saw registered with CVI Investments; we see another business address labelled under a place called the "**Ugland House, Grand Cayman, Cayman Islands**". I did some more research around this place and SURPRISE, right back to the **Paradise Papers** we go.

Company Details	
Reporting File Number	028-17822
State of Incorporation	CAYMAN ISLANDS
Fiscal Year End	12-31
Date of Edgar Filing Update	2017-02-14
Business Address	P.O. BOX 309 UGLAND HOUSE GRAND CAYMAN E9 KY1-1104
Business Phone	345-949-8080
Mailing Address	P.O. BOX 309 UGLAND HOUSE GRAND CAYMAN E9 KY1-1104
LEI	549300TMGPBPLY1R295

This place is so **COOL** that it has it's own Wikipedia page! https://en.wikipedia.org/wiki/Ugland_House

I love this quote from Wikipedia on it:

" During his first presidential campaign, U.S. President **Barack Obama** referred to Ugland House as "the biggest tax scam in the world", raising questions over the number of companies with a registered office in the building."

Here's a picture of this monster sized building that houses **40,000 entities and businesses**

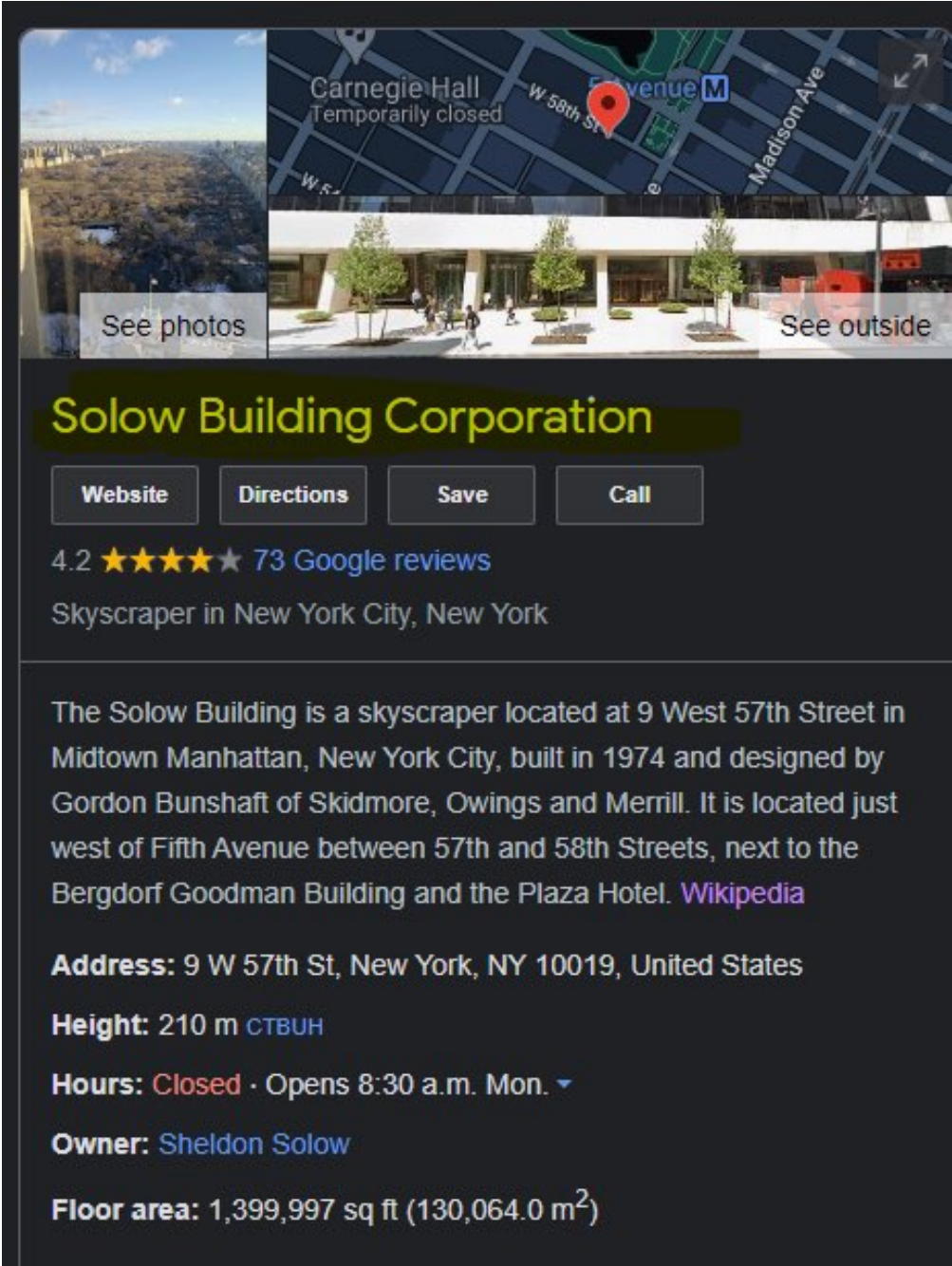


Where do you think they fit all of them?

So lets see what's connected to this address

That EXACT address (the exact way it was written out on the CVI document), is linked to a company called **MOUSSESCALE** which is

owned by **Mousse Partners**. REMEMBER, there's thousands of businesses registered here, but they seem to have some variants or "locations" within the Uglad House. However guess where the Mousse Partners NY office is... 9 West 57th street which is...



Carnegie Hall
Temporarily closed

W 58th St

5th Avenue M

Madison Ave

See photos

See outside

Solow Building Corporation

[Website](#) [Directions](#) [Save](#) [Call](#)

4.2 ★★★★★ 73 Google reviews

Skyscraper in New York City, New York

The Solow Building is a skyscraper located at 9 West 57th Street in Midtown Manhattan, New York City, built in 1974 and designed by Gordon Bunshaft of Skidmore, Owings and Merrill. It is located just west of Fifth Avenue between 57th and 58th Streets, next to the Bergdorf Goodman Building and the Plaza Hotel. [Wikipedia](#)

Address: 9 W 57th St, New York, NY 10019, United States

Height: 210 m [CTBUH](#)

Hours: Closed · Opens 8:30 a.m. Mon. ▾

Owner: [Sheldon Solow](#)

Floor area: 1,399,997 sq ft (130,064.0 m²)

REMEMBER NO COINCIDENCES

BTW look what's just around the corner of the Solow building



maybe just a coincidence, New York is a small place

ANOTHER SIDE QUEST

Did I also mention that the Chief Investment Officer of **Mousse Partner Limited**, **Suzi Kwon Cohen (can't make this up)**, was the principal at **Credit Suisse** in Private Equity? Just 2 floors below **Apollo**?

There's also only 44 people that work at Mousse Partners... Man what are the *chances*.

FUN FACT

Susquehanna has associations with other "organization affiliates" (see "SAL Trading, LLC"; "DARBY FINANCIAL PRODUCTS"; "SIG STRUCTURED PRODUCTS, LLLP") at 1201 N Orange St, Wilmington, DE, USA. You can read all about those shenanigans

here: [https://en.wikipedia.org/wiki/Corporation_Trust_Center_\(CT_Corporation\)](https://en.wikipedia.org/wiki/Corporation_Trust_Center_(CT_Corporation))

Spoiler, it's another tax loophole right in Delaware's backyard with 285,000 separate businesses registered to it.

EDIT: Some people seem to think this is a null point; it is your opinion on whether you think this is right or wrong even if it's a legal loophole. This location has been linked to 9.5 billion dollars of taxes have been evaded as a result of this location (as of 2012).

Here's the behemoth of a building that houses 285k businesses.

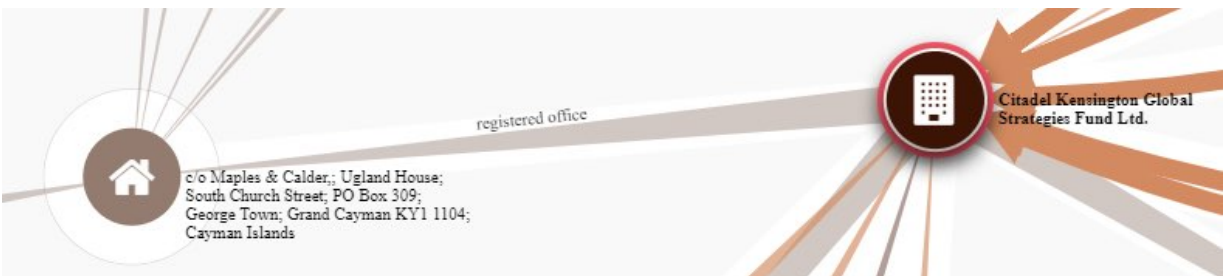


I hope they have enough parking space for everyone

I CAN'T BELIEVE I'M SAYING THIS, BUT WE'RE GOING EVEN DEEPER

SECTION 5. A NEW FOE HAS APPEARED ----- TREAD LIGHTLY, SOME ELEMENTS HERE LIKE THE BLACKROCK -> CITADEL COMPONENTS ARE SPECULATIVE

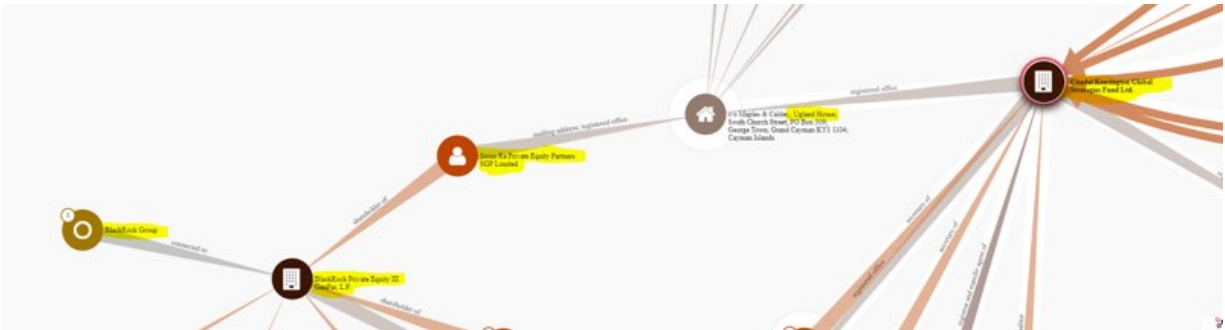
Now how is **Citadel** involved with all this you may wonder? Well as it turns out, they have an entity tied to the **Ugland** house as well; that's right the same exact building that Apollo and CVI (Susquehanna) are connected to. [[Citadel Kensington Global is a direct subsidiary of Citadel](#)] who are due for another D/A filing sometime in May. They manage a cool 17bn.



Turns out Citadel is doing some business overseas

Now we start to getting into [/u/atobitt](#) 's territory of the "EVERYTHING Short" research. They're (Citadel) operating out of multiple places in the **Cayman Islands** and the **Ugland House** is the prime destination. They're flipping bonds here and making bank.

Now GUESS who we build a direct connection to?



Wait a minute, what's BlackRock doing here?

As it turns out BlackRock is the owner of a company called **Swiss Re**. Now who's **Swiss Re**?

Directly from their [Wikipedia Page](#):

The Swiss Reinsurance Company of Zurich was founded on 19 December 1863 by the Helvetia General Insurance Company (now known as [Helvetia Versicherungen](#)) in [St. Gallen](#), the [Schweizerische Kreditanstalt \(Credit Suisse\)](#) in [Zurich](#) and the Basler Handelsbank (predecessor of [UBS AG](#)) in [Basel](#).

That's right, **Swiss Re** was formed by none other than **CREDIT SUISSE**

Some more on them:

They're basically something called a *reinsurer*. In-case you're not familiar:

*A **reinsurer** is an insurance company that insures the risks of other insurance companies. A cedant is an insurer who transfers all or part of a risk to a **reinsurer***. The* **reinsurer** covers all the insurance policies coming within the scope of the reinsurance contract.*

They're the insurance, FOR the insurance. Why is this important? Look who owns them as of 2012 [[BlackRock](#)]. I should also mention at this point that **Swiss Re** manages a cool \$240bn in assets as of 2019 - nothing to be scoffed at. Add to the fact that 39% of their investments are in government bonds, and 27% in credit bonds; *directly from their [investor presentation](#)*:

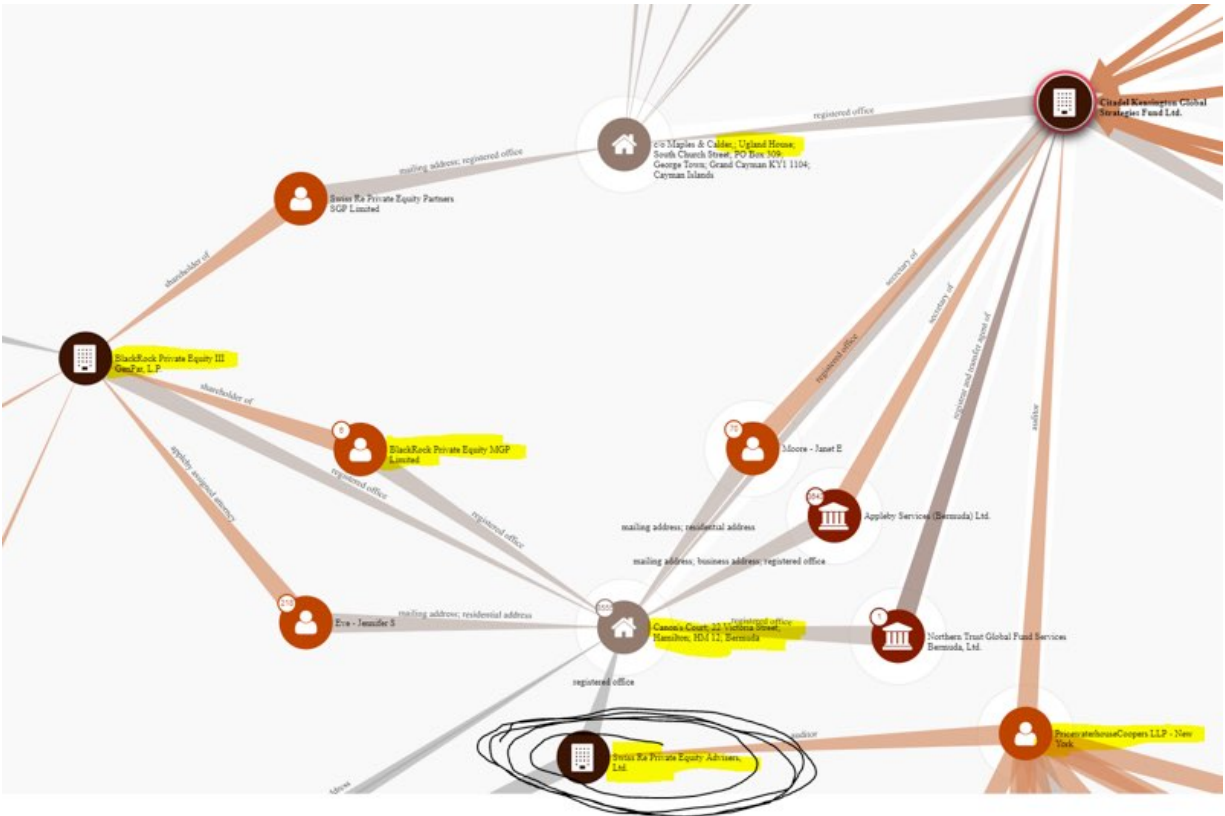
SECTION 6. FAMILIAR FACES ----- PLEASE NOTE THAT THIS COMPONENT IS PURELY MY SPECULATION ON THE MATTER YET AGAIN; WE CANNOT DEFINITELY SAY FOR CERTAIN THAT THIS CONNECTION BETWEEN BLACKROCK + SWISS RE AND CITADEL + PALAFOX EXISTS. UNFORTUNATELY THE DATA FROM THE PARADISE PAPERS AREN'T RECENT ENOUGH

Now that we understand who Swiss Re is; INTROOOOOODUCING OUR BACK-TO-BACK ALL-STAR, PALAFOX TRADING LLC!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

Already made infamous in the "EVERYTHING Short" post once again, **Palafox** has been acting as a direct proxy for **Citadel** as a means to rehypothecate bonds to quickly cash out and add liquidity to the market.

Now how do THEY connect? First we see that the public accountant is a company called Pricewaterhousecoopers which work with **Palafox**. **EDIT HERE: Thank you to the community for helping clear this point up. We know that this may be a null conclusion considering PWC works across a multitude of clients across the world. For now all that we can say for certain in this section is that Citadel & BlackRock have registered entities to the Uglan House. Do with that information what you will. THIS DOES NOT NECESSARILY MEAN THEY HAVE ANYTHING TO DO WITH EACH OTHER. REMEMBER 40K BUSINESSES ARE REGISTERED HERE!**

Now lets zoom out on the network visualization from earlier that connect BlackRock with Citadel through the **Uglan House**.



EDIT: REMOVED SECTION ATTEMPTING TO EXPLAIN THE CONNECTION AS IT WAS TOO SPECULATIVE. JUST KNOW FOR NOW THAT BOTH MEMBERS HAVE ENTITIES ARE REGISTERED TO THE SAME TWO LOCATIONS IN CAYMAN ISLANDS AND BAHAMAS

SECTION 7. WHAT DOES THIS MEAN FOR APES

I believe the connection between **Susquehanna > CVI > Apollo > Tiger Global Management > Credit Suisse > Swiss Re > Citadel > BlackRock** is incredibly complex and has many moving pieces beyond




what any of us imagined. I believe that there is a 5D game of chess being played, and apes are just a pawn that is plowing the way to victory. **IT IS IN MY OPINION** that **BlackRock** isn't just looking to kill off **Mevlin**. **I think they may be working with the government + fed(which has been shown they've done on occasion) to make some major changes happen to the market. What's the end goal? It's not entirely obvious to me yet. You can read a bit more about it on Bloomberg under the title "Why BlackRock is now the 'fourth branch of government' ". Sorry I'd post the link but I don't want automoderator to kick in again (just google that title).**

As I was compiling this information look for no further than the POTUS himself for confirmation bias just from 3 days ago: SKIP TO 38:20 OR SO <https://twitter.com/potus/status/1379857925875888128?s=21>

I've also proposed a global minimum tax... Let me tell you what the means, that means companies won't be able to hide their incomes in places like the Cayman Islands or Bermuda

EDIT (April 12th, 2021): We now have the inclusion of **Mr. Gary Gensler** to the mix who will be heading the SEC starting the 19th of April (talk about timing huh). He specializes in cryptocurrencies and darkpools - but more importantly he was the only that finally called on the banks during the 2008 recession: <https://tax.thomsonreuters.com/news/senate-set-to-approve-gary-gensler-nomination-for-sec-chairman-but-likely-for-brief-term/>

TLDR; I think there's a lot of shady things going on in the world. Whether you believe all of it, or none of it; JUST HODL. I hope this framework can help you start your own research in figuring out what we're dealing with here!

We are approaching something huge apes. Diamond Fucking Hands   

EDIT 1: THE MODS DID NOT TAKE DOWN THE POST. THIS WAS A RESULT OF ME ATTEMPTING TO INCLUDE THE STORY BELOW IN EDIT 4 FROM A BLACKLISTED SITE ARTICLE WHICH CAUSED THE AUTOMOD TO DELETE THE POST. I hoped that the removal of the link fixed the text but it didn't, this is a Reddit issue, not a mod one. LAY OFF THE MOD NARRATIVE

EDIT 2: Thank you everyone for the feedback so far; I posted this here as a means to incite further conversation and thoughts. I'm modifying this post as I go, understanding that certain elements are simply TOO speculative.

EDIT 3: There seems to be concern in how I've represented **Swiss Re** as a reinsurer. I'd just like to confirm that they self-identify as such on most of their portals. You can verify this via a quick Google Search. They also [DO handle re/insurance asset management](#) contrary to what has been mentioned.

EDIT 4: [BlackRock appears to be eyeing Credit Suisse fund management arm](#). I'll let you speculate what this may mean in relation to their existing relationship with Swiss Re

EDIT 5: It is not my intention to make this community appear as a team of conspiracy theorists. There are some deep implications with the evidence that I've showcased that potentially show deeper interlinking between hundreds of the biggest companies. I couldn't possibly attempt to explain each and every single web, so I leave it to you to continue digging!

EDIT 6: Look I get it, some of you feel that the fact we have tax havens around the world AREN'T a big deal. What is interesting however is that all these players are registered to the same place, and it appears that the government wants to do something about it

EDIT 7 (April 12th, 2021): We now have the inclusion of **Mr. Gary Gensler** to the mix who will be heading the SEC starting the 19th of April (talk about timing huh). He specializes in cryptocurrencies and darkpools - but more importantly he was the only that finally called on the banks during the 2008 recession: <https://tax.thomsonreuters.com/news/senate-set-to-approve-gary-gensler-nomination-for-sec-chairman-but-likely-for-brief-term/>

EDIT 8: In-case you're curious, the former SEC chairman, **Jay Clayton** (brought in during the Trump administration) just took a job at **Apollo Global Management** (which [Tiger Global Management] holds a 14.8% stake in, making them the largest shareholder of Apollo other than a private holdings company from Apollo themselves (BRH) (<https://fintel.io/so/us/apo>));

Lets not forget about **Mr. Heath Tarbert**, who was the former chairmen of the CFTC (Commodity Futures Trading Commission) who just got hired by Kenny boy as one of his Chief Legal Officers at Citadel not even 2 weeks ago. **Heath** had this to say about his friend **Jay Clayton**.

“It has been an honor to serve alongside Jay Clayton. He is one of the smartest and most capable transactional attorneys in the country and an even better colleague and friend. As leaders of the SEC and CFTC, we have worked together closely to harmonize our rules where appropriate and hold wrongdoers accountable.

Directly from the cftc site: <https://cftc.gov/PressRoom/PressReleases/8310-20> . Still not a conflict of interest?

“Investing for everyone.”

ROBINHOOD SLOGAN

ARE WE HEADED TOWARD A HYPE-INDUCED MARKET CRASH?

PUBLISHED APRIL 19, 2021

U/SUPERSTONKBOT

DISCLAIMERS

This report is meant to summarize my research and findings over the last 3 months, not necessarily to serve a definitive reference. More knowledgeable people than me should weigh in and poke/correct any holes in my thesis, and you should **do your own research. Don't blindly trust me, strangers on the internet, or the media (see the highlighted link in the supporting documentation as to why the media is in on this).**

I have a long position in GameStop. It is currently my only US market exposure. This is not financial advice. I do not work in the financial sector. This report was written on April 18 2021.

While GameStop is central to the thesis, the report will not go too deep into specifics with GME speculation. Remember, the thesis is about the overall hype being fed into the reddit speculators by the reddit-hype machine. As such, some numbers are rough estimates based on the reddit speculation I observed and the data I collected, and events may be slightly out of sequence in the timeline to facilitate the writing.

Summary

An ongoing battle between retail investors on reddit speculating on GameStop stock (and other “meme stocks”) and malicious hedge funds who are manipulating the stock market using counterfeit shares is about to come to a climax and uncoil a tightly-wound spring of debt, fraud, and corruption. The situation appears so dire that the mechanisms in place to control the debt that the malicious hedge funds have accumulated, should they default (get margin called), are not adequate and are about to fail. The government has taken notice and is signaling that they are about to close the loophole that allows for counterfeit shares and enforce the rules. Meanwhile, large financial institutions are propping themselves up for a major financial event that is rapidly approaching. **This appears to be a financial event similar to the global financial crisis of 2008, or worse.**

Research

What’s Going on Here?

Before we dive in, let’s explain the core of the issue at play for this thesis. Some malicious hedge funds have been abusing poorly written rules and banking frameworks around short selling to inject counterfeit shares/securities into the markets. This is done via a practice known as Naked Short Selling. Essentially they are borrowing shares to pay back shares that they have borrowed, and are also abusing the options market to “reset the timer” for delivery of the shares. They do this to manipulate market prices with the help of the media collusion, government inaction, and other tactics (check out Confessions of a Paid Stock Basher in the supporting documentation). These malicious hedge funds short companies that appear to be fundamentally on the brink of bankruptcy, and attempt to play the “bankruptcy lottery” to maximize gains. Remember Toys ‘R’ Us? Today we’re focusing on GameStop (GME).

Timeline

-In early 2020, reddit user DFV (Keith Gill, also known as DeepFuckingValue and Roaring Kitty) identified GameStop as a company

with potential for a complete turnaround that already had momentum building them towards success. The hedge funds missed this. He posts his research on YouTube (Roaring Kitty) and his “YOLO” GME positions on reddit (WallStreetBets) regularly. High short interest in the stock is one of the main reasons for his long play on GME.

-Enter: businessman Ryan Cohen. He purchases a large stake in GME, gets on the board of directors, and is proposing changes. GameStop is about to be renovated into a successful e-commerce company like Chewy.com before he sold it to PetSmart.

-The price of GME steadily increases.

-Eventually the YOLO bet pays off for DFV and the reddit hype slowly builds up.

-The malicious hedge funds continue to deeply short GME and attempt to manipulate price by injecting massive amounts of counterfeit shares in the markets, “doubling down” on their bankruptcy bet in the process.

-President Biden nominates Gary Gensler for SEC chairman

-The January 2021 GME Short Squeeze begins. The stock briefly peaks above \$500.

-Robinhood pauses trading on its platform for select securities, including GME. This effectively decapitated the short squeeze. Robinhood cited liquidity issues for the pause.

-Reddit eventually exposes Naked Short Selling scam but also speculates on whether GME was not the only security shorted

-GME price settles down to ~\$40

-Further reddit research speculates that the hedge funds are still deeply short on GME. Some speculate that malicious hedge funds have been doubling down consistently on their GME short positions in order to fabricate more counterfeit shares during the run up to the squeeze to manipulate the price. In doing so they would have essentially dug themselves into a deeper hole and another larger short squeeze would be

likely. Estimates vary, but many speculate that there are 5 to 10 times more counterfeit shares than there are real shares of GME. This is literally impossible to measure as far as I'm aware.

-In February, a US congressional hearing regarding the Robinhood shenanigans is held, and DFV is called to testify.

-After the hearing, DFV doubles down to 100,000 shares of GME, and people notice he still has an amazing \$12 call for 50,000 more shares expiring on April 16.

-Reddit hype builds up again and GME gets to the \$150-\$200 range fairly quickly and ends up mostly stagnating there for over a month.

-Bag holders (mostly brokers, clearinghouses, and exchanges) on the naked shorts, should a hedge fund collapse with massive debt, start issuing SEC filings detailing rule change proposals that signal impending trouble (strengthening their "insurance policy" and rules regarding securities tracking and short selling)

-Reddit's research now speculates that hedge funds are still manipulating the GME market price, but so are the institutional bag holders, because they have not gotten their rules in place to cover their asses yet.

-The SEC starts sending signals that they are tightening the noose on these loopholes and maybe shutting down the printer (I looked into this myself, that last part about slowing down the Federal Reserve has yet to be confirmed with actual official communications but I think that since the incoming chairman dealt with the 2008 crash he will probably want to rip the bandaid in favour of full reforms, based on my research on him.) The Office of the Whistleblower page on the SEC website really shows what I mean.

-Meanwhile, GameStop and Ryan Cohen continue to make moves towards success. They are pulling in some prime talent from Amazon and are going all in on e-commerce. They have also cleared their debts, posted promising sales figures, updated their at-the-market equity offering

program, plan on installing Ryan as chairman of the board, and are now in search of a new CEO. All of this is fueling more reddit hype for the stock.

-The annual meeting of shareholders is scheduled for June 9, with a record date which would put a share recall deadline on the brokers that is very close to DFV's April 16 call expiry date.

-Lots of reddit research and speculation is done around these dates and whether they mean that hedge funds with short positions must cover their shorts. This includes lots of people posting their puts and call bets on WallStreetBets with expiry dates around those dates, and April 16 (DFV's \$12 call date)

-Reddit's research eventually speculates that the bond market is also being injected with insane amounts of counterfeit US Treasury Bonds as a means to raise liquidity because "treasury printer goes brrrrrr" historically since 2008. Some even speculate that this has been going on since at least 2008. **The theory here is that the US Treasury bond market is currently a bubble of counterfeit Naked Shorted bonds, just like GME. "Everything Short."**

-US Senate confirms Gary Gensler for SEC chair, who is now scheduled to be sworn in on April 17 2021

-April 16 2021:

-DFV exercises his \$12 call and doubles down again. He is now at 200,000 shares of GME. The "YOLO Update" is labeled as Final. This will further fuel the reddit hype.

-SEC issues a Public Statement "Staff Statement on Fully Paid Lending" signaling enforcement against those abusing the naked short loopholes starting April 22 2021. The statement indicates that this is the end of a 6 month grace period for the financial institutions in question to put measures in place to remain compliant before enforcement of securities lending rules.

-Meanwhile some of the big banks are announcing record-breaking bond sales, likely to raise liquidity to prepare while a few hedge funds like Archegos are going bust in spectacular fashion.

-April 17 2021: Gary Gensler is sworn in as SEC chairman.

Other Factors

I initially didn't put much consideration in the research based on patterns in the GME charts, but if you follow some of the guys doing the technical analysis with the charts and research the patterns that they are talking about, you start seeing a few things going on. [u/WardenElite](#) is one of the main contributors of this type of research on reddit. Since the patterns in stock market charts are essentially representative of human psychology, I think it's likely that many of the patterns are still valid despite the heavy price manipulation.

If you tie that into the timing of the ongoing pump and dump of Dogecoin (a joke cryptocurrency, worthless by design), you can see that there are a lot of indications and theories of hedge fund liquidity troubles being "solved" by pumping and dumping things like Dogecoin start to form. Dogecoin, which was essentially born on reddit as a joke, is being weaponized against the reddit cryptocurrency speculators in my opinion. The timing of the recent DOGE pumps coincide with the January GME squeeze and the current events. My personal research on DOGE and the technical analysis of charts is ongoing, however the signs point to something big brewing and about to happen. I do not believe Elon Musk is involved at this time.

My belief is that the self-fueling reddit hype machine and technical analysis indicators for GME are currently converging around the SEC's enforcement deadline of April 22 mentioned in the April 16 in the SEC Public Statement on fully paid lending.

Follow the Leaders

We should also look to experts with proven track records with predicting these kinds of things.

Michael Burry (of "The Big Short" fame) is the big one here. He actually inspired DFV's first YOLO post in WallStreetBets after he saw Burry's firm, Scion, go very long on GME. Burry has been warning us of an impending market crash as well, saying **rampant speculation** and **easy debt** are putting the markets "on a knife's edge". Sound familiar? **Robinhood hands out margin accounts like candy** to people who have no idea how to properly use them. He has called Robinhood a "Gamified Casino". Remember, most speculators on WallStreetBets are treating this like a casino, both ironically and unironically. Michael Burry had also warned investors before the 2008 crisis and shorted the housing market, making billions in the process. The SEC recently got him to stop talking and his twitter account is now gone. Hmmmmmmm.

Warren Buffet has warned us of a "bleak future" for fixed-income investors in the annual Berkshire Hathaway letter to shareholders. "Fixed-income investors worldwide – whether pension funds, insurance companies or retirees – face a bleak future." He's warning us to stay away from bonds!

And then there's Jeremy Grantham. I encourage you to listen to Grantham's interview with Bloomberg from January 22nd. I can't summarize it here; it's better if you just watch it. It's linked in the supporting documents. It sent chills down my spine.

I believe this is what they are warning us about this time.

Theory

Now this is where I connect the dots and form a theory. Take it with a grain of salt, and do your own research before forming your own opinion.

The majority of the US markets have switched from mortgage-backed CDOs (Collateralized Debt Obligations) to US Treasury bond-backed CLOs (Collateralized Loan Obligations) as their "foundation" following the 2008 financial crisis.

If GME short squeezes again, and the reddit research on counterfeit US Treasury bonds is accurate (especially the “Everything Short” theory), the second GME short squeeze may be so epic (think infinity squeeze similar to Volkswagen in 2008, but without Porsche intervening) that the protective measures in place at the time won’t be sufficient and will fail.

The Federal Reserve would have to intervene, causing the US Treasury bond bubble to pop. It’s also possible that the impending enforcement of securities lending rules by the SEC could pop the counterfeit US Treasury bond bubble on its own. The reddit research, or “DD,” on this is extensive and, in my opinion, of high quality, but has a large element of speculation due to the lack of transparency with official filings and market manipulation in play.

If the US Treasury bond does crash, it will take out the rest of the US markets, and possibly international markets, just like in 2008 when the US subprime mortgage crisis climaxed and triggered the global financial crisis.

The foundations of the US markets are built on a bubble of counterfeit US Treasury bonds that is about to pop, and reddit is the needle.

Supporting Documentation

Key evidence/research sites is in bold

[-Counterfeiting Stock - Explaining illegal naked shorting and stock manipulation](#)

[-Jim Cramer draws fire over manipulation comments | Reuters](#)

The YouTube video referenced has since been taken down, but the 2006 interview is up at https://www.youtube.com/watch?v=W90V_DyPJT8 as of April 18 2021. I have a hard copy saved as it frequently gets taken down by TheStreet.com for copyright violation. The video does not appear anywhere on their site anymore. Jim Cramer is now a TV host for financial channel CNBC. Connect the dots.

-Confessions of a Paid Stock Basher | AAPL Message Board Posts (investorvillage.com)

-Investor Relations | Gamestop Corp.

-Former Chewy CEO Ryan Cohen urges GameStop to become the Amazon of video games (cnbc.com)

-Can Ryan Cohen Work His Chewy Magic At GameStop? Here's A Possible Game Plan (forbes.com)

-submitted by DeepFuckingValue (reddit.com)

-GME YOLO update — Oct 8 2020 : wallstreetbets (reddit.com)

-GameStop short squeeze - Wikipedia

-Short Squeeze Definition (investopedia.com)

-GME : GameStop Corp. - Yahoo Finance 1Y chart

-What to Know About Gary Gensler, Wall Street's New Watchdog | Barron's

-Keith Gill, aka 'Roaring Kitty,' testified to Congress on the GameStop saga | Boston.com

-Naked shorting in GME and how the pieces suddenly fit together : wallstreetbets (reddit.com)

-Where are the Shares?

-GME YOLO update — Feb 19 2021 : wallstreetbets (reddit.com)

-Mystery solved: The deep ITM calls are coming from none other than the devil himself : GME (reddit.com)

-is dogecoin a pump and dump scheme? : Cryptocurrency (reddit.com)

-Dogecoin, the Cryptocurrency That Started as a Joke, Is Spiking - The New York Times (nytimes.com)

-Dogecoin USD - Yahoo Finance YTD chart

-Regulatory Rule Filings - Legal & Regulatory | DTCC Financial Services

-The Depository Trust Company (DTC) Rulemaking (sec.gov)

-Citadel is throttling buy orders & manipulating the stock downwards :
DeepFuckingValue (reddit.com)

-Biden Pick Gary Gensler Is Sworn In as SEC Chairman - Bloomberg

-SEC.gov | Staff Statement on Fully Paid Lending

-SEC.gov | Office of the Whistleblower

-Why Michael Burry Is Predicting A STOCK MARKET Crash -
YouTube

-The EVERYTHING Short : GME (reddit.com)

-GME Annual Shareholder meeting (AGM) + Recalling the shares :
GME (reddit.com)

-Walkin' like a duck. Talkin' like a duck : Superstonk (reddit.com)

-What Is Archegos and How Did It Rattle the Stock Market? - WSJ

-GME YOLO update — Apr 16 2021 — final update : wallstreetbets
(reddit.com)

-Bank of America, Goldman Sachs, and JPMorgan Chase Had
Huge Bond Sales | Barron's

-US government debt hit as analysts braced for \$370bn in Treasury
sales | Financial Times (ft.com)

-The Fed - Who Owns U.S. CLO Securities? (federalreserve.gov)

-Structured finance then and now: a comparison of CDOs and CLOs
(bis.org)

-'Big Short' investor Michael Burry has warned of a stock-market
bubble and slammed Tesla, Robinhood, bitcoin, and the GameStop frenzy
in recent weeks. Here are his 17 best tweets. | Currency News | Financial
and Business News | Markets Insider (businessinsider.com)

-'Big Short' investor Michael Burry says he'll stop tweeting after
SEC regulators paid him a visit | Currency News | Financial and
Business News | Markets Insider (businessinsider.com)

-Berkshire Hathaway CEO Warren Buffett warns against investing in
bonds (theceomagazine.com)

[-Why Grantham Says the Next Crash Will Rival 1929, 2000 - YouTube \(Bloomberg, January 22, 2021\)](#)

Further Research

Keith Gill (aka DFV, DeepFuckingValue, Roaring Kitty) the Legend Himself

<https://twitter.com/TheRoaringKitty>

<https://www.reddit.com/user/deepfuckingvalue>

<https://www.youtube.com/channel/UC0patpmwYbhCEUap0bTX3JQ>

Relevant posts:

[100%+ short interest in GameStop stock \(GME\) – fundamental & technical deep value analysis - YouTube](#)

[5 reasons GameStop stock \(GME\) is a roach not a cigar butt a la Warren Buffett & could short squeeze - YouTube](#)

[The Big Short SQUEEZE from \\$5 to \\$50? Could GameStop stock \(GME\) explode higher?? Value investing! - YouTube](#)[Hey Burry thanks a lot for jacking up my cost basis : wallstreetbets \(reddit.com\)](#) (first YOLO update)

[GME YOLO update — Oct 8 2020 : wallstreetbets \(reddit.com\)](#)

[GME YOLO update — Feb 19 2021 : wallstreetbets \(reddit.com\)](#)

[GME YOLO update — Apr 16 2021 — final update : wallstreetbets \(reddit.com\)](#)

My reddit Rumour Mill

It is biased towards GME as much of the theory revolves around the stock. Browse at your own risk (you will need to sift through a lot of trash) and don't blindly trust strangers on the internet (or even me). **Do your own research, there are paid shills among the redditors. >> READ THIS FIRST**[Confessions of a Paid Stock Basher | AAPL Message Board Posts \(investorvillage.com\)](#)

https://www.reddit.com/r/DeepFuckingValue+GME+GME2+MOASS+Superstonk+gme_capitalists+wallstreetbets/

note: the subreddit “DeepFuckingValue” is named after Keith Gill, but is not associated with him.

Notable reddit contributors

<https://www.reddit.com/user/atobitt/submitted/>

<https://www.reddit.com/user/rensole/submitted/>

This is not financial advice!

“I’m jacked! I’m jacked to the tits!”

JARED VENNET (THE BIG SHORT)

I THINK I FIGURED OUT WHAT DFV KNOWS

PUBLISHED APRIL 19, 2021

U/DSMITH2430

IF YOU LOOK at the volume of options OTM on 4/16/21 you will notice that it is much higher than any other time throughout the history of the stock.

It is my belief that DFV knows that Shitedel has no long positions in GME and only has calls/puts and shorts on GME. When your options expire OTM and you have not other positions in the stock but shorts you literally have NOTHING.....

It makes sense as to why the shorts have been dragging it out this long. You never give up on an option until it expires. If there's a chance there's a chance and you still have skin in the game. But if your options expire OTM and you have no long positions in the stock (which Shitedel does NOT) you have no leg left to stand on and no more skin in the game. Nothing else you can do but cover your short positions.

This also might be why you see Shitedel working all weekend and all hours of the night. They don't have any skin left in the game and they don't have any more legs to stand on. They have nothing left to fight for.

The week of April 16, 2020 the stock was \$4.85 per share and going down. Why not buy you puts then for a year (Doesn't matter it's going Bankrupt right) which all leads to 4/16/21. I think DFV knows this

information and matched their puts with calls and being that he on the winning side of the equation he exercised his options and quadrupled down. He knows Shitedel no longer has any skin in the game and no longer has anything to fight for. The stock is not going bankrupt and they no longer have ANY positions on GME..

Before they lost their option positions they were able to use a technique called ARBITRAGE. Which basically means simultaneous buy and selling of stocks to take advantage of differing prices of the same asset. In a sense they could use the options they had to manipulate the price. NOW THEY DON'T HAVE THAT ABILITY AND DEEP FUCKING VALUE KNOWS IT!!!!

In 2017 Hedge funds started shorting Toys R Us and in 2018 of March they went bankrupt. Looks like it take about a year to win if you're a hedge fund.

LINKS:

[GME PUTS OTM on 4/16/21 MASSIVE AMOUNT](#)
[PRICE HISTORY OF GME FROM A YEAR AGO](#)
[ARBITRAGE AS A TACTIC TO MANIPULATE PRICE](#)
[WHY HEDGIES THOUGHT BUYING PUTS AT THIS TIME A YEAR AGO WAS A GOOD BET](#)

TL:DR Hedge funds have been fighting because they had a leg to stand on with their PUT options. They expired OTM last Friday and now they don't have anything left in the stock but their shorts. They cannot use Arbitrage to manipulate the price anymore because they not longer have a position in GME. DFV knows this and went stride for stride with them and is on the winning side!!!

FEEL FREE TO POKE HOLES IN THIS BUT DAMN ITS KIND OF OBVIOUS!!!

EDIT 1: I don't know what the fuck is going on with all the awards. I'm just a fucking idiot who thought of this on the treadmill. I have not awarded a single award but god bless it I have't ever seen so many.

I guess it's not bad for my first "these/DD attempt" ☐☐♂

EDIT 2: I POSTED THIS COMMENT "I don't think they have enough to keep fighting. And I speculate that DFV knows that better than anyone." AND GOT THE ALL SEEING EYE AWARD WITH THE SIMPLE COMMENT "YES". Take it for what it's worth.

EDIT 3: I POSTED THIS COMMENT "Kind of scary how obvious it is... LOL" I GOT THE ALL SEEING EYE AWARD WITH THE COMMENT "VERY SCARY"

“When I buy a stock, I make sure I know why I’m buying it. Then I HODL (hold on for dear life) until I learn that something has changed. The price may go up or down, but if I still believe in the logic that made me buy the asset, I don’t sell. If something changed that I didn’t expect, then I look at selling.”

MARK CUBAN

WHY TRADING HALTED IN JANUARY

PUBLISHED MAY 8, 2021

U/THATGUYONTHEREDDITS

Assets:	
Cash	\$ 523
Securities owned, at fair value	66,707
Securities borrowed	1,628
Receivable from brokers and dealers	841
Receivable from clearing organizations and custodian	648
Securities purchased under agreements to resell	492
Other assets	165
Total assets	\$ 71,004
LIABILITIES AND MEMBER'S CAPITAL	
Liabilities:	
Securities sold, not yet purchased, at fair value	\$ 57,506
Securities sold under agreements to repurchase	4,472
Payable to brokers, dealers, and clearing organizations	2,847
Loans and interest payable to affiliate	1,653
Securities loaned	867
Other liabilities	342
Payable to affiliates	168
Total liabilities	67,855

[HTTPS://SEC.REPORT/DOCUMENT/0001616344-21-000004/](https://sec.report/document/0001616344-21-000004/)

I see you Kenny. I used to think that you were just a bystander in this, and caught up in your friends bad bets; you turned out to be the main villain.

And \$57,500,000,000 (billion with a B... that's 57 thousand million for all the non-US apes) is the bare minimum you owe. Why do I know this? Because it's on your annual frickin' report, and you spend 12 months a year cooking those numbers to look as positive as possible to your investors. You don't put your worst numbers in a published report...

What were your short positions from the year before?

<https://sec.report/Document/0001146184-20-000006/>

\$27.5b...

You doubled your position last year, Kenny.

Citadel claims on their own page that they process over 25% of all market trades, and close to 50% of all retail trades.

<https://www.citadelsecurities.com/products/equities-and-options/>

Our automated equities platform trades approximately 26% of U.S. equities volume across more than 8,900 U.S.-listed securities and trades over 16,000 OTC securities. We execute approximately 47% of all U.S.-listed retail volume, making us the industry's top wholesale market maker.

In this post: https://old.reddit.com/r/Wallstreetbetsnew/comments/m6xehe/robinhood_the_missing_link/ - I talked about how RobbingYourAss and Citadel are engaging in CFD-like activities; legally floating orders to close at better prices, if you will. I believe Citadel's annual report just solidified that, in my mind.

*Note: Understand, I'm not exactly talking about rehypothecation or naked shorting of any individual company here... I believe he's issuing short shares "legally" under his Market Making abilities... *

Citadel's plan is to route as much of retail orders through its system as possible, and issue a short share for whatever trade is sent to them through a retail platform.

70-90% of retail trades lose money. By issuing a short share on the trade instead of locating a real share to transact, they are simultaneously "providing liquidity", while also betting directly against retail. It used to be a hugely safe bet. It was making money both ways. They collect free money on the share sale, make money by selling off the short positions in a bond (more on this in a second), and make money by the separate entities holding the short positions while Citadel Securities continues to drive the price down.

But then retail won a bet. And not just one bet, but they won multiple bets simultaneously. In late January, multiple stocks spiked at the same time: Gamestop, Nokia, AMC, BlackBerry, etc...

THAT is why Citadel had to shut down trading, and why RobbingYourMum only shut down trading on specific stocks. And THAT is why we just heard in the last congressional hearing directly from the DTCC, that the DTCC did NOT raise margin requirements and cause a halt to any trading.

Citadel, as the market maker for 50% of all retail trades, was short on positions that were processed through RubbingYourCuck... and every single position went up huge at the exact same time. Citadel was caught on the line for every single short position that they created and that was held by RibbedCondom users.

And they still are.

They were providing liquidity to retail the entire time before the squeeze at the pre-squeeze prices.

And yes, I already hear you: "But those short positions could just be their daily market making activity and completely normal in a day-to-day operation."

The truth is: It doesn't matter.

It only matters that those positions existed before the squeeze. The initial run-up happened so fast that there was no time to reverse their positions. The prices went up by multiples in a single day. Any short position they held, they were now locked in to.

And that's assuming that every share purchased *during* the run-up, also wasn't just short shares going out the door. Citadels page states:

"Our automated equities platform trades approximately 26% of U.S. equities volume across more than 8,900 U.S.-listed securities and trades over 16,000 OTC securities. We execute approximately 47% of all U.S.-listed retail volume, making us the industry's top wholesale market maker."

Automated.

If they had the automated system programmed to create a short position for a percentage of all retail shares routed to it... THAT explains why trading was completely shut off. The system was just generating short shares the entire time, and Citadel was (and is) the one on the line for all of it. THAT is also why they allowed selling and not buying. It allowed them to try and purchase back their shares at the same prices they shorted them at, with no buying interference.

Know what the best part of all this is?

That \$57,500,000,000 was what they had on the books as of 12/20/20... it doesn't even count what happened in January.

Kenny, my man... Exactly how deep are you right now?...

If Citadel executes 50% of all retail trades, and there were 800,000,000 trades on GME alone between Jan 21 and Jan 29 (<https://finance.yahoo.com/quote/GME/history?p=GME>)... how many of those 400,000,000 shares did you short to provide liquidity, Kenny? How many did you cover?...

How many are still owed after exercising all of your options for the last 4 months?

Is that why Citadels corporate bonds were rated BBB-? The absolute lowest rating you can get for investment grade bonds? Is it because your updated liabilities page looks like a raging dumpster fire?

That is why Citadel keeps being called out by name in the congressional hearings and being asked if they should be allowed to fail. Because I now firmly believe that Citadel is the ultimate bagholder of all of this.

Remember, not only did Citadel bail out Melvin to avoid the margin call dominoes from falling, Citadel Advisors also personally lost over 3% of their worth in January alone (what was reported): <https://markets.businessinsider.com/news/stocks/here-are-the-hedge-fund-winners-and-losers-amid-januarys-gamestop-mania-2021-2-1030034341>

Citadel Advisors showed \$234bil in AUM in 05/01/20: <https://aum13f.com/firm/citadel-advisors-llc>

(Remember, Citadel Advisors is separate from Citadel Securities)

If they lost 3%, that's \$7,000,000,000 in losses in January alone, not counting the Cohen bailout.

So how do I think Citadel Advisors and Melvin Capital wound-up holding short positions created by Citadel Securities if there is supposed to be a firewall between the two of them? By re-packaging the short positions and selling themselves collateralized trust bonds. Crazy Melon ([u/sydneyfriendlycub](https://old.reddit.com/r/GME/comments/n2hjn/33_the_ultimate_dd_guide_to_the_moon_crazy_melon/)) has a very well-written group of posts about it here: https://old.reddit.com/r/GME/comments/n2hjn/33_the_ultimate_dd_guide_to_the_moon_crazy_melon/

Citadel Securities would sell short positions to facilitate liquidity on retail trades, and simultaneously bet against retail. Citadel Securities would package those short positions in Collateralized Trust Bonds, and sell those bonds to Citadel Advisors and Melvin Capital.

That would get the short positions off of Citadel Securities books, effectively "covering" them, and allow them to show FINRA a lower short position holding. They then use their Market Maker status to continue issuing shorts on a stock like GME, causing the price to fall, and the short positions of Melvin and Citadel Advisors to go up in value. It was an infinite money glitch, until retail won a trade.

Want proof of more insider fuckery?

Explain to me how Melvin just filed an amended report, showing that he magically found a holding position of \$121,500,000 worth of PUT options of VIACOM from December, right after the Archegos liquidation happened?

https://www.sec.gov/Archives/edgar/data/1628110/000090571821000618/xslForm13F_X01/infotable.xml

I'm sure that the SEC finds that reporting those puts 4 months after the due date is completely normal... considering the circumstances.

Sorry to cut this off abruptly, but I'm tired and the screen is going hazy. Time for ape to sleep. If I tie anything else together, I'll be sure to break the tin-foil hat back out later.

If I got anything wrong that you think needs attention, lemme know so I can edit it. I like my conspiracy theory, but it doesn't mean its 100% correct.

TL;DR:

Heg r fuk

“Take the home run. Don’t go for the grand slam. Take the home run. You’ve already won. You’ve won the game. You’re done.”

JIM CRAMER

GLACIER CAPITAL EXISTS

PUBLISHED MAY 18, 2021

U/MRMADIUM

IN THE LINKED IN PROFILE, they are advertising for one position in China with email domains for glacierchina.com

Running the advertisement through Google Translate, we can see that they have a public **WeChat account: GlacierCap.**

Throughout the rest of the job post, they refer themselves to **Gengxin Capital.**

Introduction:

Founded in September 2018, Gengxin Capital is an enabling boutique investment bank. The founding team comes from core members of companies such as LAZARD, Yuanhe Chenkun, Kaisheng Rongying, Huafeng Capital, Blue Lotus Research Institute, Analysys International, and has extensive contacts in the capital market, Internet, and technology industries.

Gengxin Capital is committed to deep participation and long-term empowerment in the value creation and value discovery of technological innovation companies that are the engine of global economic growth and unicorns generated in the tide of inclusive consumption in China. Since its establishment, it has assisted 26 projects to complete financing, with a total financing of 5.36 billion yuan.

Additional information I can tell you about the Chinese domain is that while it was initially registered in 2018, the Registry of the domain (RDAP) has been updated within the last 24 hours. Circumstantial, but the domain for the Chinese email accounts do not have anything else allocated to them other than their emails. {"eventAction": "last update of RDAP database", "eventDate": "2021-03-14T06:57:12Z"}]

Registered with Alibaba.

Source material: <https://whois.aliyun.com/rdap/domain/GLACIERCHINA.COM>

Bringing it back to Glacier Capital in Lux, I ran a WHOIS on the Domain and got a different address than [u/timmmmmmyy](https://www.google.com/maps/@49.6582799,6.0771793,3a,75y,326.47h,77.66t/data=!3m6!1e1!3m4!1sqXom6bxDm2-6Pd1NdeLZEw!2e0!7i13312!8i6656?hl=en-AU).

Domain name holder

GLACIER CAPITAL SARL

18, rue Jean Oster

LU - 8146 Bridel

<https://www.google.com/maps/@49.6582799,6.0771793,3a,75y,326.47h,77.66t/data=!3m6!1e1!3m4!1sqXom6bxDm2-6Pd1NdeLZEw!2e0!7i13312!8i6656?hl=en-AU>

Wonderful, modern house. Could hold 4 employees in the silo looking part next door, but otherwise a suburban street.

The official business registration yields the same address as [u/timmmmmmyy](https://www.google.com/maps/@49.6582799,6.0771793,3a,75y,326.47h,77.66t/data=!3m6!1e1!3m4!1sqXom6bxDm2-6Pd1NdeLZEw!2e0!7i13312!8i6656?hl=en-AU).

Buisness ID: B212426

A new player has entered the game, **Norbert Raymond Becker**. Owns 48.08% of Glacier Capital, where Marc-Francois Joseph Daubenfeld owns 51.92%. Both Luxembourgers.

<https://imgur.com/i91TtDc> Verifiable at <https://www.lbr.lu/> which is the Luxembourg Business Register. Put the above Business ID into the "RBE" which is the Beneficial Owners Registry.

What's Norbet up to?

He has a Directorship at Lia Holdings Limited. (Very close to Liar, lol). with the following address - 52 LIME STREET, LEVEL 27, LONDON, EC3M 7AF

Fancy new building there for Norbet. What's on level 27, the registered address for Lia Holdings Limited?

<https://www.thescalpelec3.co.uk/#Neighbourhood>

Level 27 holds Lombard International

https://www.thescalpelec3.co.uk/wp-content/uploads/2020/12/SCA005_Scalpel_Floorplans_V32.pdf

<https://pomanda.com/company/12049264/lia-holdings-limited>

This looks more like a spicy meatball. We have a list of other directors in London that we can chase down, along with business names that contain the word CAYMAN in them. Niiice.

So.... who is this rag tag bunch of professionals for Lia?

<https://www.lombardinternational.com/en-US/About-us/Leadership-team>

Oh look - Hi Norbet! He isn't a small fish either - used to be Global CFO for EY (one of the big four consulting and accounting firms in the world).

I see that they have their funds managed by Blackstone, a fairly large and spicy meatball in the U.S (I know this because they just tried to buy a Casino group in Australia).

I must say that many of the board on Lombard International Group are not small fish - international Chief Investment Officer of HSBC is a spicy meatball (Stuart Parkinson) or a senior figure of Blackstone's Tactical Operations Group in Qasim Abbas (sounds like a lame Bourne movie).

So what has this got to do with our situation?

<https://www.businessinsider.com.au/blackstone-and-citadel-have-reportedly-held-deal-talks-2019-10?r=US&IR=T>

Fuck. Off.

TL:DR - The strawman at Glacier, whom has a Residential Office but has a 48% owner in the former Global CFO of EY Norbet Raymond Becker, who sits on the Board and is Vice Chairman of Lombard International Group, whose funds are managed by Blackstone, whom have been looking to merge with Citadel going back to 2019.

Edit: Adding the screenshot for the Public Record of Beneficial Owners of Glacier Capital, which ties them to LIA, which ties them to Blackstone Tactical Operations, which ties to Citadel. <https://imgur.com/i9lTtDc>

Edit 2: Do not confuse BlackRock (who are long on GME and are listed as an institutional investor in GME) to Blackstone, the company listed above. Have a read of this 2018 article. To help remember, Blackstone = BS = Wanted to merge with Citadel in 2019. <https://www.economist.com/business/2018/01/13/blackrock-v-blackstone>

If buying and holding stock issued by a debt-free company led by an e-commerce dream team in a multi-billion dollar market breaks the economy, then the economy was already broken.

U/PROBABLYANNSAPLANT

WE'RE ALL FUCKED

PUBLISHED MAY 23, 2021

U/COFFEELAXATIVE

I HAVE no background in macroeconomics. In fact, I'm in healthcare. However, this is what I've gathered in all of my 3 months of investing, learning more about econ and finance than my own field. You tell me what you think and where we stand. The title of my post... pretty much sums up my thoughts. If I made any mistakes, please let me know. After all, I'm a smooth ☐.

1. S&P 500 inflation-adjusted earnings yield 🔥

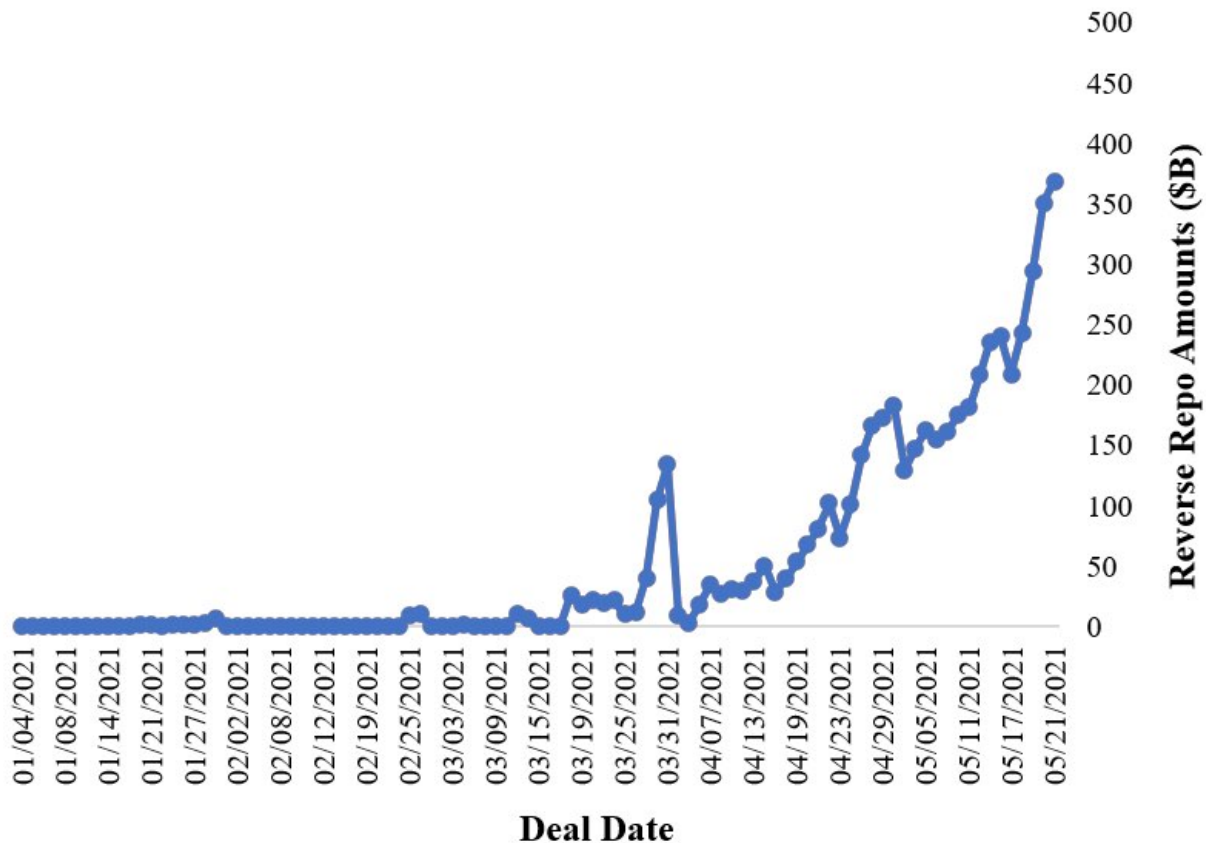
You may have seen this picture from this [post](#). It's the **S&P 500 inflation-adjusted earnings yield that's now falling below zero, setting a 40-year low**. The last times it fell below 0 were in 2008 (housing bubble), 2000 (dotcom bubble), 1987 (Black Monday), 1973 (recession). And it's going under again. Here's [another post about it, with Crescat Capital's letter](#). Essentially, impending boom ?



2. The Repo Market ^{*}🔴

It's been all the talk lately. Lately, the Fed has been conducting reverse repo operations at higher and **higher** amounts. On May 20th, we hit the 5th highest ever with \$351B and 48 participating counterparties.

Then on **May 21st, reverse repos reached \$369B with 52 participants!** Compare this to two weeks ago where we had less than half that amount, \$155B on May 6th. Here's a chart showing reverse repos from January til today. Notice the exponential increase ? Ya, shit is fucked.



Data from: <https://apps.newyorkfed.org/markets/autorates/temp>

Edit: 05/25: reverse repo @ \$432.96 billion.

If you are not familiar with the repo market, I recommend reading this: [The Imminent Liquidity Crisis & Reverse Repos Usage](#) or watching George Gammon's YouTube video (Repo Market Rates Turn Negative).

Wat mean? Means there is too much cash in the system and not enough collateral (like treasury bonds). It means there's an imbalance between dollars (which are essentially IOUs) and whatever is backing the dollar's worth.

Why imbalance ?

- Quantitative easing (money printer go BRRRR)
- Rehypothecation (the same treasury bond being lent to A for 10k, who lent it to B for 10k, who lent it to C for 10k, ... but

there is only 1 treasury bond and now 30k was lent.)

- Probably more reasons

So now, nobody wants \$ (except you and I) and all of these institutions want treasury bonds. And as of May 21, **treasury bonds have a negative interest rate!** Source: <https://www.dtcc.com/charts/dtcc-gcf-repo-index>

Indices: Fri May 21 2021

				52 WEEK		PAR VALUE
	SECURITY	LATEST	1 WEEK	HIGH	LOW	(BILLIONS USD)
<input checked="" type="checkbox"/>	MBS	0.009	0.010	0.169	0.002	37.400
<input checked="" type="checkbox"/>	TREASURY	-0.006	0.002	0.151	-0.008	38.412

U. S. Treasury < 30-year maturity (371487AE9).

In other words, banks and institutions want these treasury bonds so bad, they're ready to pay (lend) what it's worth and pay some more cash to get their hands on it.

3. Crypto Correction / Crash ↘

The crypto market dropped \$1 trillion in the past 2 weeks (\$700 billion last week and ~\$300 billion the week before if I got my facts right). The leading coin went from ~\$59k to ~\$30k and all other coins followed.

So there's a LOT of differing opinions on this matter, on why it happened... Elon Musk, China, etc. Let's agree that it was probably a combination of everything. It also seems that the leading coin followed a

textbook Wyckoff distribution, essentially a method to fleece retail investors (yet again!).

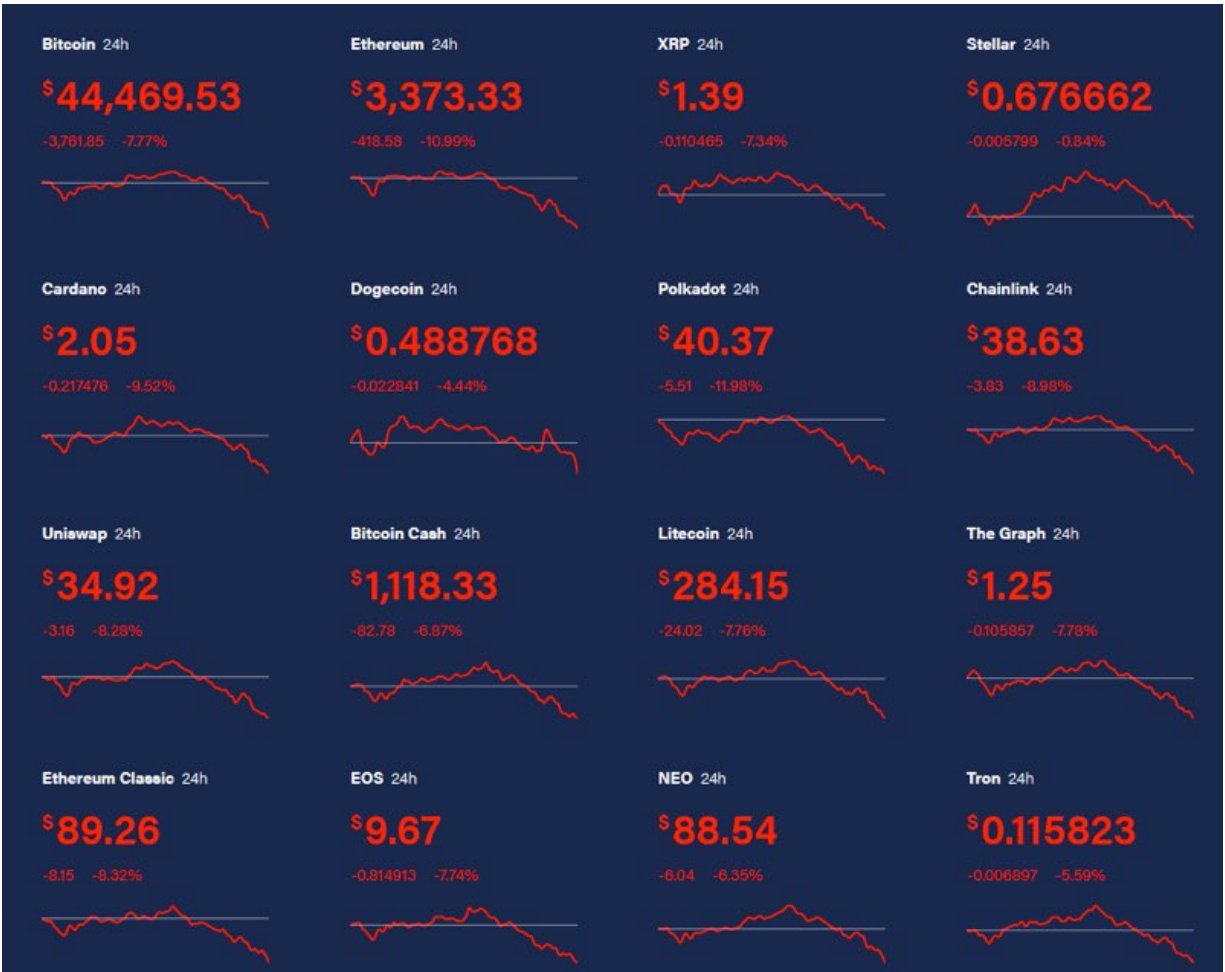


Huge volume spike on May 19th. Very sus.



The sell off occurred mostly between 8:50 - 8:55 AM EST and continued til 9:10 AM on May 19th.

What happened on May 19th ? Oh, right! OCC had previously issued a letter to members notifying them of temporary increase in deposits for clearing fund size totaling [\\$588M due at 9:00 AM on 5/19/2021](#). So, let's all agree the crash was caused by a combination of **everything**.



Many coins were affected 6 days ago. Screenshot by u/incandescent-leaf

Edit:

Here's an interesting DD that could shed some light on these crypto whales: https://www.reddit.com/r/Superstonk/comments/nkde38/bitcoin_address_activity_appear_to_mirror_gme/

It's also interesting how Goldman Sachs now considers the leading coin as an asset class. The timing is what's most intriguing. Last weekend, crypto had another big sell off. <https://finance.yahoo.com/news/bitcoin-is-officially-a-new-asset-class-goldman-sachs-103540636.html>

4. Commercial mortgage backed securities (CMBS) 📁

According to Fitch Ratings, US CMBS delinquencies ticked up in April for the first time since October 2020, mostly from hotels and regional malls.

New delinquencies rose to \$1.6 billion in April from \$697 million in March with approximately 37% previously having been granted relief. Many of the larger newly delinquent loans have become 60 days delinquent for at least a second time with borrowers requesting additional debt relief.

Source: <https://www.fitchratings.com/research/structured-finance/us-cmbs-delinquencies-tick-up-in-april-for-first-time-since-october-2020-07-05-2021>

I don't know about you, but this suuure reminds me of something... and this don't look good.

🔗🔗 Edit 🔗🔗

Thank you to [u/Due-Mountain-9044](#) for this:

In his interview and in his new article, Ryan Grim calls CMBS a BIGGER problem than the 2008 housing crisis:

Article: <https://theintercept.com/2021/04/20/wall-street-cmbs-dollar-general-ladder-capital/>

YouTube: <https://www.youtube.com/watch?v=pRHwhvUc54A>

Podcast: <https://theintercept.com/2021/04/23/deconstructed-whistleblower-financial-crisis/>

4.1 Mortgages 🏠

Thank you to [u/plasticbiner](#) for also pointing this out:

New Report From Consumer Financial Protection Bureau Finds Over 11 Million Families At Risk Of Losing Housing (March 1, 2021)

WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) issued a report that warns of widespread evictions and foreclosures once federal, state, and local pandemic protections come to an end, absent additional public and private action. Over 11 million families are behind on their rent or mortgage payments: 2.1 million families are behind at least three months on mortgage payments, while 8.8 million are behind on rent. Homeowners alone are estimated to owe almost \$90 billion in missed payments. The last time this many families were behind on their mortgages was during the Great Recession.

Source: <https://www.consumerfinance.gov/about-us/newsroom/new-report-from-consumer-financial-protection-bureau-finds-over-11-million-families-at-risk-of-losing-housing/>

🔗🔗 End of edit 🔗🔗

5. Banks, hedge funds, and the Fed working 24/7 🏠

We've seen the night pics and enjoyed them. Quite the norm nowadays, but quite unusual still.

<https://preview.redd.it/tw0ubnrays071.png?width=1902&format=png&auto=webp&s=f7fae2895a00a4292eb6c22b3cf92fbbb9d6cccb>

But wait! There's more. Not only do they have to deal with the stock market, the repo market, CMBS, paying their employees for overtime... they're also losing money with fines.

- UBS, Nomura fined \$452 million by the EU. Bank of America, Credit Suisse Group AG and Credit Agricole were fined about 28.5 million euros last month.

Source: <https://finance.yahoo.com/news/ubs-nomura-unicredit-fined-452-100701721.html>

- Since January 2021 up until today, the SEC has awarded ~\$163.2 million to whistleblowers. Whistleblowers get 10-30% of the money collected, which means someone is bleeding from \$544 million to \$1.632B.

- And then the petty fines by the SEC that I won't list. Chump change for them.

There's also weird or bad news every week :

- The European Bank Issues Financial Stability Warning. [Reddit post on this](#)
- In Mexico, [BBVA closes 867 branches and 1 million credit cards](#). In Spain, they closed 530 branches.
- Banks are planning on launching a pilot program where they will issue credit cards to people with no credit scores: <https://www.wsj.com/articles/jpmorgan-others-plan-to-issue-credit-cards-to-people-with-no-credit-scores-11620898206>
- Not to mention the margin calls already happening on [Wall Street as reported by European financial news](#)

Much more... won't dig further. It's 1:30 am lol

  Edit  I'm back at it 3 days later

Here are a few more articles to make you go "Hmmm □"

Right after supposedly great earnings, Morgan Stanley sells \$6 billion worth of bonds, following JP Morgan which sold \$13 billion of bonds. Goldman Sachs also issued \$6 billion of bonds. Source: <https://www.bnnbloomberg.ca/morgan-stanley-joins-bank-bond-bonanza-with-three-part-sale-1.1592121>

Over-leveraged Archegos Capital Management cost Credit Suisse \$4.7+ billion in losses. Morgan Stanley dumped \$5 billion in shares in Archegos' stocks before fire sale. Nomura losses could be as much as \$2 billion. Source: <https://www.cnbc.com/2021/04/06/morgan-stanley-dumped-5-billion-in-archegos-stocks-before-fire-sale.html> and <https://www.cnn.com/2021/03/29/investing/wall-street-hedge-fund->

[archegos/index.html](#). Keep in mind Archegos was just a small family firm. How many more are there ?

Italian bank collapses on exposure to Greensill and GFG. Source : <https://www.ft.com/content/c02a6e97-5505-4d4a-933f-a0e934ca6eda>

🔗🔗 End of edit 🔗🔗

On top of that, the CEOs of all major US banks have to testify before Congress this week on May 26th and 27th. Source : <https://www.bloomberg.com/news/articles/2021-04-15/wall-street-bank-ceos-called-to-testify-before-congress-in-may>.

How often does this happen ? Since 2008, they were called twice to testify before Congress according to above article.

6. The rich divorcing and/or selling stocks ♥

So Bill Gates divorced and Gabe Plotkin divorced ? Huh. Weird...

BEZOS JEFFREY P	Chairman, CEO and President	May 10	Sale	3260.87	17,253	56,259,806	51,209,269	May 11 05:06 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 10	Sale	3226.09	74,887	241,592,059	51,226,522	May 11 04:55 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 10	Sale	3203.40	60,280	193,100,930	51,301,409	May 11 04:46 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 07	Sale	3324.16	17,595	58,488,569	51,361,689	May 11 04:46 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 07	Sale	3305.48	351,921	1,163,269,106	51,379,284	May 11 04:35 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 06	Sale	3304.40	66,629	220,169,135	51,731,205	May 07 05:12 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 06	Sale	3285.00	234,589	770,623,911	51,797,834	May 07 05:04 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 06	Sale	3261.21	68,298	222,734,427	52,032,423	May 07 04:54 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 05	Sale	3340.76	30,714	102,608,226	52,100,721	May 07 04:54 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 05	Sale	3312.69	186,144	616,636,742	52,131,435	May 07 04:46 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 05	Sale	3279.76	152,658	500,682,239	52,317,579	May 07 04:35 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 04	Sale	3351.03	51,196	171,559,456	52,470,237	May 05 05:14 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 04	Sale	3323.40	108,430	360,356,083	52,521,433	May 05 05:07 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 04	Sale	3291.63	207,890	684,296,645	52,629,863	May 05 04:58 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 04	Sale	3274.29	2,000	6,548,581	52,837,753	May 05 04:49 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 03	Sale	3459.88	109,945	380,396,905	52,839,753	May 05 04:49 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 03	Sale	3418.82	98,673	337,345,133	52,949,698	May 05 04:40 PM
BEZOS JEFFREY P	Chairman, CEO and President	May 03	Sale	3390.04	160,898	545,450,065	53,048,371	May 05 04:30 PM

Wow. That's a lotta shares. A week before the tech sector dumped.

Zuckerberg Mark	COB and CEO	May 14	Sale	313.72	52,700	16,532,898	0	May 17 08:44 PM
Zuckerberg Mark	COB and CEO	May 13	Sale	305.80	52,700	16,115,475	0	May 17 08:40 PM
Zuckerberg Mark	COB and CEO	May 12	Sale	301.90	52,700	15,910,033	0	May 12 09:37 PM
Zuckerberg Mark	COB and CEO	May 11	Sale	304.12	68,000	20,680,413	0	May 12 08:39 PM
Zuckerberg Mark	COB and CEO	May 10	Sale	308.00	68,000	20,944,130	0	May 12 08:30 PM
Zuckerberg Mark	COB and CEO	May 07	Sale	320.59	68,000	21,800,070	0	May 10 08:23 PM
Zuckerberg Mark	COB and CEO	May 06	Sale	316.86	68,000	21,546,301	0	May 10 08:14 PM
Zuckerberg Mark	COB and CEO	May 05	Sale	317.64	68,000	21,599,402	0	May 05 09:52 PM
Zuckerberg Mark	COB and CEO	May 04	Sale	315.86	68,000	21,478,801	0	May 05 09:14 PM
Zuckerberg Mark	COB and CEO	May 03	Sale	324.14	68,000	22,041,305	0	May 05 09:09 PM
Zuckerberg Mark	COB and CEO	Apr 30	Sale	326.39	68,000	22,194,434	0	May 03 08:00 PM

Mark Zuckerberg selling his FB shares. Goes all the way back to February.

Insider Trading	Relationship	Date	Transaction	Cost	#Shares	Value (\$)	#Shares Total	SEC Form 4
Pichai Sundar	Chief Executive Officer	May 19	Sale	2271.98	3,000	6,815,930	5,882	May 20 07:17 PM
Page Lawrence	Director	May 13	Sale	2259.68	13,889	31,384,729	19,971,947	May 17 08:56 PM
Page Lawrence	Director	May 13	Sale	2225.40	13,889	30,908,639	0	May 17 03:10 PM
Page Lawrence	Director	May 12	Sale	2261.93	3,998	9,043,179	0	May 13 09:09 PM
Page Lawrence	Director	May 12	Sale	2248.49	11,488	25,830,618	19,988,237	May 13 08:48 PM
Page Lawrence	Director	May 12	Sale	2211.82	12,292	27,187,673	1,597	May 13 07:38 PM
Page Lawrence	Director	May 11	Sale	2306.83	14,089	32,500,896	0	May 13 05:50 PM
Brin Sergey	Director	May 11	Sale	2307.34	13,889	32,046,579	19,186,868	May 12 04:53 PM
Page Lawrence	Director	May 11	Sale	2264.31	13,689	30,996,134	200	May 13 02:11 PM
Brin Sergey	Director	May 11	Sale	2275.65	1,479	3,365,689	0	May 12 08:45 PM
Brin Sergey	Director	May 11	Sale	2263.24	12,410	28,086,753	1,479	May 12 08:31 PM
Brin Sergey	Director	May 10	Sale	2349.08	13,889	32,626,396	19,200,757	May 11 09:03 PM
Brin Sergey	Director	May 10	Sale	2301.36	13,889	31,963,563	0	May 11 06:09 PM

Google too?

Source: finviz.com

Edit:

Let's not forget Warren Buffett and his company Berkshire Hathaway sold most of their bank shares (Goldman Sachs, JPMorgan, M&T Bank, PNC Financial, Synchrony Financial, Wells Fargo, US Bancorp, and BNY Mellon) during the past 5 quarters.

Source : <https://www.msn.com/en-us/money/markets/warren-buffett-dumped-goldman-sachs-jpmorgan-and-other-bank-stocks-last-year-they-ve-now-surged-to-record-highs-meaning-the-investor-left-billions-on-the-table/ar-AAKc7Dr>

7. The domestic market and the international markets

Let's look back at the past 2 weeks.



05/19 by u/CryptoFX1

Nikkei 225 (^N225)

Osaka - Osaka Delayed Price. Currency in JPY

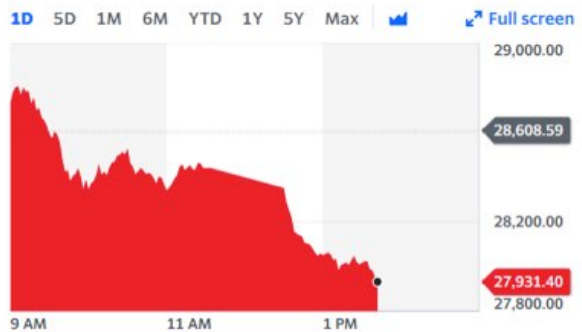
☆ Add to watchlist

27,931.44 -677.15 (-2.37%)

As of 1:42PM JST. Market open.

Summary Chart Conversations Historical Data Options Components

Previous Close	28,608.59	Day's Range	27,931.40 - 28,831.03
Open	28,712.10	52 Week Range	19,832.88 - 30,714.52
Volume	0	Avg. Volume	73,136,842



On May 12, Nikkei Bled. Only 1% Away From the Low of Jan 28. by u/incandescent-leaf

Taiwan Weighted Index

.TWII:Taiwan Stock Exchange

*Data is delayed | TWD

EXPORT ↕

WATCHLIST +

Last | 12:30 PM CTT

15,221.21

▼ **-605.88 (-3.83%)**

Volume

52 week range

7,987,803,000 **10,719.25 - 17,709.23**

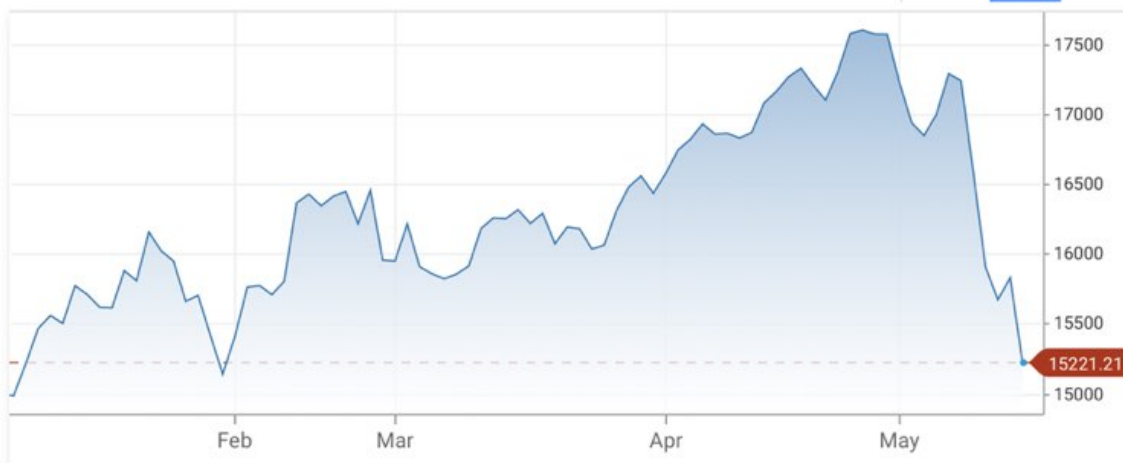
1D 5D 1M 3M 6M **YTD** 1Y 5Y ALL

+ Comparison

1D



fX



"Taiwan Stock Exchange Index just wiped out YTD gains. This is abnormal. Very likely that it will also affect the US markets (though many can argue that this is actually a reflection of the US markets, and I would agree)" by u/_atworkdontsendnudes

- [Asian markets](#) and [other international markets](#) are tanking, following another day of decline in the US markets (May 12-13)

Ok, the market has had its green days here and there. But overall, it's been pretty unusually red, right ? Yeah, also, all of this could be unrelated. Could be a coincidence. What do I know ? You be the judge.

8. The media 📰

Usually very biased or bought out, but there are some exceptions like this article: [Are we on the verge of a new financial crisis?](#) The GameStop case, the signals of Hedge Funds and the rise of crypto.

What's concerning is that even "biased media" is warning of inflation, hyperinflation and an impending crash. No links, just go on YouTube. If they're talking about it, we know shit's about to hit the fan soon...

Edit:

Ever doubted media manipulation ? Remember this video "[Independent](#)" media using the EXACT same words and this video of the 2008 crash: [Not a single expert/spokesperson mentioned the true cause of the crash; Mortgage Bonds.](#)

Remember "Bear Stearns is fine" back in 2008 ? Cramer says he's confident inflation will not end up crushing US economy. Source : <https://www.msn.com/en-us/money/markets/cramer-says-hes-confident-inflation-will-not-end-up-crushing-us-economy/ar-AAK1951>

Motley Fool agrees, as per their "38 reasons you don't have to fear a stock market crash" article: <https://www.fool.com/investing/2021/05/23/38-reason-you-dont-have-to-fear-stock-market-crash/>

9. GameStop 🎮

I think you know what I'm thinking of. Let me just repeat this. We have played the game while following the rules. We played against players that had cheat codes in an unfair game, designed for us to lose. Yet, here we are.

Buy, hodl, and vote fellow 🐼 & 🐱 & 🐛. I appreciate you all. The rest can fuck right off.

👍👍👍👍👍👍👍👍

Edit: alright, who the f reported me ? Seems like the shills don't like this. To everyone else, I am perfectly happy with my life 😊☐

Edit 2: I guess I was too subtle. I was reported for self-harm and potential suicide. Let me make it clear, I have absolutely zero thoughts about this. I love my life, even if it's a mess.

Also, thank you all for the awards and kind feedback! Was not expecting to gain so much traction. "Controversial" title is a reference to the movie The Big Short. Some of you (superstonkers) caught on.

Lots of great input and good discussion in the comments.

A few people questioning my sources and my background. Listen... forget it.

👍👍👍👍👍👍👍👍

10. The flurry of new rules and regulations 🐼

- Let's not forget Gary Gensler, Chairman of the SEC, was sworn in on a Saturday (April 17, 2021). [Why the Weekend Swear in Ceremony for Gary Gensler is of Significance](#)
- Also interesting how the DTCC, OCC, ICC, and NSCC have been implementing new rules and regulations like crazy in such a short time-span. Below is an overview of them (credits to [u/MATTATI2005](#)). And here's [another great DD](#) tying them in with the FTD cycles of GME.

TL;DR: Regulations Edition

DTCC

SR-DTC-2021-003 PASSED
Obligation to Reconcile Activity on a Regular Basis
Changes the risk/margin reporting period from monthly to daily.
FILED **EFFECTIVE**
2021-03-09 2021-03-16

SR-DTC-2021-004 PASSED
Amend the Recovery & Wind-down Plan
Outlines procedures for asset liquidation in the event of a defaulting member.
FILED **EFFECTIVE**
2021-03-09 2021-03-16

SR-DTC-2021-005 PASSED
Asset Tagging and Share Lending Revisions
Prevents loaned/borrowed shares from being loaned/borrowed more than once.
FILED **EFFECTIVE**
2021-04-01 N/A

SR-DTC-2021-006 PASSED
Remove the Security Holder Tracking Service
Removes the old method of asset tracking in favor of SR-DTC-2021-005.
FILED **EFFECTIVE**
2021-04-22 2021-04-22

SR-DTC-2021-007 PASSED
Update the DTC Corporate Actions Distributions Service Guide
Eliminates the APO system in favor of the Claim Connect system for fee reconciliation between parties. Mandatory by 2021-07-09.
FILED **EFFECTIVE**
2021-04-30 2021-04-30

ICC

SR-ICC-2021-005 PASSED
Amend the ICC Recovery & Wind-down Plan
ICC version of SR-DTC-2021-004 to define procedures for asset liquidation in the event of a defaulting member.
FILED **EFFECTIVE**
2021-03-23 2021-05-10

SR-ICC-2021-007 PASSED
Update the ICC's Treasury Operations Policies and Procedures
Redefines what can and cannot be considered collateral, reducing overall capital on books and lowering acceptable risk ceilings.
FILED **EFFECTIVE**
2021-03-29 2021-05-13

SR-ICC-2021-008 PASSED
Update the ICC Risk Management Model Description
Redefines how risky collateral is handled in Credit Default Swaps, increases initial margin requirements, and lowers ICC exposure.
FILED **EFFECTIVE**
2021-03-31 2021-05-18

SR-ICC-2021-009 PASSED
Update the ICC Risk Parameter Setting and Review Policy
Changes calculation of risk from using month-to-month averages to using day-to-day averages.
FILED **EFFECTIVE**
2021-04-02 2021-05-20

SR-ICC-2021-014 PASSED
Update the ICC's Fee Schedules
Defines fee schedules for the 2nd half of 2021. Includes reduced fees on CDS (25%) and incentives for risk sharing.
FILED **EFFECTIVE**
2021-05-07 2021-05-18

NSCC

SR-NSCC-2021-002 PASSED
Amend the Supplemental Liquidity Deposit Requirements
Automates the margin call process when daily reports indicate a member is overleveraged.
FILED **EFFECTIVE**
2021-03-05 N/A

SR-NSCC-2021-004 PASSED
Amend the Recovery & Wind-down Plan
NSCC version of SR-DTC-2021-004 to define procedures for asset liquidation in the event of a defaulting member.
FILED **EFFECTIVE**
2021-03-05 2021-03-18

SR-NSCC-2021-005 PASSED
Increase the NSCC's Minimum Required Fund Deposit
Increases the minimum required fund deposit for DTCC members from \$10,000 to \$250,000 each.
FILED **EFFECTIVE**
2021-04-26 N/A

OCC

SR-OCC-2021-003 PASSED
Increase Persistent Minimum Skin-In-The-Game
Increases margin requirements for market makers when dealing with options contracts.
FILED **EFFECTIVE**
2021-02-24 N/A

SR-OCC-2021-004 PASSED
Revisions to OCC's Auction Participation Requirements
Allows previously excluded firms to participate in auctions of assets when a member is liquidated.
FILED **EFFECTIVE**
2021-03-19 2021-05-19

OTHER

Exchange Act Rule 15c3-3 Compliance Letter PASSED
Staff Statement on Fully Paid Lending
Establishes a requirement for 100% collateral to be held on all positions within six months.
FILED **EFFECTIVE**
2020-10-22 2021-04-22

MSBS978-21: FICC Notice PASSED
Intraday Mark-to-Market Charge - Timing of Intraday Collection
Returns MBSD Intraday Mark-to-Market Charge to hourly assessment instead of once-per-day for margins.
FILED **EFFECTIVE**
2021-04-21 2021-05-03

LAST UPDATED
2021-05-22

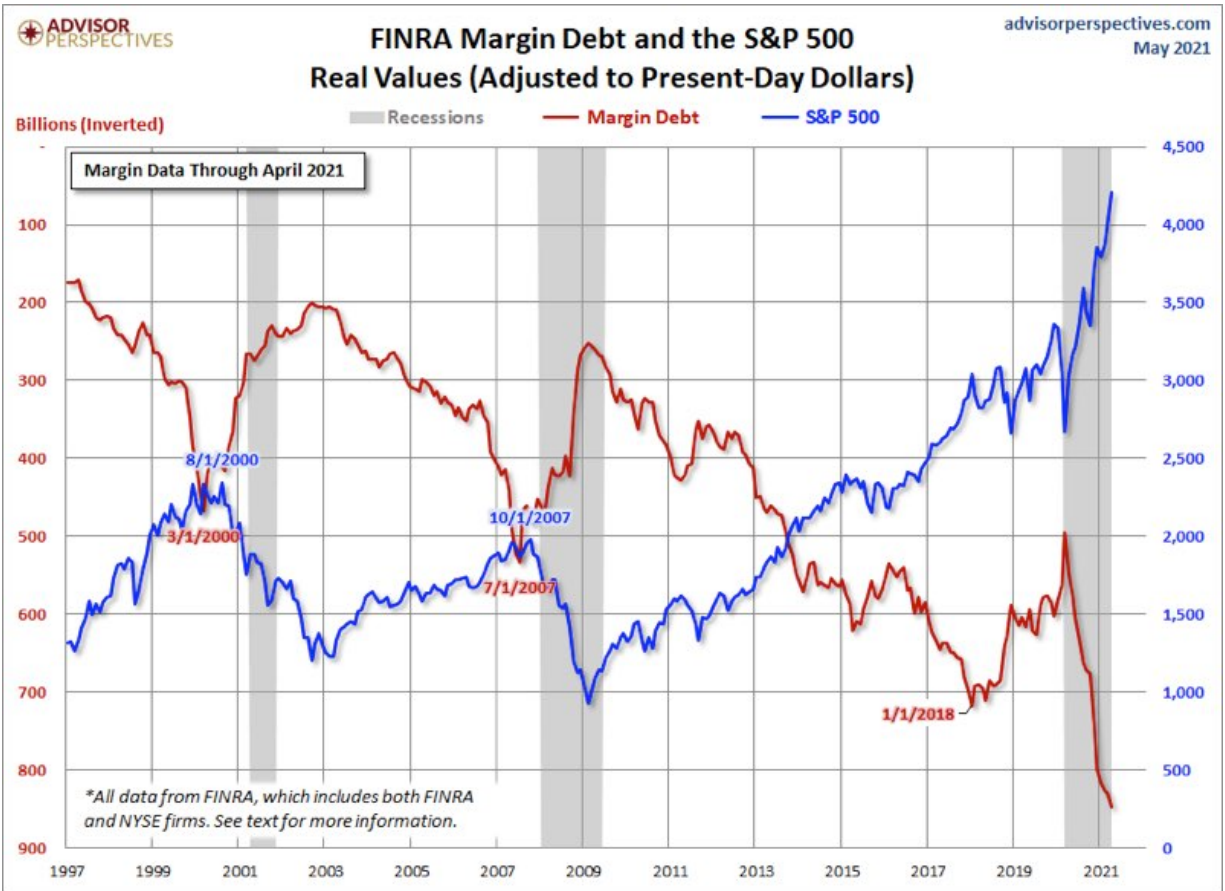
- Michael J. Burry, famous for seeing the early signs of the 2008 crash and making bank, also got shushed a few months ago, deleting his Twitter account. In his profile, he linked this, only to remove it 1 day

later: <https://www.federalreserve.gov/econres/notes/feds-notes/ins-and-outs-of-collateral-re-use-20181221.htm>. Here's a great DD explaining how Michael Burry Handed us the Missing Piece on a Silver Plate, [How Financial Institutions Using US Treasury Securities Nearly Caused the Market to Collapse and What Does it Mean for Us](#)

11. Margin debt 📈

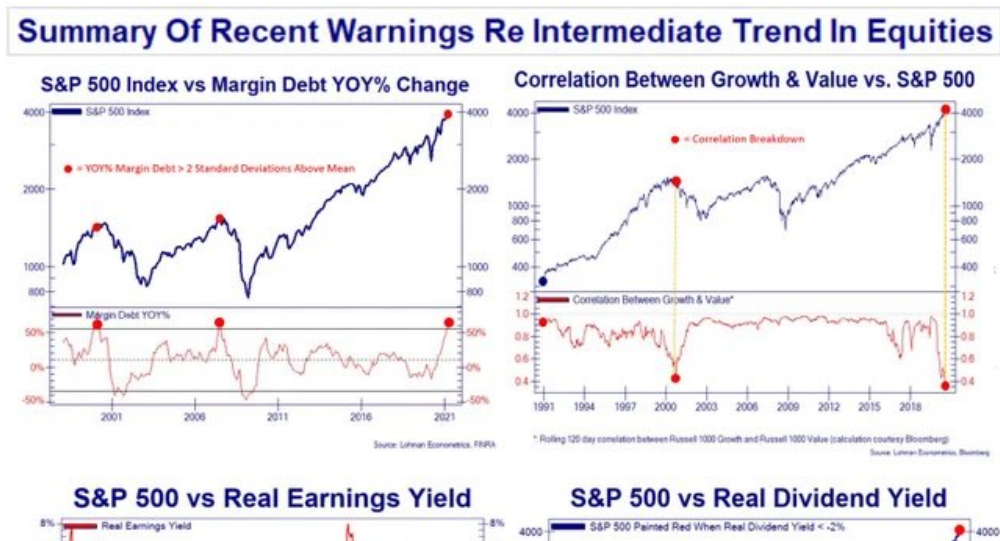
FINRA Margin Debt is at a current level of 822.55B, up from 813.68B last month and up from 479.29B one year ago. This is a change of 1.09% from last month and 71.62% from one year ago. Source: https://ycharts.com/indicators/finra_margin_debt. Thank you to [u/CapoeiraCharles](#) who reminded me of this.

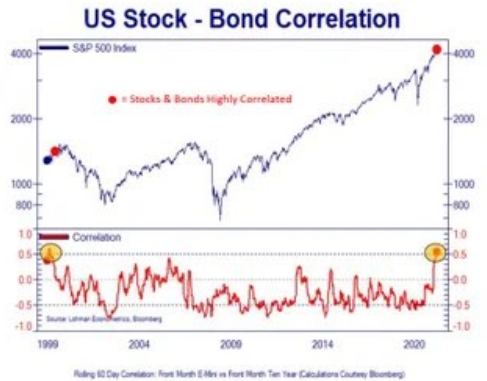




12. More charts 📉

I'm just going to leave this here. You be the judge of what this all means. Credits to [u/peruvian_bull](#).





Source: Lohman Econometrics

Final words 💎

My goal is **not** to incite panic but to share data and encourage discussion. Without knowledge, where would we even begin, let alone be

prepared ? Imo, this is what makes [r/superstonk](#) great. It's like a hive mind of 300k+ people sharing info.

To those who are panicking, I believe US banks insure up to \$250k for each account. The comment section below is quite informative as well.

Are all the points in my post correlated ? Maybe, maybe not. Saying they are would be speculation. However, each point was based on facts and I think that's what matters. The rest is up for you to decide.

This is not financial advice.

“I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful.”

WARREN BUFFETT

REVERSE REPOS SHOWING POSSIBLE EVIDENCE OF FORCED LIQUIDATIONS

PUBLISHED MAY 27, 2021

U/ACEDVECTOR

Pre-DD Message

HELLO YOU BEAUTIFUL APES! Before I get into this DD I just wanted to say that I am so proud of everyone for holding against these wall street crooks. We're finally starting to see some change happen and more and more people are starting to catch on to how fucked of a position the hedgies are really in right now, and it genuinely makes me happy that we've come from just some stupid retail investors looking for a quick buck to an educated mastermind of apes who scour the sub for DD and knowledge. With all that said, let's get into the DD!

The Good Stuff

As I myself was scouring this sub for info I had come across an interesting [post](#) by [u/qwert4the1](#) (show them some love!) who had found a connection between the price surges in GME and the amount of

counterparties within the reverse repo agreements. Specifically, they had mentioned that on days when there was a significant price increase compared to the norm (today, May 26th, would be a good example), the amount of counterparties who were accepted in the reverse repo agreements the day of or the day after had *decreased*. Now, why is this incredibly important if this connection holds true and how can it point to some interesting conclusions? To understand that, we have to understand the main prerequisite to these repo reverse agreements, which is according to the Fed FAQ page:

[An 80 billion max per counterparty, hm?](#)

We also have to understand that in these overnight reverse repo agreements, the Desk (The Open Market Trading Desk the Fed uses for these transactions) sells treasury securities that it holds in the System Open Market Account (SOMA) to these eligible counterparties. What that means is that the aggregate counterparty amount of treasury securities that can be lent overnight is limited by the amount that is held in SOMA. As of May 19th, here are these amounts:

[Take note of the 4 TRILLION that it has in Treasury Notes and Bonds.](#)

So in other words, there are 2 limitations to take note of for overnight RRP agreements:

1. 80 billion max per counterparty
2. 4 trillion held in SOMA

Why are these limitations important to take note of? Well, because the logical conclusion to draw is that the Fed uses these limitations to some extent in order determine whether they should accept or reject a counterparty in the agreement. This leads into why I feel the connection between the counterparties and the price surges in GME are important, because in my mind there's only a couple of explanations as to why the

amount of counterparties in the ON RRP agreement would *decrease* as the price in GME *surges*:

1. The aggregate amount treasury securities lent to the counterparties in these agreements are reaching an uncomfortable amount so they are choosing their counterparties more carefully.

2. Marge is calling some of the counterparties that could potentially have the treasury bonds be used as collateral for short positions in some certain stocks (perhaps GME? ;))and are forcefully liquidating them, thus they don't need to be part of the agreement. Side note: (If some of the counterparties are banks, then the hedge funds that banks are potentially lending these treasury bonds/notes to for collateral could be margin called and forcefully liquidated, thus the bank having no reason to ask for the bonds does not take part in the agreement.)

3. A mix of the two

Conclusion

Here's why I think we might be seeing both *forced liquidations* as well as *more selectivity from the Desk* in lending treasury securities, given that the connection between the counterparties and price surges in GME is correct:

- The 1st point alone wouldn't be enough of a reason to necessarily be more selective in choosing counterparties, as the current amount being lent (450 billion as of today) is about less than a quarter of the amount of the treasury notes/bonds in SOMA, and there are more than **FOURTY** counterparties as of the latest agreement.

- If there are forceful liquidations happening among the counterparties(which are most likely banks), it serves as a threefold hit:

1. Less counterparties would be needed in these agreements, lowering the counterparty amount but raising the average amount of treasury bonds/notes lent per counterparty.

2. With the average amount lent per existing counterparty increasing, the Fed has to take more into account what the counterparties are using these treasury bonds/notes for.

3. If most of the existing counterparties are banks, who lend these treasury bonds/notes to hedge funds for collateral in a short position, and they learn the banks they have lent to beforehand but not anymore (from hedgies being forcefully liquidated) are being connected to margin calls and forced liquidations, the Fed would be less inclined to lend these bonds/notes to the banks currently in the agreement as time goes on as it would become more risky to do so.

- These three points working in tandem with each other would lead to the Fed having a strong enough reason to be more selective to counterparties in future agreements, while also serving as a explanation for liquidations being a partial cause to the decrease in the amount of counterparties as as result of a GME price surge.

Sources:

[FAQs: Overnight Reverse Repurchase Agreement Operational Exercise - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/outreach/faq-overnight-reverse-repurchase-agreement-operational-exercise)

[Repo and Reverse Repo Agreements - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/outreach/repo-and-reverse-repo-agreements)

[Repo and Reverse Repo Operations - Federal Reserve Bank of New York \(newyorkfed.org\)](https://www.newyorkfed.org/outreach/repo-and-reverse-repo-operations)

[System Open Market Account Holdings of Domestic Securities - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/outreach/system-open-market-account-holdings-of-domestic-securities)

As always, thank you for reading my DDs you guys. I will try to hang in the comments for edits as well if anything. :)

Edit: 1.8k likes!! Holy mackerel thank you guys I appreciate your support very much. ☐☐

Edit 2: WOW you guys are blowing this post out of the water! Thanks for 7k likes everybody! :)

Edit 3: I would like to point out some amazing counterpoints to this DD in the comments, as I feel it is always important to address both sides of the argument. No DD is perfect(mine certainly isn't) so I would like to thank you guys for bringing these points up:

1. Why use bonds/notes as collateral when they can just use cash when it comes to short positions in stocks?

2. If the Fed has been more selective in ON RRP agreements, wouldn't it be showing in their acceptance rate (which has always been 100%)

3. Correlation does not equal causation, the GME price surge doesn't necessarily have to 100% be connected to a decrease in the counterparties.

I'll admit, I don't have much of a rebuttal to these as they are solid points, and I appreciate you guys bringing it up because it helps me keep more things in mind to create stronger, more effective DD in the future.

Edit 4: A fellow ape in the comments gave a link to the list of eligible counterparties for RRP agreements:

https://www.newyorkfed.org/markets/rrp_counterparties

Most if not all of these counterparties are banks, so it lends credence to the idea that banks would be lending these treasury bonds to hedgefunds, as well as the banks themselves needing bonds as well (since there is a lot of cash but not collateral in the bonds market at the moment)

“The person who starts simply with the idea of getting rich won’t succeed; you must have a larger ambition.”

JOHN D. ROCKEFELLER

THE CHECKLIST KEEPING GME ON THE LAUNCHPAD.

PUBLISHED MAY 28, 2021

U/NOTHINGBUTTHERAINSIR

TL;DR:

DTCC / OCC / ICC etc. & Wall St want key things in place before GME unwinds, and we're now looking at a list that's been mostly checked off. This rocket is just about cleared for launch.

Go / No-Go For Launch

Opinion - Status: Hold ✕

We're on a scheduled hold. Preliminary system checks are good enough to launch, and now we are being held for atmospheric conditions to be just right.

GME ignition needs to appear from the outside to be organic, or it will be fairly obvious to the public that The System is built on lies, and run by liars, completely unfair, and this stock was just being flat out controlled for months. Even if Wall St survives financially by implementing all these rules, if they lose the public trust then it is literally "game stopped." They need plausible cover to launch now, the rest is in place.

1 - Rules of Engagement ✓

2 - Funding ✓

3 - Cover Story for Timing ✘

4 - Avoiding Perception of Responsibility ✔

--- **End TL;DR** ---

Busy few weeks, eh Apes? Figured I'd give this a brush up and post it again since it was a month ago I posted the original. So here's the refreshed, reviewed, reassessed, reformatted, and return of the Go / No-Go Checklist. Freshness stamp at the top, changes by date at the bottom. Please comment with any additions and corrections as always.

Official notice that this is not financial advice, etc etc. I have no idea if any of this is indeed why these things are happening, or if they are even what I think they are. I bought a handful of shares before DFV's Congressional hearing because something seemed funky, and that was my first stock purchase EVER. If you make financial decisions off of this speculation, you probably do eat crayons like me. I am literally just some Ape on the internet mashing buttons and you're gonna have to explain to your wife's boyfriend why you took this as advice and then spent your whole allowance already this week.

So this [post](#) from [u/c-digs](#) is about as close as anyone has come to my personal theory that there is a literal checklist somewhere that is getting marked off before this is allowed to unravel. The DTCC and Wall St (and probably the SEC) definitely do not want this spring to unwind before they are ready, and certainly not in a way in which they don't feel they are in control. These players are Big Corporate dicks with Big Corporate mindsets, and its my bet that they don't do anything without a plan that at least addresses all eventualities.

However, as it is now probably alarmingly clear to them this isn't just gonna go away on its own (cue Apes waving from the windows of the rocket sitting on the launchpad), the DTCC and pals are now scrambling to

get the last things in place before somebody trips over the cord to the shredder at 3am and lands on the launch button.

I think the list goes something like this, but am intending this to be a **crowdsourced document** because there is no way I can keep this all straight on my own, and the GME Investor community has done so so much great DD already. There is definitely more to add in terms of DTCC / OCC / NSCC / SEC rules, and please comment with additional items & sources and I'll try to keep up with editing them into the list. Compiling it here can possibly help determine just how close GME probably is to liftoff. It feels like we aren't that far from it now.

1 - Rules of Engagement

Opinion - Status: Go for Launch ✓

The System would benefit most if new rules about payments in a member default situation are in effect prior to launch, and as far as we know at this point, all rules to cover that scenario that were filed are now in place. They can use remaining days to shore up a few more monetary rules, but there aren't any disaster-level rules still pending out there. My opinion is at ~~90%~~ 95% Go as we are still waiting for at least 1 important rule:

- *SR-NSCC-2021-002*

Let's cover some basics before getting into each specific rule.

Whose rules cover what:

- DTCC stands for Depository Trust and Clearing Corporation which is made up of 3 self-regulating bodies:
- [DTC](#) - The Depository Trust Company
- [NSCC](#) - National Securities Clearing Corporation
- [FICC](#) - Fixed Income Clearing Corporation

and handles:

- Physical Stock Certificates and ownership records, big institutional trades (DTC)
- Securities trades, clearing, and settlement for nearly all transactions involving US based marketplaces (NSCC)
- Government Securities and Mortgage-Backed Securities (FICC)

OCC - Options Clearing Corporation handles:

- Options (shocker, I know)

ICC - Intercontinental Exchange (ICE) Clear Credit handles:

- Credit Default Swaps, or CDS for short.

Naming Scheme (yes the whole thing is important)

- Example: SR-DTC-2021-005
- SR - Type of document filed, SR = Self Regulation
- DTC - Name of self regulated entity filing it
- 2021 - Year regulation was filed
- 005 - Sequence filed in (5th, so far)

✓ = in effect now

✗ = pending review / revision

1. Rules To Protect The System

Stocks/Securities

SR-DTC-2021-003: Obligation to Reconcile Activity on a Regular Basis ✓

The "You're gonna report your risk daily now, you little shits" Rule.

Filed 2021-03-09

Effective 2021-03-16

[src](#)

SR-DTC-2021-004: Amend the Recovery & Wind-down Plan ✓

The "We'll liquidate your asse(t)s if you default, then make your pals chip in, before we pay a dime ourselves" Rule.

Also stipulates what the DTCC is willing to cover when reconciling, as in only shares on the books, and why you (yes you Ape) should have a cash account and not a margin account.

Filed 2021-03-29
Effective Immediately
[src](#)

SR-DTC-2021-005 *Removed by DTCC for Review* ✕

The "We're tagging the shares you lend out so you can't do it more than once" Rule.

While this won't help prevent anything, and would likely ignite the engines on its own, this will prevent a GME scenario from happening again in the future.

Filed 2021-04-01

Removed for further review src-1 / **Now Expected "Soon"** src-2

Effective Immediately upon re-filing/approval (apparently)

[src-1](#), [src-2](#)

SR-DTC-2021-006: Remove the Security Holder Tracking Service ✓

The "We're dropping the old way of tracking shares, cause it didn't work well, and DTC-2021-005 will do it better" Rule.

It was speculated in another post that the old system of tracking needed to be removed so there was no conflict in implementing DTC-2021-005 (I can't find that post here on reddit anymore, src needed!). It's likely that this could pave the way for 005 to be implemented. As if 2021-05-20 I am more inclined to think that it was removed to keep anyone from implementing share tracking prior to 005 being implemented. Filed 2021-04-22

Effective Immediately
[src](#) <- also my post

SR-DTC-2021-007: Update the DTC Corporate Actions Distributions Service Guide ✓

The "Stop bickering back and forth over the manual adjustments to your peer to peer trade records via the dumb APO method, and just use the GD computer validated Claim Connect system, please" Rule.

Way to make a super vague title DTC... This is mostly about borrowed shares and updating who pays how much when circumstances - like rates - change. The old system (APO) needed both parties to just agree on the adjustments and one side could only submit an adjustment at a time, so it was rarely agreed upon in one pass and the bad guys could likely stall with many back and forths. To me this reads as a please use this better thing now, because APO will go away on July 9th 2021 so you'll have to use Claim Connect by then anyways. Since the lender is likely incentivized to use the new system, it may get adopted in higher numbers sooner.

Filed 2021-04-30

Effective Immediately

Mandatory 2021-07-09

[src](#), [Explainer post](#)

SR-NSCC-2021-002: Amend the Supplemental Liquidity Deposit Requirements Pending ✗

The "We'll margin call your ass if your new daily reports say you're overextended and make us feel scared" Rule.

Works in conjunction with DTC-2021-003. This rule now appears to be clear to be acted on by the SEC.

Possible insight on why this may have been strategically delayed, via [/u/yosaso](#) src-4

NSCC-2021-801 Gave Advance Notice of this, and as of 2021-05-04 is cleared to be included with NSC-2021-002. src-2

Filed 2021-03-05

Comment Period Extended to 05-31 / Expected action on or before 2021-06-21 src-3

[src](#), [src-2](#), [src-3](#), [src-4](#)

SR-NSCC-2021-004: Amend the Recovery & Wind-down Plan ✓

The "Just so we're clear about stocks specifically, we're really serious about us not paying for your fuckups unless we have to rule" Rule.

Works in conjunction with DTC-2021-004, but this is specific to securities and was filed first. src-1 This ALSO has language in it about clarifying the mass transfer of customer accounts from a failing member to a stable member. src-2

Filed 2021-03-05

Effective 2021-03-18

[src-1](#), [src-2](#)

NSCC-2021-005: Increase the NSCC's Minimum Required Fund Deposit ✕

The "We're gonna up your minimum deposit with us from an hysterically low \$10K each, to an almost certainly still not enough \$250k each" Rule.

DTCC has submitted this to SEC, but SEC has not approved / published yet, so details may change. src-1

Filed 2021-04-26

Approved: Pending

Effective: Approval + 20days

[src-1](#), [Explainer post](#)

Options

SR-OCC-2021-003: Increase Persistent Minimum Skin-In-The-Game / Waterfall ✓

The "You Market Makers are gonna give us more money now in case you fuck up with options later and owe someone more than you have" Rule.

This is the rule associated with the SR-OCC-2021-801 advanced notice, and SIG filed an opposition during the review period delaying the implementation. src-1 You can read that whiney rant here via this [comment](#)

OCC-2021-003 is now approved and both should be in effect no later than Tuesday 2021-06-01 10am Eastern (if SEC approval notice counts as the official written notice to OCC members). src-2

Filed 2021-02-10

Approved 2021-05-27

Effective on or before 2021-06-01 10am EST

[src-1](#), [src-2](#)

Credit Default Swaps

SR-ICC-2021-005: Amend the ICC Recovery & Wind-down Plan ✓

The "Guys, DTC had a pretty good idea, lets also liquidate members first before touching our own cash." Rule.

Fairly straightforward with this nugget as described by [u/Criand](#):

"Something really cool is they'll not only wipe out members who default on a certain security, they'll wipe out similar positions in that same security of all their other members IF it's high risk/stress to the market."

Filed 2021-03-23

Approved 2021-05-10

Effective Immediately

[src](#)

SR-ICC-2021-007: Update the ICC's Treasury Operations Policies and Procedures ✓

The "Your capital balance sheet is looking a little shaggy there, we think you need a Collateral Haircut" Rule.

Tightens up what can and cant be considered as collateral, trimming off the stuff that is not deemed worthy, and reducing overall capital, which means you can handle less total risk and/or volatile CDS contracts.

Filed 2021-03-29

Approved 2021-05-13

Effective Immediately

[SRC](#)

SR-ICC-2021-008: Update the ICC Risk Management Model

Description ✓

The "We're gonna start using our best guesses on if the collateral for the loans these psuedo-insurance contracts are based on might go crazy in the near future, 'cause shit is getting weird out there" Rule.

This is about [Credit Default Swaps](#), which are a bit complex. Essentially this rule appears it primarily will help to reduce the chances of say, BofA failing because they agreed to get paid to take on some of the risk of a loan made by say JP Morgan, and then BofA got fucked over just because JP Morgain made the loan using a volatile stock as collateral and then that stock went bananas... a stock which everyone probably knew was volatile but somehow wasn't a big factor in making the agreement before this rule. The rule also limits the ICC maximum total losses/payout, and ups initial margin requirements.

Filed 2021-03-31

Approved 2021-05-18

Effective Immediately

[SRC](#)

SR-ICC-2021-009: Update the ICC Risk Parameter Setting and Review Policy ✓

The "We're basing risk on day to day averages now instead of month to month averages" Rule.

When something strays too far outside of the acceptable baseline, it gets flagged. Now that baseline is automatically calculated day to day, instead of month to month, and manually reviewed the old way at least monthly. It will result in faster response time to fast moving changes and real risks (safer), but also less shock from too few updates (smoother). All that so they can keep margin levels appropriate. Also cleans up some language to be more generic and descriptive like "Extreme Price Change Scenarios."

Filed 2021-04-02

Approved 2021-05-20

Effective Immediately

[src](#)

SR-ICC-2021-014: Update the ICC's Fee Schedules ✓

The "Huuuuuuuge discounts on swaps! Get 'em while they last!" Rule.

This cuts fees on CDS contracts about 25%, which sounds like they want to incentivize risk sharing even more. Program is for the 2nd half of 2021, and discounts start June 1st.

Filed 2021-05-07

Approved 2021-05-18

Effective Immediately

SFC

Rules to protect the value of the market in general as best as possible

• SR-OCC-2021-004: Revisions to OCC's Auction Participation Requirements ✓

The "Everyone can come to the feeding frenzy party when we liquidate one of you idiots" Rule.

Allows more firms that were traditionally excluded from an auction of this type to now join in, probably making the market wide bleeding end sooner, and retain more value overall.

Filed 2021-03-19

Effective 2021-05-19

SFC

Non-regulation / Other Announcements

Exchange Act Rule 15c3-3 Compliance Letter: Staff Statement on Fully Paid Lending ✓

The "We're making you keep full collateral on hand for your shit, you've got six months to get it together" letter.

Letter sent 2020-10-22

Effective 2021-04-22

[src](#)

**GOV-1085-21: DTCC / FICC White Paper Announcing WABR added
as a Sponsored Member ✓**

WABR Cayman Limited is a firm specializing in helping Institutional Sales Traders in times of "thin markets". [u/stellarEVH](#) explains:

"When a company needs to quickly pay off their debts as in the case of a margin call, it can be challenging for them to gather all the money from their various investments. There are firms in place that are specialized in liquidating their portfolio in a manner to minimize market impact while they pay off their debt."

Announced 2021-04-23

Effective 2021-04-29

[src](#), via [this post & comments](#), linked from [It's Just a Bug, Bro Part 6 - Bug Spray Edition](#)

[Additional info on who WABR is](#) 🕸️ Spidey senses are tingling

I love this community

**MBS978-21: FICC Notice on MBSD Intraday Mark-to-Market Charge
- Timing of Intraday Collection ✓**

We've been lenient for the past year cause shit was wack, but we're going back on that regular hourly assesment for margins. "Starting on May

3, 2021, the fixed time of 1:00PM will be eliminated and the MBSD Intraday Mark-to-Market Charge will return to an hourly assessment." This combined with other things will tighten the screws.

[/u/stellarEVH](#) bringing that good good again: *"For example, it'll be much harder to short GameStop and/or trade in dark pools when you're expected to cover your margin every hour. For the last year, they've only needed to prove they were covered at 1pm."*

Notice Date 2021-04-21

Effective 2021-05-03

[src post](#), [explainer comment](#)

OCC Notice 48718: TEMPORARY INCREASE TO CLEARING FUND SIZE ✓

Yeah if you could give us some more of your money for a bit, that would be great.

Yeah they used all caps, and gave 2 days notice before they would just go into members bank accounts to get that money. Must've needed it bad for the 19th, because it normally is just increased monthly on the 1st. Total increase was \$588,378,155.

Notice Date 2021-05-17

Deposit by Date 2021-05-19 [by 9am](#).

[SRC](#)

2. Funding

Opinion - Status: Go for Launch ✓

To pay out for shares of GME

- [SHF Pulling money from crypt0](#)
- SHF Pump and Dump on other stocks
- SHF Liquidate other Assets Under Management (market-wide dive on 2021-04-22?) [Citadel Sell-off?](#)
- Wind Down and Recovery Strategies (SR-DTC-2021-004, SR-ICC-2021-005)
- *(other suggestions w/ sources wanted)*

Secure cash to buy up liquidated assets to prevent total market collapse

- [Big Banks do a Bond Sales, Citigroup: "Me Too!"](#)
- Need plausible reasons for making those sales such as earnings report, or LIBOR to SOFR switch, or *insert wildcard like \$50 Bil Football League*, etc ...
- Banks Re-Structuring / Netting [src](#)
- [Wells Fargo to liquidate two of its trusts](#)
- Rule SR-OCC-2021-004 allowing more players at the auction of the defaulting member's assets.

3. Cover for Timing of Launch

Opinion - Status: No-Go for Launch X

This will likely be the very last one, and we'll only know what they will use as an excuse once it's started. I think all the other pieces would need to be in place (Narrator: They are.) for them to feel most confident to light the fuse. This will be more opportunistic in nature, I think.

I'm splitting this into 2 objectives: why GME is going up, and why the market in general is tanking.

GME Go BRRRRRRRRRRRR! Cover

Ideally a plausible Corporate or Market Event that the stock price “should” respond to in order to initiate upward price movement without the timing looking SUS AF and destabilizing the broader market due to fear of systemic problems and/or loss of public trust. These events are mostly out of the control of The System, and one will likely be the ignition.

- Corporate: AGM Voting Proxy Release
- Corporate: Quarterly Earnings (Q1 2021)
- Corporate: CEO Announced
- Corporate: AGM Vote Count + Board Elections
- Corporate: RC Appointed as Chairman Official News
- Corporate: Dividend Issue / Stock Split
- Corporate: Major Partner Announcement
- Market: Broader Retail Gains
- TBD / Unknown

Markets Go clank! Cover

Major policy announcements, world politics, regularly scheduled economic reports released... Pick your favorite here, cause they will and already have. This cover will justify why the markets are hemorrhaging to hide the fact that positions are being liquidated to start paying for buying-back all those GME shares.

- Market: Global Supply Chain Issue
- Market: Liquidity Stress Tests
- [April 26th, 2021](#)
- [May 13th, 2021](#)
- Note: As far as I can tell, these happened yearly, typically in April/May, but only once... 2 back to back?
- Government: [POTUS joint address to Congress](#)
- Green New Deal? Capital Gains Announcement: [similar to BS on 2021-04-22?](#)
- Government: [2021-05-06 Congressional Hearing with SEC / Gensler, DTCC / Bodson, FINRA / Cook.](#)
- Government: [2021-05-26+27 Congressional Hearing with Big Banks](#)
- *(other suggestions wanted)*

4. Fallguy, and the Lack of Prevention

Opinion - Status: Go for Launch ✓

While they will likely have a fallguy decided upon prior to launch, I don't see it as a necessity that would delay it, certainly not like the Rules of Engagement or Funding would. I also think that nothing would keep them

from changing the story if something else influences the narrative in an acceptable way shortly after liftoff.

Blame!

After the market pain is significant enough that the public wants answers, why not lay all the blame on bad actors, and defer attention from the system to try to avoid additional exterior regulation.

- SHFs (now liquidated) as overly greedy and got what they deserved
- Retail (as Anarchists, or greedy and opportunistic)
- [Forbes article on January Gamma Squeeze](#)
- Foreign Actors trying to destabilize the US Markets
- *(other suggestions w/ sources wanted)*

Control Public Image of the System via PR

- DTCC: ["We're doing a great job! Take our word for it!"](#)
- DTCC: "We're announcing our plan to keep working on a plan to kind of band-aid a problem that's pretty bad and we've known about for awhile, and like we have definitely been talking about it and stuff, but now we're like really gonna talk about it using words like "in-depth analysis" cause up to now we were mostly just talking about it like how you tell that one friend *"yeah, we should totally hang out soon"* and then you never do, but not now cause we're serious now, and it's definitely not because we've gotta talk to the US Congress this week or anything. Like, honestly." AKA the announcement of [the DTCC's T+1 Settlement Plan](#).

...Meanwhile, at the SEC

"Let's at least *look* like we aren't asleep at the wheel here, lads"

- [Whistleblower Awards](#)
- [47.4% of the Amount of all SEC Whistleblower Awards Ever Given Have Been Awarded in the Last 12 Months \(Out of 105 Months of Program Activity\)](#)
- [Closed door meetings](#)
- [2021-05-27 Sunshine Act Meeting - Scheduled](#)
- These have been cancelled 4 out of 7 times... so far!
- Speech by SEC Commissioner Peirce including the line that the SEC is *"working on a report about the events related to meme stock trading earlier this year, and some regulatory initiatives may come out of that work."* and a few other statements about how the SEC shouldn't be concerned with firms losing money... aka Tough Titties Archegos, et al.
- [src post](#)
- [SEC sues HF, filed 5/19/21- states NAKED SHORT SELLING is ILLEGAL and ask FOR a JULY TRIAL!!!](#)

Any and all additions you think may belong on this list, feel free to put in the comments, and I'll try to update and give credit where possible. If I got any of these wrong, or you've found better links that explain the rules, let me know in the comments and I'll make those edits.

Contributions noted where possible, and initial start from previous work on Recent Filings by [/u/Antioch_Orontes](#)

Everyone, deep in their hearts, is waiting for the end of the world to come.

THE BIG SHORT

THE GUARANTEED SHORT SQUEEZE TRIGGER: THE NFT/CRYPTO/DIGITAL DIVIDEND

PUBLISHED MAY 28, 2021

U/INTEG3R_POSITRON

OTHERS HAVE POINTED THIS OUT, but it seems there's still a lack of awareness or realization of how serious this is.

The crypto dividend is NOT a joke.

There is one PROVEN way to trigger the short squeeze and it was done by Overstock last year. In 8. march 2020 OSTK traded at around \$3 per share. After the crypto dividend was released the stock soared to \$120. While the crypto dividend itself, which you received 10 per share soared to over 8 dollars per tZero.

Business

GameStop to Build NFT Platform on Ethereum

by Nivesh Rustgi

4 hours ago

GameStop steps into the NFT space with the launch of a new platform.



Shutterstock cover by 1take1shot

Key Takeaways

- GameStop has shared a website and Ethereum contract for a new NFT platform.
- The smart contract also hints at a GME token launch.
- Meme stocks like GameStop, AMC Entertainment are regaining bullish strength backed by retail investment.

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Why it works:

When a hedgeie shorts a stock, he borrows it through the broker from its real owner and sells it. Because the one who purchases it believes he is also an owner, a single share has 2 owners. When a company then pays a dividend. Both owners expect a dividend, yet the company only pays dividend to one owner because the broker only holds 1 real share. The dividend for the fake share is paid out of the shorters pocket to make the whole system function.

If gamestop pays a Crypto / NFT / Digital dividend, then in order for the system to continue, the shorter will have to find and acquire this NFT dividend and give it to the guy he borrowed the GME share from. However, this is literally impossible. NFTs are non-fungible. There is simply no way for him to acquire it or something equivalent because only holders of GME will get it. This means the broker will have no choice but to force all the shorts to exit their positions before the Ex. Dividend, triggering the short squeeze.

TL;DR:

All that is necessary to trigger the squeeze, is for the gamestop NFT team to make a meme ape or diamond hands or rocket NFT artwork and hand it out as a property dividend to shareholders. This will automatically trigger the squeeze. So please meme the NFT dividend into reality.

Instead of politicians, let the monkey govern the country. At least they will only steal the bananas.

MEHMET MURAT ILDAN

A FOLLOW-UP TO A HOUSE OF CARDS - RAGNAROK

PUBLISHED MAY 30, 2021

U/MYBUSTERSWORD

ATOBITT MADE SOME GREAT DD. House of Cards 1-3. Everything Short. Classics. However, part 2 and 3 of HoC felt *incomplete*. No offense to the man, no offense to the data. I think it is spot on, i think we all know what to do. HODL.

But, I am here to add this, somewhat controversial, somewhat illuminating piece of information. I hesitate to post this because I don't want to insinuate there are other plays. There are not. i want to be clear- this is in no way intended to diminish, nor will it, your desire to do nothing more but BUY AND HODL. Ready for it? it's not even much of a surprise...

It's not just GME.

Several Hedge Funds like Citadel, Melvin, Highfields, etc... develop a significant position in certain companies they like. The big boys. Now, when Atobitt said it was the Everything Short he fucking meant it is the EVERYTHING SHORT. So for the sake or brevity, i will only focus on a select few. namely,we are going to be discussing some rather interesting connections between amazon, netflix, target and GME and the like. This is going to be a bit of a swim, so please bear with me. let us dive in

Recently, Netflix has been rumored to be entering the video game industry. <https://www.polygon.com/22447410/netflix-executive-games->

[expansion-the-information-report](#)

And, as you know, Amazon recently purchased MGM studios. <https://www.cnbc.com/2021/05/26/amazon-to-buy-mgm-studios-for-8point45-billion.html>

Now i am sure it doesn't take a few crayons to see our big boy GME is in the video game industry, and little brother AMC, is in the movie biz. Okay. I see that connection. Let's divert a bit and look into some other connections. i turn your attention to Kevin Turner https://en.wikipedia.org/wiki/B._Kevin_Turner:

"Kevin Turner is an American businessman and investor who is currently the chairman of Zayo Group and the vice chairman of Albertsons/Safeway .He previously served as the COO of Microsoft from 2005 to 2016. Prior to joining Microsoft, Turner was the CEO of Sam's Club and the CIO of Walmart. He is also the former Vice Chairman of Citadel LLC and CEO of Citadel Securities "

wow okay, citadel connection, sure. but what's Zayo Group? From: <https://finance.yahoo.com/news/were-hedge-funds-flocking-zayo-190533381.html>

"The largest stake in Zayo Group Holdings Inc (NYSE:ZAYO) was held by Senator Investment Group, which reported holding \$205.5 million worth of stock at the end of September. It was followed by Citadel Investment Group with a \$162.9 million position. Other investors bullish on the company included Kensico Capital, Zimmer Partners, and Hunt Lane Capital.... [most] stocks had an average of 21.25 hedge funds with bullish positions and the average amount invested in these stocks was \$365 million. That figure was \$1248 million in ZAYO's case."

Okay! that's a fine connection there. Who is Senator Investment Group, though?

<https://finance.yahoo.com/news/hedge-funds-aren-t-crazy-234734875.html>.

" **VICI Properties Inc. (NYSE:VICI)** [<https://viciproperties.com/about-us/>]. At Q3's end, a total of 37 of the hedge funds tracked by Insider Monkey held long positions in this stock, a change of -37% from the previous quarter. .Soros Fund Management with a \$419.8 million position. Other investors bullish on the company included Senator Investment Group, Citadel Investment Group, and Point72 Asset Management. total hedge fund interest was cut by 22 funds in the third quarter."

Okay, im going off the rails a bit. My point is, all of these Hedge funds are obviously connected. And all of them, have their fingers in a few different pots. Now lets get back on track. Now senator Investment group has large holdings in Amazon and Five Below. <https://whalewisdom.com/filer/senator-investment-group-lp>, among many others. I started looking into their competition and found something odd.

Now i apologize, i will be referencing a lot of charts, so please google them yourself. Look at the chart for FIVE stock- it has had significant growth year after year but has followed GME chart inversely, every spike for GME correlates with a dip. This will be true for many, many other stocks. I started looking into other Brick and Mortar Companies and comparing charts. i found quite a few. Again, for sake of brevity, i will be focusing on a few.

FIVE, AMAZON, Walmart, Dollar Tree- their competition is other retail brick and mortar stores. CVS, Rite Aid- their competition is pharmacies. however, target recently partnered with CVS pharmacy in 2015 for their own stores. Amazon recently wants to enter into brick and mortar pharmacy or add them to whole foods. <https://www.cnbc.com/2021/05/26/cvs-walgreens-shares-fall-on-report-that-amazon-may-open-pharmacies.html>.

target and CVS was interesting to me, because check Citadel's institutional ownership of CVS over the years-

<https://formthirteen.com/filers/0001423053-citadel-advisors/holdings/126650100?quarter=2020-12-31>. Notice the spike in 2015 prior to Target announcing CVS agreement?

Citadel has also created a bunch of call/put LEAPS throughout the years on Rite Aid- CVS competition. <https://fintel.io/so/us/rad/citadel-advisors-llc>. Citadel is also very bullish on Amazon. <https://finance.yahoo.com/news/billionaire-ken-griffin-bumps-stake-123655840.html>. Griffin even stated at one point he was considering moving Citadel's headquarter's because of Amazon <https://www.cnbc.com/2019/03/14/ken-griffin-says-hes-less-likely-to-move-citadel-to-nyc-after-amazons-heartbreaking-exit.html>.

Edit- further info i forgot to add from CVS:

<https://www.hstong.com/news/detail/20090104245156133> " Of the funds tracked by Insider Monkey, D. E. Shaw's D E Shaw has the number one position in CVS Health Corporation (NYSE:CVS), worth close to \$218.8 million, comprising 0.3% of its total 13F portfolio. Sitting at the No. 2 spot is Cliff Asness of AQR Capital Management, with a \$218.6 million position; the fund has 0.4% of its 13F portfolio invested in the stock. Some other professional money managers that are bullish encompass Ken Griffin's Citadel Investment Group, Phill Gross and Robert Atchinson's Adage Capital Management and Ken Griffin's Citadel Investment Group. "

<https://www.fi-desk.com/chang-reported-to-leave-aqr-for-citadel/> " Citadel has confirmed that Isaac Chang, the head of trading at AQR Capital Management since 2016, will join the Citadel hedge fund in September as the firm's first head of execution trading for fixed income. Chang's work history combines trading on the buy-side, sell-side and high frequency trader (HFT) market making, via his position prior to AQR as global head of fixed income, currency and commodities (FICC) at HFT firm KCG, now Virtu, and in US interest rates electronic trading at Goldman Sachs..

VIRTU Financial is a market maker similar to citadel. if you google virtu and "fined" you will find many violations, one for this in particular- <https://www.financemagnates.com/institutional-forex/brokerage/finra-slaps-175000-fine-at-virtu-for-not-offering-best-execution/>, something our good friend Robinhood recently got in trouble for <https://www.sec.gov/news/press-release/2020-321>

Now, Amazon bought Whole Foods a few years back. Whole Foods largest competition is Albertson's. What's interesting is Albertson's was going to merge with Rite Aid until the deal was killed after immense pressure from a certain hedge fund, Highfields Capital. <https://www.forbes.com/sites/brucejapsen/2018/06/27/a-big-investor-opposes-rite-aids-albertsons-deal-amid-flat-pharmacy-growth/?sh=55f37f9c37fe>

Some more connections here: <https://www.businessinsider.com/amazon-deal-for-whole-foods-true-genius-hedge-fund-2017-7>. "genius move" they called the acquisition. Remember when They killed the Rite Aid deal, and Target bought CVS?

[<https://www.wallstreetoasis.com/forums/7-best-long-term-stock-picks-by-morgan-stanley>](Currently, Target's shares are trading at \$51.70 and are expected to reach \$64 by the end of 2012....Jonathan Jacobson's [Highfields Capital Management](#) doubled its stake in TGT during the third quarter to nearly \$300 million.) TGT is in the top 50 of Citadel's holdings. <https://docoh.com/company/1423053/citadel-advisors-llc>

Now, Look at the stock charts for Rite Aid (RAD), and compare it to GME. Interesting.

Now, more digging led me to find these same connections with Lowes/Home Depot. As well as BBBY and Walmart. DLTR. All of these charts, and dozens and dozens of others have the same chart patterns as

GME or inverse if they are insider owned by hedges. Look at 5 yr charts and see the changes over time. Also, Circuit city was acquired and tanked by Highfields. And many, many others are currently involved. Literally, EVERYTHING that stands in the way of a long bet by these hedges are SHORTED.

Wanna know what's even scarier? All of the money maker stocks connected to these hedges only started printing cash AFTER the 2008 crash- almost as if they pivoted their strategy to this.

WHAT THIS MEANS

TL;DR: What appears to me, is that several hedge funds have placed large bets on their precious money making stocks, and have over the years been systematically bankrupting, manipulating, and sabotaging the competition of the acquisitions being made for their babies. Target wants a pharmacy? destroy rite aid, place calls on CVS. Netflix wants gaming? Short GME. Amazon wants to buy movie studio? short the movies. Amazon bought a grocery chain? prevent their competition from ever growing. Rinse, repeat.

GME is the one that stood against them and is fucking them up royally. However, what this means is that there is not one bomb. There are dozens of mini-GME's littered around the market. If GME goes off, the systematic margin calling will cause mini-short squeezes all over on these stocks. If you check recent SEC ownership filings, these hedges have been reducing or closing their positions in these shorted stocks like Rite Aid and Lowes (and many, many others). They are disarming these mini-bombs before the big one goes. The longer we hold, the more we buy, the closer they get a

cluster bomb. We have not one Asteroid called GME heading to the Earth, but a meteor shower of smaller rocks following quickly behind.

We will not have an entire market implosion. if the GME squeeze is an event that occurs over weeks, we will have the long-manipulated stocks experiencing a sudden boon with these squeezes like GME and AMC have and have benefitted from, breathing new life into these failing companies through the expense of banks, hedges, and the US Federal govt.

Through their destruction, we shall have creation.

Ragnarok is upon us.

The duty of youth is to challenge corruption.

KURT COBAIN

REVERSE MERGER, NAKED SHORTS & COVERING: THE GOLDEN BULLET

PUBLISHED MAY 30, 2021

U/BOSSHAX

"Once that CUSIP changes, the naked shorter has no apparent way to close out the naked short position. No stock under the old CUSIP number exists anymore; it all automatically converts to the new CUSIP. "

WHY A REVERSE MERGER is the Golden Bullet:

Theorized MOASS Catalyst	Benefits GME Company	Benefits GME Shareholders	Benefits Ryan Cohen	Shakes the Shorts
Monetary Dividend	NO	YES	YES	NO
Crypto-Dividend	NO, possible litigation	YES	NO, because he wants to buy more GME	YES
Stock Split	YES	YES	YES	NO
Reverse Merger	YES	YES	YES	YES
Merger With SLGG	YES	YES	NO, because he wants to buy more GME	YES

A Reverse Merger will:

1. put more cash on the Gamestop Balance sheet
 2. allow Ryan Cohen to take control of ~+20% total of Gamestop and be the single most powerful shareholder
 3. change the CUSIP, which forces naked shorts to cover as they can not prove a borrow
 4. reward shareholders extraordinarily
-

Ryan Cohen has always indicated his interest in achieving significant influence over GME:

Please be advised that RC Ventures is not interested in receiving a lone seat on GameStop's ten-member Board. It is not enticing to become an isolated stockholder advocate on a Board that has overlooked years of digital revenue opportunities and presided over massive value destruction without assuming full accountability. We want GameStop's leaders to do their jobs and implement a strategy for bringing the Company into the 21st century.

In the RC Ventures and Gamestop Agreement RC Ventures has reserved the right to acquire 19.9% of Gamestop. If Ryan is taking full control he wants a bigger stake.

RC Ventures agreement with Gamestop:(i) acquire, seek or propose (publicly or otherwise) or agree to acquire, beneficial ownership, directly or indirectly and acting alone or in concert, whether by purchase, tender or exchange offer, through the acquisition of control of another person, by joining a partnership, limited partnership, syndicate or other group, or through swap or hedging transactions or otherwise, any securities of the Company or any rights decoupled from the underlying securities of the Company that would result in **RC Ventures (together with its Affiliates and Associates) owning, controlling or otherwise having any beneficial**

ownership interest in or aggregate economic exposure of more than 19.9% of the outstanding shares of Common Stock; provided, however, that RC Ventures agrees that, immediately upon RC Ventures (together with its Affiliates and Associates) acquiring beneficial ownership, or becoming the beneficial owner, of 20.0% or more of the outstanding shares of Common Stock without prior Board approval, (A) RC Ventures (together with its Affiliates and Associates, as applicable) shall be considered an “interested stockholder” of the Company as defined in Delaware General Corporation Law § 203 (“DGCL 203”) (but, for this purpose, replacing 15% in such definition with 20.0%) as if the 203 Approval referred to in Section 3 had not been granted and (B) the Company shall be subject to the restrictions on any business combination (as defined in DGCL 203) with RC Ventures (together with its Affiliates and Associates, as applicable) as an “interested stockholder” enumerated in DGCL 203 for a period of three years following such time RC Ventures (together with its Affiliates and Associates) came to beneficially own 20.0% or more of the outstanding shares of Common Stock.

Naked Shorts Can't Stay Naked Forever

Knight Capital was Market Maker (Sound familiar):

As a market maker, Knight was in the rare position of being able to legally sell a stock it didn't have (the principle being that it will get that stock soon, so no worries). That's called naked shorting. It's illegal when regular people do it.

Dilorio suspected that Knight, either on its own behalf or on behalf of clients, made a practice of artificially increasing the number of shares available in a stock through naked shorting, thereby depressing the price.

Not doing so results in a “fail to deliver,” which Dilorio describes as the securities version of an IOU. And that IOU comes with rules: Under the SEC’s Regulation SHO, short sellers have to cough up the stock within one day of incurring the fail. Routine failures to deliver can lead to fines by the SEC, or even a ban from the securities markets.

Instead of complying with the rule, however, Dilorio alleges that Knight circumvented it by manipulating an obscure process within the machinery of the nation’s clearing system known as the “Obligation Warehouse.”

This service facilitates the matching of self-cleared trades (often known as “ex-clearing”) that don’t go through the DTC – for instance if the stock was chilled.

The Obligation Warehouse instead simply asks the buyer and seller of these ex-cleared trades if they “know” the transaction. If they both agree, the trade gets confirmed with a journal entry – and the buyer receives their stock purchase. *It actually shows up in the buyer’s brokerage account.*

The trades still have active IOUs, but according to Dilorio’s theory, buyers wouldn’t clamor for the trades to be closed because they would’ve already received their purchase.

If true, this would allow Knight to bury its naked short trades.

Reverse mergers and reverse splits typically result in a change in the CUSIP, the nine-digit identification symbol assigned to a public stock.

Once that CUSIP changes, the naked shorter has no apparent way to close out the naked short position. No stock under the old CUSIP number exists anymore; it all automatically converts to the new CUSIP.

Those trades can sit in the Obligation Warehouse forever, in theory. But the “aged fails” – essentially orphaned naked short transactions – remain on the naked shorter’s balance sheet as a liability to be paid later.

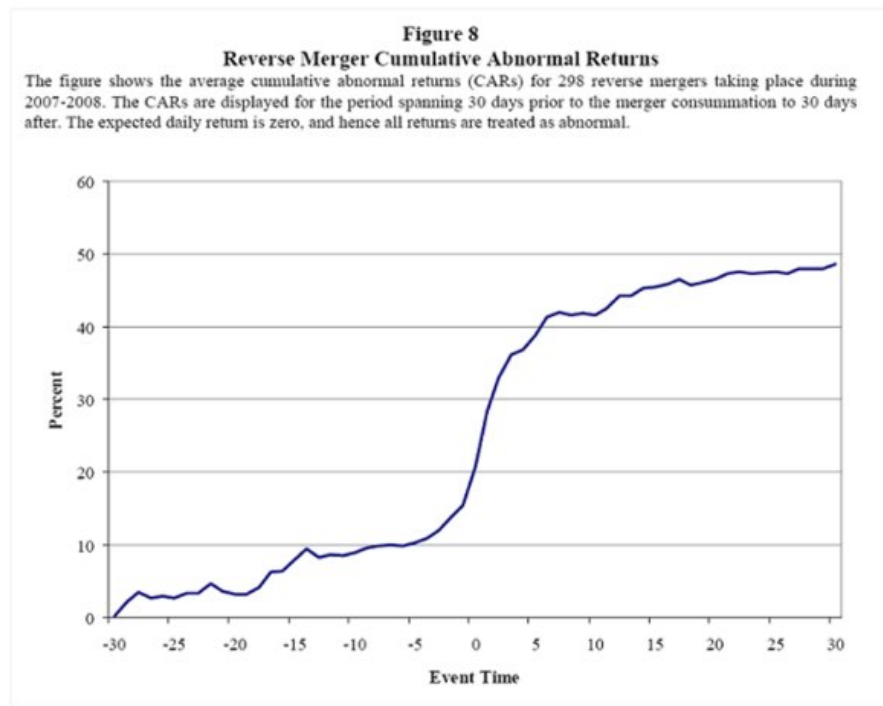
By DiIorio’s reckoning, then, the cycle of naked shorting and reverse splits would inevitably result in an ever-increasing number of aged fails. And if that was happening, and those liabilities grew bigger and bigger, then federal regulators could see the outlines of the scheme on any financial statement.

DiIorio believed Knight accounted for its aged fails in the “sold not yet purchased” liability on its balance sheet. That’s supposed to be an inventory of stocks for use in future market making, which goes up and down as orders are filled. But DiIorio says it was a hiding place for a billowing structural liability.

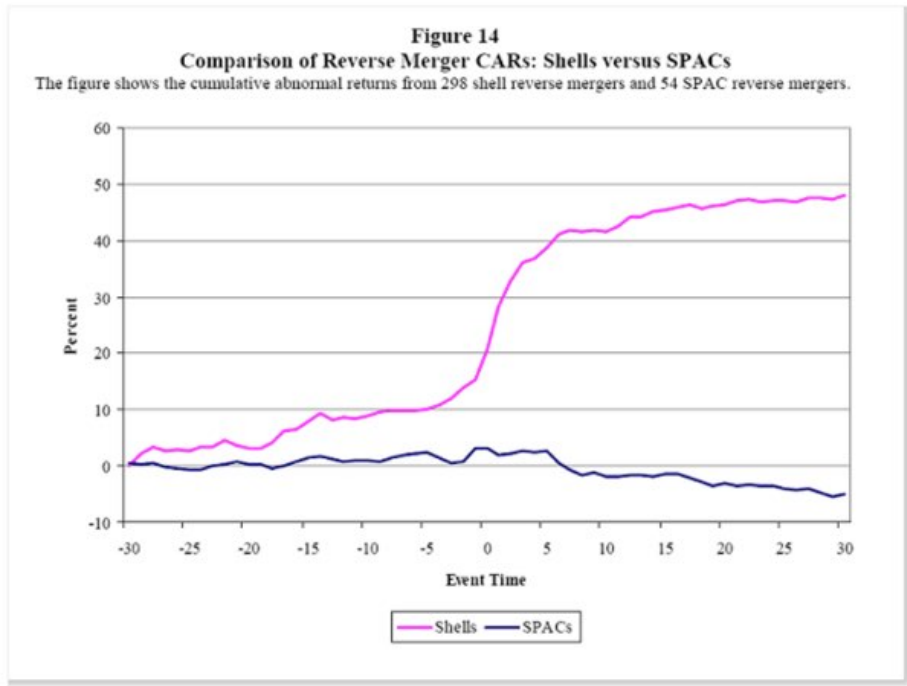
TLDR: A Market Maker can bury their Naked Shorts even if the CUSIP changes but it will show up on their balance sheet as an ever-ballooning obligation. Financial regulators SHOULD be able to note this and 'hopefully' they will do their jobs.

Any short that IS NOT a Market Maker can not escape the cussip change if their short is naked.

Normal Reverse Mergers result in GREAT GAINS



With GME we may see the greatest Reverse Merger gains in history.



Comparison of SPAC returns to Shells, note this article is very old (2009) but it still demonstrates how much of a positive catalyst Reverse Mergers can be

Source: <https://greenbackd.com/2009/10/07/shell-out-for-shells/>

EDIT: How are your options affected by a corporate action:

Since people are asking... https://www.schwab.com/public/file/P-3951800/INF57995_114923.pdf

Causes of Adjusted Options					
	Stock Type	Symbol change	Strike price change	Multiplier change	Contract size (dollar value change)
Ordinary cash dividend ^a		No	No	No	No
Extraordinary cash dividend ^b	< \$12.50/contract	No	No	No	No
	> \$12.50/contract	No	Yes: reduced	No	Sometimes
Stock dividend	All	Yes	Yes: reduced	Yes: increased	Yes: increased
Rights offering		Yes	No	No	Yes: increased
Spin-off		Yes	No	No	Yes: increased
Stock split	2 for 1	No	Yes: reduced	No	No
	3 for 1	No	Yes: reduced	No	No
	4 for 1	No	Yes: reduced	No	No
	5 for 1	No	Yes: reduced	No	No
	3 for 2	Yes	Yes: reduced	Yes: increased	Yes: increased
	4 for 3	Yes	Yes: reduced	Yes: increased	Yes: increased
	5 for 4	Yes	Yes: reduced	Yes: increased	Yes: increased
Reverse stock split	6 for 5	Yes	Yes: reduced	Yes: increased	Yes: increased
	7 for 5	Yes	Yes: reduced	Yes: increased	Yes: increased
	1 for 2	Yes	No	No	Yes: reduced
Merger or acquisition	1 for 5	Yes	No	No	Yes: reduced
	1 for 7	Yes	No	No	Yes: reduced
	1 for 20	Yes	No	No	Yes: reduced
	1 for 20	Yes	No	No	Yes: reduced
	1 for 50	Yes	No	No	Yes: reduced
Acquirer	Acquirer	Sometimes	No	No	No
Acquiree	Acquiree	Yes	No	No	Yes
Stock symbol or company name change		Sometimes	No	No	No

EDIT 2: eToro and Stock Merger:

Since people are asking...<https://www.etoro.com/customer-service/help/1561213922/what-happens-if-my-stock-is-affected-by-a-corporate-event-such-as-a-delisting-or-merger/>

Seems like eToro will sell at merger price:

"If you hold stock positions in a company that is acquired as part of a merger:

All open positions will be closed at the merger deal price, and any profit or loss incurred from these trades will be reflected in your Available balance.

In cases where the value of the new stock is greater than the original stock, you will receive the notional amount of the acquisition terms, based on the difference between the last rate traded before the original stock's delisting and the value of the new stock. This amount will appear as a dividend in your account statement."

But what is happening here is a reverse merger... so I am totally unclear how this broker would take care of this instance.

In a normal merger the target company gets acquired for a set price, so this explanation above makes sense. But we are looking at a reverse merger and I could not find anything on eToro about it.

****TLDR:****

A Reverse Merger is the only real MOASS Catalyst which is best for EVERYONE (except any naked shorter). The DTCC rules protect the bad actors from the good but these rules will not themselves trigger any short covering, Gamestop et al MUST be the catalyst.

Only Market Makers can escape covering on a CUSIP change by burying their naked short obligations in their balance sheet as "Sold by not yet purchased" liabilities. Financial regulators/auditors should notice this ballooning liability and do something about it.

Of course any hedge funds which are not market makers can not escape covering their naked shorts. Game theory suggests that any hedge fund which has a chance of surviving covering a small GME short position will do so at first opportunity.

Legitimate shorts will also seek to cover as stock performance after a Reverse Merger is almost always quite dramatically positive. They may choose to re-enter at a later date/price.

Reverse Mergers are also not controversial and completely OK with the SEC while a crypto dividend may open Gamestop up to litigation. It also does not allow Ryan to accumulate more of Gamestop at pre-moass prices, so a reverse merger is the golden bullet.

If we are right you are about to see the greatest return on your shares in financial history

Remember...

10 x gains are boring and happen all the time

100 x gains are great

1000 x gains are history (This is DFV at today's prices)

10,000 x gains have happened for early investors in big companies and in digital tokens

It is not wrong to imagine yourself so lucky to be at the center of the greatest MOASS ever conceived.

Remember Gamestop is transforming into a digital ecosystem for developers, publishers, content creators, players with it's own NFT and digital currency that will support ownership. We're ever living in a more and more digital world and digital game assets are a win for the developers, the studios, the content creators, the players and collectors... and the platform that facilitates this. Gamecoin will be a game changer. We are at an iPod moment. Remember to buy back in and support this legendary turn around with our hero at the helm.

Step 1: Reverse Merger, RC gets more control and his stake doubles at pre-MOASS prices

Step 2: Issue crypto dividend and blow up the Last Standing Market Makers

Step 3: Profit???

TECHNICAL ANALYSIS OF GME

DIFFERENT WAYS TO LOOK AT WHY THE STOCK HAS DONE WHAT IT'S DONE, WHAT THE STOCK WILL DO IN THE FUTURE, AND MOST IMPORTANTLY... WEN MOON?

“Oh, shit, he just called social media ‘unverified information from unqualified social media’.

He obviously hasn’t seen the DD on /r/Superstonk.”

DAVID LAUER

AN ILLIAD OF GME TECHNICAL ANALYSIS & DD

PUBLISHED MARCH 22, 2021

U/HOMEDEPOTHANK69

APES, gorillas, cucks, tards, and degenerates gather round, Uncle Hank has some more technical DD to bestow on your smooth brains. Please ~~be a~~ bull with me, because this will be long. Some of you have probably seen my other posts and this will be much the same; however, this technical analysis will be more in-depth and will cover a wider ranger of indicators than previous posts. I am a technical trader and these are the indicators that I have used in the past and that I have found helpful, but this is in no way exhaustive and there are many other indicators and trading styles that are just as useful as these. Finally, I am not a financial advisor, this is not financial advice, my brain is literally a senile amoeba. As you can probably tell, I have an ADHD medicine prescription. I worked very hard on this and hope that you apes enjoy it!

Volume - catalyts

I put volume here first becuase it is BY FAR the most important indicator for a stock and ESEPCIALY GME. Let me be clear, volume is king. Volume is god. Volume is your wife's boyfriend's wife's boyfriend's wife's boyfriend's wife's pimp's boyfriend's boss' 3rd wife's byofriend (that might be an understatement tbh). If you look at GME's chart, every single giant price increase was preceded by a large influx of volume. This is not

unique to GME, as any stock requires a massive amount of volume for a massive increase in price:



Understand that volume is the only thing that will make this stock spike, as with any stock. The stock is not going to magically go to the moon without a ton of people on the buy side. Again, this is not exclusive to GME. When a stock has a great earnings report, acquisition news, FDA approval, etc, you will see a massive volume spike that leads to a massive increase (or decrease) in price. Now you're probably thinking to yourself, "ok Uncle Hank, but my tiny ape brain can't comprehend what makes volume increase." Well, volume is simply the number of people buying or selling the stock, so that begs the question, what makes more people buy or sell a stock? Catalysts. We have seen that GME is especially sensitive to catalysts. I believe that this is because WSB/retail investors own a LARGE portion of GME's float, so that guarantees that there are a stable number of holds, so when there is news, demand spikes while supply is still low. I am now going to go over the past catalysts that made GME spike so you can get an idea of this. First, here is a pic of GME's volume since January. I call it an angsty teenage boy's hair because it is SPIKEY:



The very first spike in GME's volume was in November when our lord and daddy Ryan Cohen announced his stake in GME. This isn't pictured here because it isn't significant compared to volume from the past few months. I think at that point most people thought Cohen was on DMT when he hit the buy button for GME. The first big spike on here is in early January (11-13th ish), which is when Ryan Cohen was announced as being a member of the board. This is when people were like "ok maybe Cohen wasn't on DMT, but he def took some wicked shrooms when he pushed that buy button"). In the next few days we see volume decline but still elevate compared to previous levels because of increased media attention. The next jump, which was very red was when our special needs friend Andrew Left announced his short position, which subsequently led to WSB ass ramming him on the internet (dude literally got his cheeks clapped by a bunch of apes and had a tantrum). This is where things really started to kick off. After this, there is a giant orgy of volume for a few days because of Elon tweets, Chamath support, Mark Cuban talking to us, media coverage, and the revelation that GME was shorted over 100%. This was the frenzy of late January. After that, everything died down regarding volume, price, and media attention. HOWEVER, the volume picked back up (and price corresponded) when GME ousted their CFO. Most people thought that Cohen had something to do with this. Full disclosure, I thought that GME was done when it tanked the first time, and this showed me its true power. We then see one more volume spike when it was announced that Cohen was being appointed as the head of the board that would change GME to a digital company. Since then, volume has gone down. The following charts

show GME's volume and price in each of the past few months so you can get an idea of how crucial volume is:

325.00	50,259,200
193.60	58,815,800
347.51	93,396,700
147.98	178,588,000
76.79	177,874,000
65.01	197,157,900
43.03	57,079,800
39.12	33,471,800
39.36	74,721,900
35.50	46,866,400
39.91	93,717,400
31.40	144,501,700
19.95	7,060,700
19.94	14,927,600
17.69	6,482,000
18.08	6,129,300

18.36	6,056,200
17.37	4,961,500
101.74	91,963,000
108.73	150,308,800
91.71	83,111,700
44.97	7,565,200
46.00	19,476,000
40.59	14,828,200
40.69	23,990,600
45.94	9,186,800
49.51	8,175,000
52.40	14,498,000
51.10	12,997,400
51.20	36,455,000
50.31	26,843,100
60.00	25,687,300
63.77	80,886,300
53.50	62,427,300

92.41	42,698,500
90.00	78,183,100
225.00	37,382,200
200.27	24,552,100
201.75	11,764,900
209.81	16,259,300
208.17	35,241,900
220.14	24,100,400
264.50	25,760,700
260.00	28,186,000
265.00	71,361,900
246.90	38,725,800
194.50	63,424,800
137.74	30,660,200
132.35	32,473,600

124.18	19,173,700
118.18	33,640,400
120.40	49,597,300

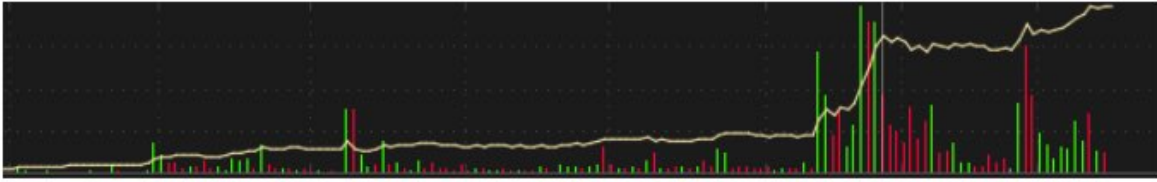
So, now you understand that volume is king and is the only thing that will move GME. When people talk about (X will move GME), they are saying that the event will create positive volume, which will allow GME to rise. So, what are the potential catalysts we have in the future for this volume rise? Earnings is obviously the closest one. The actual numbers don't really matter here. If GME beats significantly, it might cause a rise, but the real thing that we're looking for is the conference call. On the conference call, if we hear news about the digital transformation, acquisitions, a new CFO, or anything relating to Cohen, there will be massive volume and a price increase. If those things are not discussed on the earnings call, then they will be catalysts in the next few months. If GME appoints a new CFO, I believe that catalysts will significantly drive it up as we saw the price 4x in a few days when they merely announced that they ousted the old one. If Cohen gets appointed CEO... oh.... get fucking ready. So, now you understand that Volume is king and all this talk of "the squeeze might happen here" or "the chart makes it look like the squeeze is coming" are irrelevant if they don't coincide with an event that will significantly drive up volume.

OBV

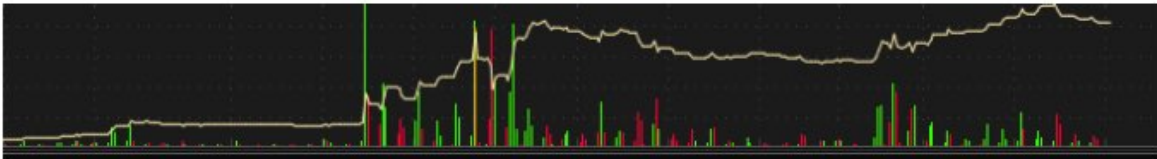
"But Uncle Hank, what can you tell us about volume when there haven't been giant spikes." Glad you asked, that's where OBV comes into play. OBV (on balance volume). is a volume indicator that was founded on the idea that volume precedes price (keep that idea in the back of your head). For those of you who didn't finish 3rd grade, precedes means it comes

before. OBV is a running total of positive or negative volume that depends on price for that calculation. In this calculation, the volume of a candle is either added or subtracted to the OBV total, which is denoted by a line, depending on if it's negative or positive (this is an oversimplification but just know that it's a running total). If a candle is neutral, the volume of that candle will not be added. Thankfully, GME rarely has neutral candles cuz it's so volatile. If it's positive, the volume is added to the total, if it's negative, the volume is subtracted from the total. For example (these are random numbers, don't start eating your crayons yet), let's say a given stock's OBV is 1,000. Then, there is a negative candle with a volume of 2. The OBV would now be 998. Then, there is a positive candle with a volume of 100. The OBV would now be 1098. This is why OBV is shown as a line rather than candles like volume. OBV is a trend indicator (remember volume proceeds price), so the actual value of OBV is largely insignificant, rather the trend of OBV is what matters. Because volume proceeds price, OBV allows you to predict where a stock will go because if OBV is increasing, it means that there is a lot of volume in green candles and less volume in red candles. IMO, OBV is best used to predict where a stock is going when it's consolidating, and oh would you look at that, GME is consolidating. If a stock is consolidating and OBV is increasing, that is an indication that when it breaks the trend, it will be high. The opposite would be true if OBV was decreasing. Generally, if a stock is increasing in price and OBV is increasing, you can expect it to continue that trend. If the price is increasing but OBV is decreasing, you can expect it to go negative in the future. This all goes back to the idea that volume precedes price. The below pic shows GME's OBV (the yellow line) on different time scales.

1 year:



90 day:



30 day:



10 day:



So what does this mean? Gonna just take this from my other post because I think I explained it well: The commonality between all of these graphs is that OBV continues to increase. If you look at the 1-year and 90-day charts, you can see that OBV took a very small hit when GME collapsed after the January squeeze. However, OBV has continually increased in value since then and is currently higher than it was in January. This means that the green candles (the uptrends) have higher volume than the red candles (the downtrends). This is extremely bullish. We can also see that although volume may be decreasing in the 30-day and 10-day charts, OBV is still increasing, which means that there is much more volume on

the buy-side than the sell-side. Even with all of these monster short attacks (like the one we saw last week), there is still a net positive uptrend in OBV, which further adds to the bullish sentiment. Personally, I think that this is partially because of continued retail interest, but, more importantly, I think that this adds credence to the theory that we have an institutional ally or allies that continually buy GME and are trying to initiate the squeeze. This takes away credence from the idea that HFs are just manipulating the price up and down for their own benefit. Furthermore, many people also believe that GME and AMC are correlated. Though this may be true to an extent (they move similarly but not identically), OBV is much more bullish for GME. AMC's OBV is increasing similar to GME's but is not higher than it was in January like GME currently is. AMC's OBV dropped significantly after January and has not returned to those January levels yet. As stated above, GME is and has been above its January OBV levels for a while now. This is not to bash AMC, I am very bullish and AMC and have a position in it. All that this is showing is that GME seems to have greater bullish momentum than AMC and that the stocks are not perfectly correlated like many people think. The massive OBV of GME also suggests that it will be relatively easy for it to have a rapid, parabolic upward move.

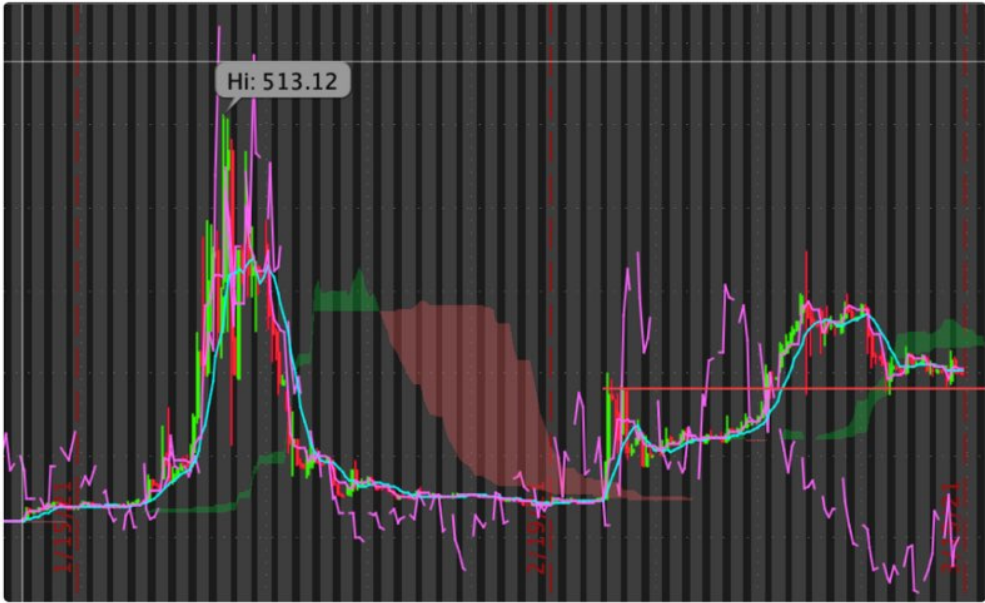
So, now you understand that volume is king, we need volume for GME to increase, volume is not increasing, but OBV is still increasing. This is good.

SPY and VIX

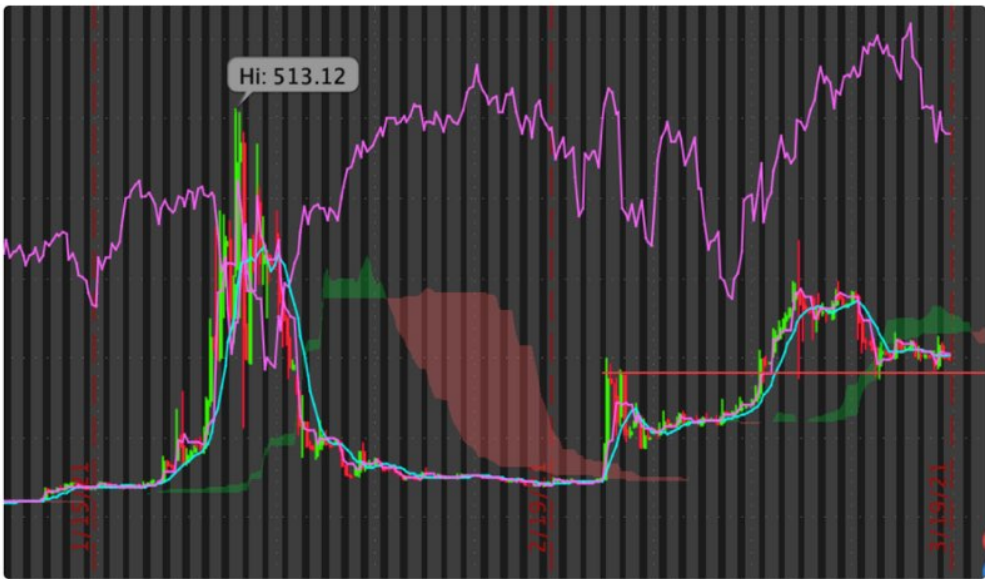
Many of you have probably seen the news that GME has a disgustingly negative beta (I've seen -2, -8, and even -13). Beta essentially is the factor of how the stock follow the market. A beta of 1 would mean that the stock follows the market (if the market is up, it is up proportionately). A negative beta, however, means the opposite. It means that the stock essentially doesn't follow the market and actually goes in the opposite direction. If you've seen some of the other DDs, you can find comments from people

with economics and finance degrees/knowledge saying how rare a beta THAT negative is. There are tons of other DDs with info from Bloomberg terminals and other stuff that demonstrate this negative beta. Just know that it means GME doesn't like to follow the market. Below are charts that compare GME to SPY and the VIX. SPY and VIX are the purple lines (first one is VIX, second is SPY):

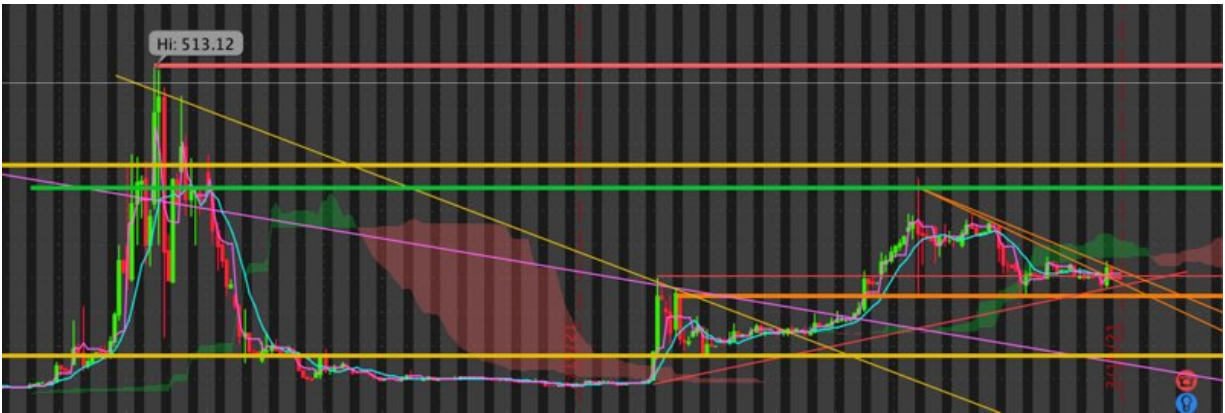
Though the correlation is not perfect, you can see that GME seems to be inversely related to SPY and positively related to the VIX. This makes sense because VIX spikes usually happen during market turbulence, high volume, and volatility, which are exactly what GME needs. Lucky for us, SPY is pretty fucking overbought right now. The effects of stimmys have already been priced in on SPY, and I believe that funds are going to continue to short the 10-year bond, which will push the stock market down. Essentially, the market is overbought, needs to pull back, is overinflated, and will soon have to factor in the looming threat of inflation. Again, volume is more important than this, but this is just something good to keep in line.



Add caption



Support and resistance



In this section, I'm going to just give a brief overview of the support and resistance lines that we have developed. Again, sorry for all of the lines, I am a technical trader who was raised in a crayon factory, so I cannot help myself. The first thing to take a look at is the fat orange line. This line was resistance for GME when it had its second pop at the end of February. We have however since broken that resistance. As many of you know, previous resistance usually acts as future support in uptrends and this is VIOLENTLY true for GME. That fat orange line has withstood several short attacks and has literally bounced right back up since. Is this because of psychological levels? Is it a whale doing that on purpose? Is it the hedgies playing games? It's impossible to know, just know that the support is stronger than my wife's boyfriend's hatred of me. The fat yellow line on the bottom is essentially our doomsday level of support... let's not talk about that and hope we never get there. The fat green, yellow, and red lines on the top are our god levels of resistance. We had a bulltrap on the top green line just before that massive short attack. Getting above these levels is extremely crucial as they will be strong support. If we can get above the red line and stay there... MOON. Just know that we currently have some very strong support at 180ish and that is a great thing to have, especially because of how tested it has been.

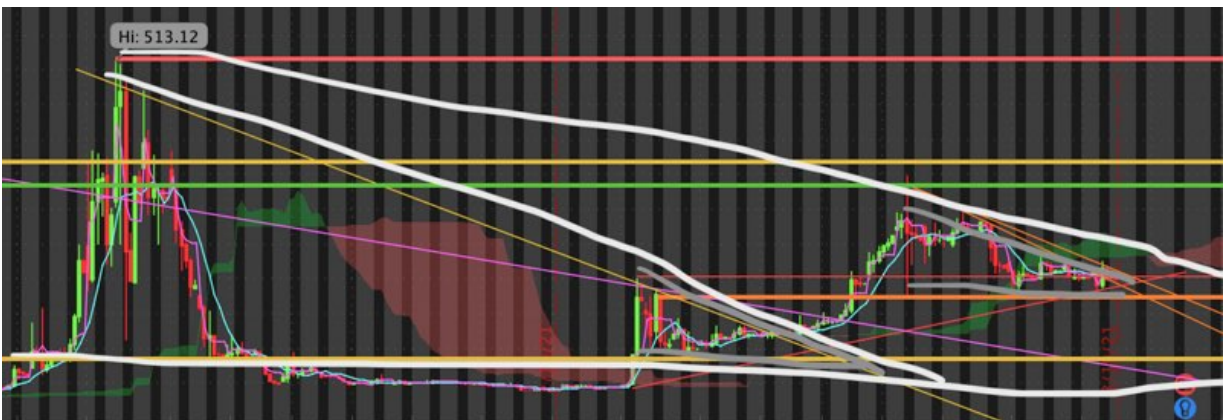
Current patterns

Looking at the chart, I can see many patterns forming and almost all of them are bullish. First, you've probably seen the billions of posts of cups and handles. I can 100% see that pattern forming, and believe in its merit. Since there are so many posts on it, I won't waste your time with a picture. The first pattern that I see is a giant triangle pattern from the 513 high with support slightly below 100. This is signified by the fat yellow line on the bottom and the skinny diagonal yellow line:



As you can see, we broke that pattern in a bullish way and used the resistance from that (180ish) as our current iron-clad support. From there, I saw a bullish pennant pattern (the two orange lines), however, as many of you know, this pattern didn't play out as we kept testing that 180 support. Instead of forming a pennant, I believe that we have formed another bullish triangle pattern:

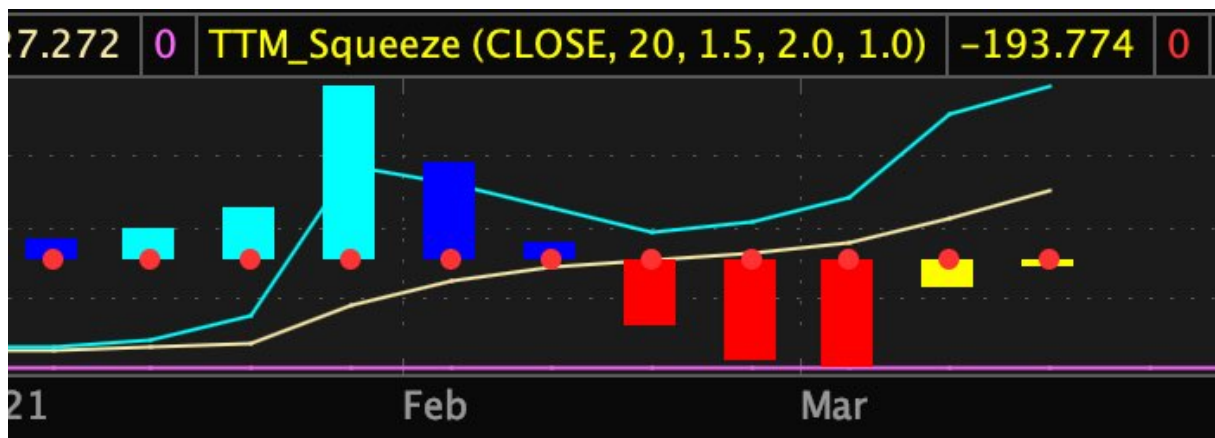
who posted EWT DD because I thoroughly enjoyed it. If you don't know what EWT is, it's basically the idea that stocks move in a repeating fractal pattern that is categorized by periods of trending movements, consolidating movements, and corrective movements. GME is currently in a consolidating movement preceding a trending movement, which is bullish. I don't want to explain EWT because it's very complicated, so I encourage you to look at other posts about it and just know that Uncle Hank supports it. With all of this in mind, it appears that GME keeps forming triangle patterns and keeps breaking them. It is moving in a stair-step pattern where it shoots up, consolidates, then uses the previous resistance as support. This is extremely bullish:



TTM Squeeze, MACD, Ichimoku:

Some of my other favorite indicators are TTM Squeeze, MACD, and Ichimoku. These indicators are purely based off of price and are trend/momentum indicators. TTM squeeze has to deal with the relationship between Bollinger bands and Keltner channels. It moves similarly to MACD, which also predicts momentum. Ichimoku makes clouds based off of previous price action and helps to indicate trends. All of those explanations were EXTREMELY general, so do some research on your own to better understand them. Importantly, all of these indicator show bullish momentum for GME. Below, I have combined the TTM Squeeze and

MACD indicators (because that's how I use them). On the one week chart, the TTM and MACD indicators are extremely bullish:



The MACD is opening wider and is continuing its bullish trend (MACD is the two lines indicators. When the blue line is over the yellow one, it's bullish. The wider the distance, the more bullish). TTM also indicates the start of a very big move. When TTM is light blue, we are in the stage of the greatest momentum (you can see the light blue from late January). When we are in a dark blue phase, there is still bullish momentum but its dying). When we go into a red phase, we are in a bearish phase (you can see that throughout February). Yellow indicates that the bearish momentum is dying. From here, we can see that bearish momentum is dying and that we are ready to go into bullish territory (light blue candles). This is assisted by the fact that MACD is super bullish right now. I did this on the week chart to give a good overview of the price of GME because it's so volatile day to day that it's hard to understand it sometimes. Finally, Ichimoku. This indicator is a trailing momentum indicator. All that you need to know is that when it crosses through the red cloud, this is an indication of bullish momentum. Well, would you look at that, GME is getting ready to enter a red cloud right before earnings:



These three indicators are great on their own, but when used together they are even more powerful. MACD indicates that we are bullish RIGHT NOW. Ichimoku and TTM indicate that we are about to go into a period of extremely bullishness. These charts all show that the bullish momentum for GME is just beginning.

A note about the "short attacks"

As many of you have seen, over the past few days, GME has been through a series of sharp downturns intraday. Are these "short attacks" or are they one of our institutional allies purposely putting us on SSR? It's impossible to know. This will be an examination of those crashes and some potential theories.

Like I said above, It's impossible to know if these short attacks were from friends or foes. What we can be sure about, however, is that it either triggered stop losses and/or pushed out paper hands. How can I be sure of this? Below are screenshots of both of the flash crashes from March. As you can see, the crash volume candle is about equal to that of the recovery candle but the price does not recover to its previous highs. What this makes me think is the short attack triggers stop losses and paper hands, then

whoever did the short attack (again friend or foe) bought the shares back up. The reason why the price doesn't fully recover is because of paper hands being pushed out. I believe that the whale probably sells off all of his shares then rebuys at the lower price (hence the equivalent volume but price not fully recovering). Again, it is impossible to know if this was an actual short attack or if it was an ally trying to put it on SSR, but what you should know is that it was in no way a regular sell-off. No stock drops by over 50% two times in one month with NO NEWS CATALYSTS. If a stock drops this much, it's usually because of an investigation, missed earnings, etc. On both of these crashes, there was no news on GME at all, so do not think for a second that these instances were just regular selloffs or profit-taking - they were 100% coordinated attacks.

More on why paperhanding is stupid:

The reason that I made this post is to highlight why paperhanding GME is not a good idea through a technical analysis. Obviously, it's not a good idea for the cause, but I'm here to show that it's not a good idea for the individual ape as well. If there's one thing to know about GME it's that it's a VOLATILE stock. This thing can and will move over 100 points (points, not percentage) in a single day. We have seen the price go from \$100 to over \$300 in a single day and from \$350 to less than \$200 in less than half an hour. It is understandable that many new traders might (for example) get in on GME at \$100, watch it rise up to \$350, then panic sell when it goes below \$200, but I am here to give you proof that it is not beneficial to do that. Below, I have posted screen shots of several charts at various time frames since the beginning of January to now. The red circle signifies where you might have been tempted to paper hand and the green circle signifies why you would've been better off holding. It's important to note that the only way you could have lost money on GME is if you bought in above \$400, but believe me, apes, we are going to go FAR above \$400 in the near future. The reason that I have posted this is because, though I am feverishly

against paperhanding, everyone, including myself, gets down and sometimes even panicked when GME crashes because it makes up so much of my portfolio. I suggest looking at these images everytime GME falls as a reminder that this is a long term game and that volatility is expected, but that paperhanding is not the answer... enjoy:



The February rise after the CFO was ousted to now:



The \$350 - \$172 flash crash to now:



When GME doubled in a day then corrected, to the first squeeze:



The day GME hit \$500 premarket then tanked then recovered:



The post-squeeze lows when everyone thought GME was dead to now:



A Note about squeezes

Before I go any further, please understand that last time was not a short squeeze. Last time was some shorts covering and a series of gamma squeezes. A short squeeze is characterized by a RAPID increase in both price and volume in a short period of time. A short squeeze is far more violent and faster than a gamma squeeze. Short squeezes can cause a series of gamma squeezes and gamma squeezes can cause a short squeeze. The reason that a short squeeze is so rapid is because TONS of people are buying, which decreases the total number of tradable shares in the float. The buying pressure creates immense price increases, which cause shorts to get margin called and have to start buying to cover (which only increases the buying pressure and price increases). This short squeeze may force market makers to delta hedge by buying more shares (gamma squeeze). Just

know that the squeeze truly didn't happen last time. If it did happen, you would have seen a VIOLENT uptick in volume and price on a single day or two that was FAR higher than the 500\$ highs we saw last time. It should look similar to the VW short squeeze. So, anytime you see FUD about the squeeze being over, look at the chart, see that there has not been a parabolic rise in volume and price on a single day similar to VW, finish jacking off, and thank Uncle Hank. To add more to this, if the squeeze truly did happen, then FINRA would be reporting FAR lower numbers than 50% short interest.

Why short interest might not matter

If your eyes are glued to the WSB DD page and your hand is glued to your 2inch punisher like me, then you've probably seen the plethora of posts about how the short interest in GME isn't 50% like FINRA says. I've seen posts that say it's 65%, 120%, 200%, and even 900%. Let me tell you, those apes put in some DAMN good research to get those numbers and you should definitely listen to what they are saying. I personally believe that the SI is over what FINRA is saying because of all of the crazy/illegal stuff that hedgies are doing with ETFs and naked shorts. The point that I want to make is that it's impossible to actually know what these numbers are because of what the hedgies are doing. Again, I want to give all props to my fellow autists who make that spankin DD, and again, I agree with it, but just know that it's impossible to really know what it is. Now, I am going to make the case for why that doesn't actually matter. This is just a hypothesis, feel free to disagree with me below. I believe that GME is a stock that reacts so strongly to catalysts (see above) because of WSB and retail traders essentially owning the float. I believe that GME's float is mostly owned by retail traders who refuse to sell. This decreases the tradable shares and essentially creates a sell wall. It also provides that there is a group of millions of shares that are simply held and not moved around and sold. Because of this, when there is good news on GME, all of the nonretail

traders flood the market to buy the stock, which is mostly held by retail traders, which creates massive buy pressure. Essentially, because of WSB users diamond hands, every time there is positive news on GME, it creates a gamma squeeze. Again, this is just a hypothesis. Do I believe that the short interest is still through the roof and that the squeeze will eventually happen? Yes. However, I think that the diamond hands effect from WSB has essentially limited the supply of GME, which is why it's so sensitive to catalysts and is so volatile. In essence, diamond hands is fucking working.

FTD Squeeze

I would just like to reiterate the amazing work that one of my fellow apes did on GME. I don't remember his name but you've probably seen the manifesto about the Failure to deliver squeeze and how the FTDs are going to have to be repaid soon, which will lead to the actual squeeze. I don't have the link to it but I just wanted to acknowledge that guy and say thank you because it's really excellent DD. That DD is what people are talking about when they say that WSB users are doing better research than Wallstreet analysts. If someone could link it in a comment below, I could greatly appreciate it so other apes can see it. Also, just as another note, if you look at iBorrowDesk, GME has had less than 10k shares available to trade for the past few days. Borrow rate is still super low, but this is just an interesting thing to look at.

Closing Thots

In short, I like the stock. If there is anything that you take away from this, remember, volume is king, the short squeeze has not happened yet, short interest might not matter, and it's only a matter of time before this thing launches to the moon. Again, this is not financial advice and I am not a financial advisor. Finally, I just wanted to thank all of you who upvoted my DD and follow my account. I have always loved investing and trading, but making these DDs and hearing your reactions has become one of my

favorite things to do and brings me a lot of joy. Thanks a ton apes, stay strong.

“I’m jacked! I’m jacked to the tits!”

JARED VENNET (THE BIG SHORT)

MYSTERY OF THE NEGATIVE BETA

PUBLISHED MARCH 23, 2021

U/ANIMASOUL

DISCLAIMER: This is not financial advice. This is for educational and entertainment purposes only. *It is also a thought experiment, a working hypothesis.* Let's have fun with this apes. Feel free to poke holes in it. You proceed at your own peril.

Introduction

In my first post about beta, I tried to explain the concept of beta in as simple and general a way as possible. I basically said that since the beta of a short position is by definition the opposite of the beta of a long position, it is possible that the extremely negative beta of GME (around -2 to -8 by different estimates) is connected with short selling. In that post, I made a very general and intuitive point. The intuition gave me my hypothesis.

For this second post, I will try to deduce logically why the beta is so negative, why it wasn't negative before, what this means for the market and what this means for a potential short squeeze. It also requires me to go beyond the very general description of beta that I gave in my first post. So now I will go into the concept of beta on a deeper, more technical level.

Background theory – what is beta? Beta expresses a stock's sensitivity to market risk

When we say that a stock cannot have a beta of less than -1 we are not talking about the movement of the price. I didn't make that clear in my first post. *Forget about the short squeeze for now. But don't worry, I'll come back to it later.* If we are looking at a stock's beta only, *this is **not** a reflection of the volatility of its **price**.*

Let's get fancy and use the symbol for beta – β . It's less typing too.

The reasoning behind why β is correlated with the market is because β reflects the **market risk**, also called the **systematic risk**.

Remember – no risk no return. Your expected return is your compensation for exposing yourself to risk. If there was no risk, there would be no return. That's the game.

This comes from the theory underlying the Capital Asset Pricing Model (**CAPM**), which tells us the return on a stock that you should expect. It is therefore not about pricing as such although by knowing what the fair return is, CAPM can help us to assess if a stock is underpriced or overpriced **in terms of the relationship between its risk and its return**. Example: Two stocks might have the same risk and expected return but one could be hyped and people are willing to pay a higher price for it while the other is flying under the radar at a lower price. The price is just what you or I are willing to pay for a stock which has that level of return (i.e. cash flow), among all the other factors that influence why I might be willing to pay a certain price for a certain stock.

The elements that go into computing the expected return on a stock are:

The **risk-free rate** – this is the return I can get for an investment with no risk at all, usually the return on a T-bill because it is considered for

theoretical purposes that the US government will never default. If a security has more risk but the same return as a T-bill, it doesn't make sense to take the riskier security when you could get the same return on the risk-free investment.

B – this is the sensitivity of the security to the market

The **expected return on the market** – this is the return we expect from investing in the market (i.e. if I bought every stock in the entire market, it would be the return on my market portfolio).

I will now quote Wells Fargo because I think their description of beta is very nice. The added emphasis is my own:

*'The beta of a stock or portfolio is a widely used **measure of risk** - capturing the **sensitivity** of the security to "market wide movements:' Regardless of **the source of the movement of the market***, this measure captures* **what the market and the security have in common***. A security that has low beta is described as having low sensitivity to the market and vice versa.**

*It is important to remember that what this measure actually captures is **the commonality** between the factors that drive the market and how these same factors affect the security in question. **Since what drives the market changes over time, the beta of a security will also change over time***. The below chart shows that the beta of the average oil stock was low during the credit crisis but has risen more recently, indicating that the movement of this sector has more in common with what is driving the market than it did during the prior decade. Also shown in this chart is the beta of the bank sector-high during the credit crisis but much lower recently.**

*Because what drives the market changes, the beta of securities will, by definition, also change over time - **even if the line of business and strategy of the company itself does not change***. If a new factor arrives in the market, there is no guarantee that the beta of a security will remain*

unchanged - or indeed, there is no guarantee that a low-beta security will remain low beta.*

*One measure of the rate of arrival of new factors is the correlation of betas over time. If the factors that drive the market are unchanged, then the beta will continue to be stable and unchanged. In contrast***, the arrival of a new factor has the potential to dramatically change the beta of securities****, resulting in low correlation between the betas from one period to the next -* if beta is measured over a short enough period to reflect this change*.'**

Source: <https://www.wellsfargoassetmanagement.com/assets/public/pdf/insights/investing/analytic-the-betas-they-are-changing-apac-emea.pdf>

Wells Fargo describes very nicely why the driver of the beta must come from the market, and not from the security, if the company and its business have not changed.

Here's the historical beta again from Zacks, measured month to month. You can go to Zacks and look further back in history, I have just gone as far back as October 2020:

02/28/2021 -2.183
01/31/2021 -2.196
12/31/2020 1.404
11/30/2020 1.423
10/31/2020 1.028

Source: <https://www.zacks.com/stock/chart/GME/fundamental/beta>

A pretty dramatic change in January right? Now we know that nothing really changed about GameStop fundamentally except Ryan Cohen's

joining and some future hopes and expectations related to this. That is not something that should flip the **expected return** of GME like this to the negative. So, as Wells Fargo explains, the driver of the change must be coming from the overall market. So what is the new factor in the market that arrived in January? And which has not gone away because the beta is still negative?

Yahoo Finance put out an article on **17 March**, the day after my first post, saying that the beta “flipped from a negative to positive correlation on Wednesday”. But on the date of my first post (**16 March**), there were apes on the Bloomberg terminal reporting that Bloomberg was reporting a beta of around -8. I have not seen another source except that Yahoo Finance article saying that the beta is now positive. Nasdaq is still reporting a current beta of -2.09. Even the Yahoo Finance free website is still showing a beta of -2.07.

So what is the commonality between the market and GME?

Let’s say it is apes buying and holding as of Jan 2021, as some apes have been suggesting. Remember that β does not have anything to do with price volatility. Optimists buying may raise the market price but cannot raise the **expected return** itself or change the drivers of the market’s expected return. It’s a bit like the price/earnings ratio. You can pay a high or low price but that won’t change earnings.

So then why is the correlation with the market suddenly -8? Some apes might raise the Indian professor who showed in response to my post that the beta of GME is positive. But he had to do that manually, by drawing his own chart and picking and choosing his data points to produce a beta that made sense to him. That raises the question – so why does GME need a manual chart? Why is the normal formula good enough for other stocks but

not for GME? I am interested in why – within the theoretical framework of the CAPM – the β of GME is -8. I am not interested in how to get away from the -8 to get a normal beta.

What changed in the drivers of the market? The hand of a giant squid? A manipulation across the whole market universe? A new systemic risk? -8 defies all logic. This forces me to depart from the real world. To step, like Alice, through the looking glass.



Stepping through the looking glass into the alternative world of the shorts

Curiouser and curiouser**: If long GME is -2β , then short GME must be $+2\beta$ **

If I take this a step further logically, if the beta of a long position in GME is negative, then the beta of the short is positive. The positions must per se be opposite because shorts and longs on opposite sides of this trade are not both winning or both losing. Their **risk position** must be the **opposite** for one side to win/lose. If I go long, I expose myself to the market risk (β). If I go short, then my market risk is the opposite ($-\beta$). That's why short positions can be used to hedge long positions. One cancels out the other.

If the normal calculations are showing that GME long is -8β , then the shorts have somehow changed the real world, they have flipped the two worlds on either side of the looking glass. A short with a positive beta sounds crazy, as crazy as a long with a -8β , but by the logic of financial theory, this is the conclusion I am forced to come to. Whatever it is that the shorts have done, they have created the effect of giving their short a positive β and the long a negative β .

*'The beta of a short position is the negative of the beta of a long position...and is hence **normally [emphasis added]** a negative number...Because of the negative beta of short positions, rational investors will often be willing to accept a lower return than they otherwise would, possibly even a negative return.'*

p. 81 in 'Short Selling: Strategies, Risks and Rewards' edited by Frank J. Fabozzi.

http://www.dmf.unisalento.it/~straf/allow_listing/fabio/fabio3.pdf

What this implies about ETF shorts and GME

ETF shorting is a common risk management method. ETFs have always been shorted since forever. The book edited by Fabozzi has a brilliant chapter on ETF shorting and how market makers can create/redeem trillions of dollars' worth of ETF shares at the drop of a hat. This is nothing special. And with the market as a whole seeming to be in a decline (note since around the time the GME drama started), probably everyone and their mother are now shorting ETFs to hedge their longs.

*'Most ETF short sales are made to reduce, offset, or otherwise **manage the risk of a related financial position***. The dominant risk management/risk reduction ETF short sale transaction* **offsets long market risk** with a short or short equivalent position. Unlike the aggressive skier or surfer, the risk manager who sells ETF shares short is nearly always reducing the net risk of an investment position. In contrast to extreme athletes, the risk managers selling ETFs short are more like the ski patrol or lifeguards: **They sell ETFs short to reduce total risk in a portfolio***.'**

p. 38 in 'Short Selling: Strategies, Risks and Rewards' edited by Frank J. Fabozzi.

http://www.dmf.unisalento.it/~straf/allow_listing/fabio/fabio3.pdf

But hang on – shorting ETFs reduces the total risk in a portfolio and offsets long market risk. If GME short has $+2\beta$, then a market downturn is a good thing for the GME short seller. When the market goes down a bit, the **expected return** associated with the short position benefits. The short seller certainly has long positions in his portfolio too. Those can be hedged against a market downturn by selling a market ETF short.

But what about the short squeeze?

Understand that the above is a **risk management strategy**. They would not need this risk management strategy if they had covered their shorts. And they did not need this risk management strategy prior to January 2021 before apes starting buying and diamond handing GME.

It is only the natural job of a hedge fund to hedge and to protect its overall portfolio. This risk management strategy is helping them to stay afloat, or as Mark Cuban said – never to cover their shorts. But I am guessing that it is very fragile. And it also depends on the overall market being down because their beta is positive. I suspect that the narrative about the market falling, bond yields rising, etc. causing a fall in equity markets might be a mass-scale FUD campaign. I don't want to go into that here but I have seen financial commentators who disagree with what the mainstream media is saying about bond yields and inflation.

This is a good point to remind ourselves – **what is a short squeeze?** It's pretty simple:

'Implicit in the technician's view is the risk of a so-called "short squeeze," in which prices move up very quickly as short sellers are forced to cover.'

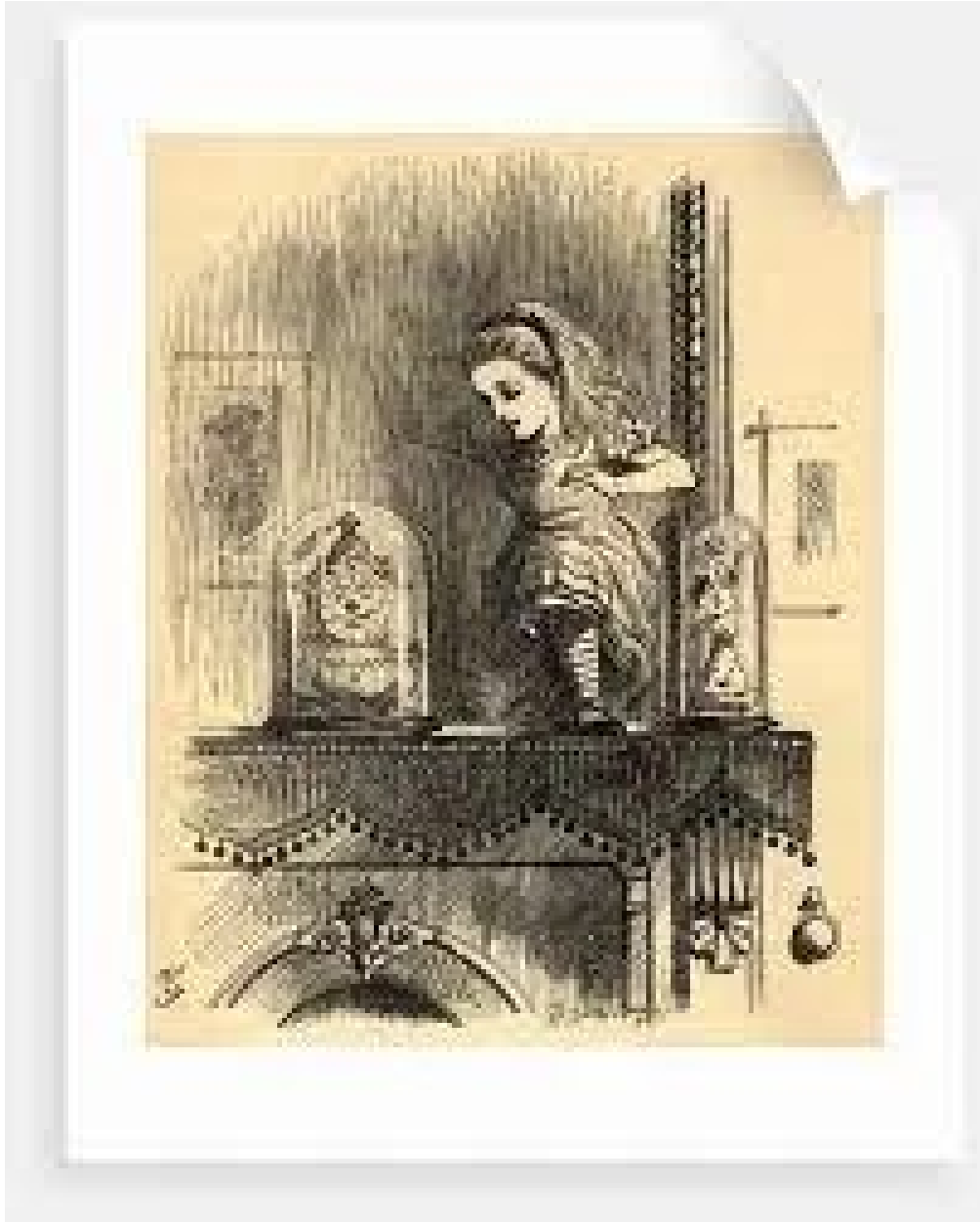
p. 234 in 'Short Selling: Strategies, Risks and Rewards' edited by Frank J. Fabozzi.
http://www.dmf.unisalento.it/~straf/allow_listing/fabio/fabio3.pdf

So a short squeeze has nothing to do with the beta necessarily. It is just a situation where prices rise and shorts are caught and squeezed. The beta is a fundamental. The price – not always. The smaller the short interest, the less likely a short squeeze can happen. What does the negative beta of -2 to -8 imply? IMO that they are doing a crazy level of risk management to protect an enormous short position. And they are possibly f---ing with the market to achieve the downturn required to benefit from the +2 or +8 beta

they have given to their short position. They would only need the market to fall a bit to benefit x2 or x8.

We know that Citadel is the market-maker for practically all traded securities so it is not as if they would not have the wherewithal to make the market as they see fit. By coincidence or not, the market downturn and associated pessimistic narrative started around the time GME became popular with apes. This would mean that the -8 beta is true. In my first post I thought no way, can't be, it must be distorted, but by my updated logic, it is not. It would connect many dots across the whole picture.

TLDR of working hypothesis: While the -8 beta is not directly caused by short selling – which is why the beta was still positive at the end of December 2020 – the entry of Citadel, making this kind of risk management possible at the necessary time of apes buying and diamond holding, coinciding with the dramatic change in the beta, would indirectly indicate that shorts have not covered. But what do I know. I am just an ape. I have never worked in a hedge fund. Any errors are entirely my own.

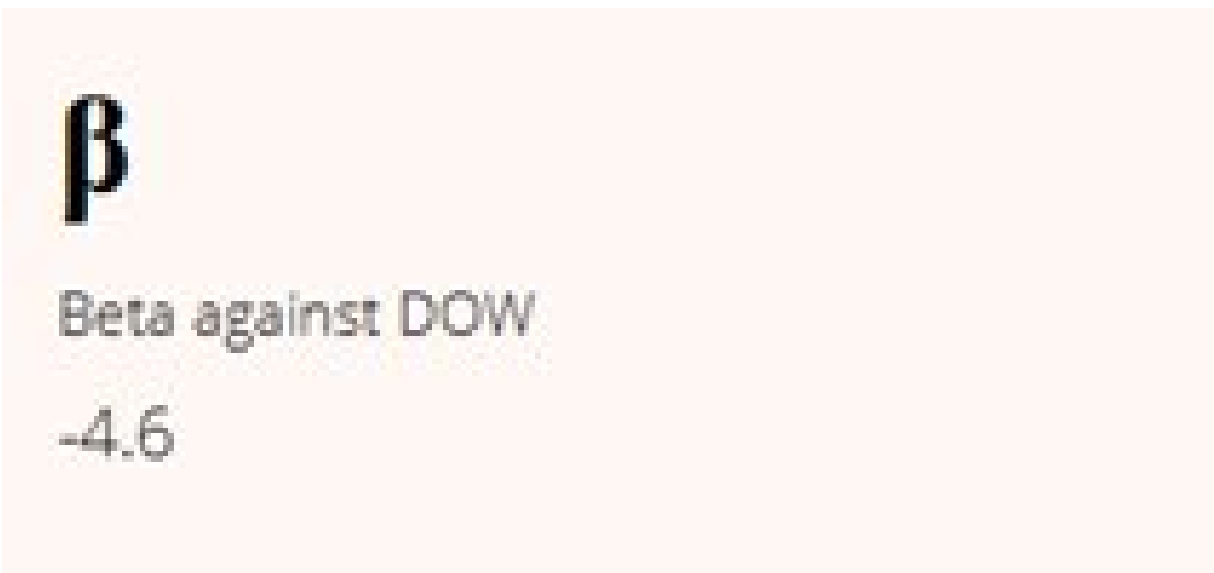


Stepping back into the "real" world of the market and the longs

(UPDATE on March 25, 2021)

Remember that beta reflects the **market risk**, or **systematic risk**. That means that no matter how many different stocks you own, you can never diversify away this risk. It is inherent in the market so all stocks have it.

GME's beta is currently -4.6 taking the Dow Jones as the benchmark, according to **Macroaxis**. I like Macroaxis because it looks like the content is written by an AI bot with some light human editing, so they are probably just letting the beta bots do their thing without much incentive to skew numbers because they are not a media outlet. <https://www.macroaxis.com/volatility/GME/GameStop>



GME beta -4.6

I demonstrated in my Beta Part 2 post here:

https://www.reddit.com/r/GME/comments/mau3dk/beta_part_2_extremely_abnormal_negative_beta_as/ (read this for important background theory)

that the change that occurred in January and that caused the beta reversal must have come from the market itself. GME did not change, the market around it did. Imagine a hand spinning the whole market round and round but not GME. GME is standing still. That is why all the other stocks

still have normal correlations. They are spinning with the market. Only GME is not.

What this means for the market right now

If the market is spinning and only GME is standing still, that means that the beta of GME is showing the risk that hedgies have added to the market. All the other stocks in the universe are spinning with the market so their correlations are not showing it. Hedgies are f**king with the market to the tune of raising its risk $\times 4.6$ (assuming for simplicity's sake that GME's normal beta is exactly 1) since January 2021.

There is much evidence of this f**ked up type of risk if you look for it: abnormal behaviour of assets, extreme volatility, explanations from MSM that don't make sense, etc. I will return to this later. Remember that the US stock market was on a record bull run for 12 straight months during this pandemic until the time GME's beta flipped.

What this means for the market going forward or – how long can they keep the plate spinning?

It is my belief that the aim of the hedgies is never to cover their shorts. Ever. The position must be so huge that they simply cannot afford to pay. They are going to take us out, shake us out or take everyone down with them until they win. Then we might see a normal beta again. If none of that works, they will take everyone down with them fighting, reset the financial system and start again. That will also make the beta normal. They have enough buddies to help them do that. *Unless they get caught in a short squeeze first**.***

Recommended edutainment

I recommend watching **The Truman Show** and the BBC television series **McMafia**. I won't explain The Truman Show because most apes have probably already seen it. If you can find any opportunity to watch McMafia, do it. It is about a Russian-born London financier's lone fight to protect his mafia family from another mafia family. One of the messages is that the gunslinging, bloody type of mafia is old-fashioned and inefficient. The way the mafias fight now is bloodless – through law and finance.



Truman as a normie in the normie world



The real world. Can you handle it? This ape could.

That is the territory we are in now apes. The SEC is the sheriff in town but they are only the sheriff for the normies who are still living in The Truman Show with their ETFs and a pension that might never pay out when they hit 65, or whatever the pay-out age is now. The nice lady on the

mainstream media news keeps them sedated so they can sleep at night. If apes are going to go into mafia territory – *we are talking criminal manipulation of systemic risks across the global markets* – the sheriff’s hands are tied. The professionals already know all of this, that’s why they tell normies to stay out of the markets except insofar as their savings can be milked for a small compensation. That’s why they say the apes are stupid. *That’s why apes have to get professional and be aware of what staying in this game means.* If you can lose the money and you want to play, then stay in the game for the long haul until the very end and keep your eyes open. If you can’t afford to lose your investment, then consider how much risk you are willing to expose yourself to going forward. ***GME is not what it was when DFV started all of this. The beta has flipped and so has the game.***

So what is the game now and who are the players?

The game got a lot bigger. Now it’s about the whole market, not just GME. I think **Persona** is the best analogy. The high school kids go to the alternate world of the dungeons to take out the bad guys that the normies can’t identify in the normal world because in the normal world, the bad guys look normal. You can only see that they are not normal if you go to the alternate world. You can only go to the alternate world if you are sufficiently honest to be able to see reality.



Persona 5: Alternate worlds

In Persona 4, the portal to the other world manifests as a glitch in the normal world – a weird TV set in a mall. The weird beta is the equivalent of the weird TV set.



Glitch in the normie world/Portal to alternate world

Remember the chart that was kindly shared by the Chief US Economist on Twitter <https://twitter.com/GregDaco/status/1369844561862856706>



The players

Market-wide, who's the biggest in the room? The market makers by far. Who's second-biggest? Retail. Bigger than all hedge funds and mutual funds combined.

Where are the hedge funds and mutual funds right now? Hedge funds have taken big losses and are hiding their other short positions with new techniques so retail won't find them. Melvin didn't take its loss like the other HFs though. Melvin is the only HF that brought Citadel (one of the world's biggest market makers) into the game. Mutual funds, together with pension funds, are being forced to rebalance their portfolios because of an extreme sell-off in Treasuries that the MSM is explaining is the result of an expectation of inflation. This means they are being forced to mass dump their equities. On top of it, we know that ETFs are being massively shorted

across the board. I guess the shorts will make money if the market does indeed crash with forced dumping of equities.

I cannot share the source because it is banned on Reddit (google around to find it based on my text or DM me for the link) *so take this with a grain of salt*, but according to ZH, a certain bank is estimating over 300 billion dollars in forced selling by pensions funds and mutual funds. Clients were not happy about this news. Bear in mind though that said bank has been wrong before, so maybe they'll be wrong again, but that is their logic right now.

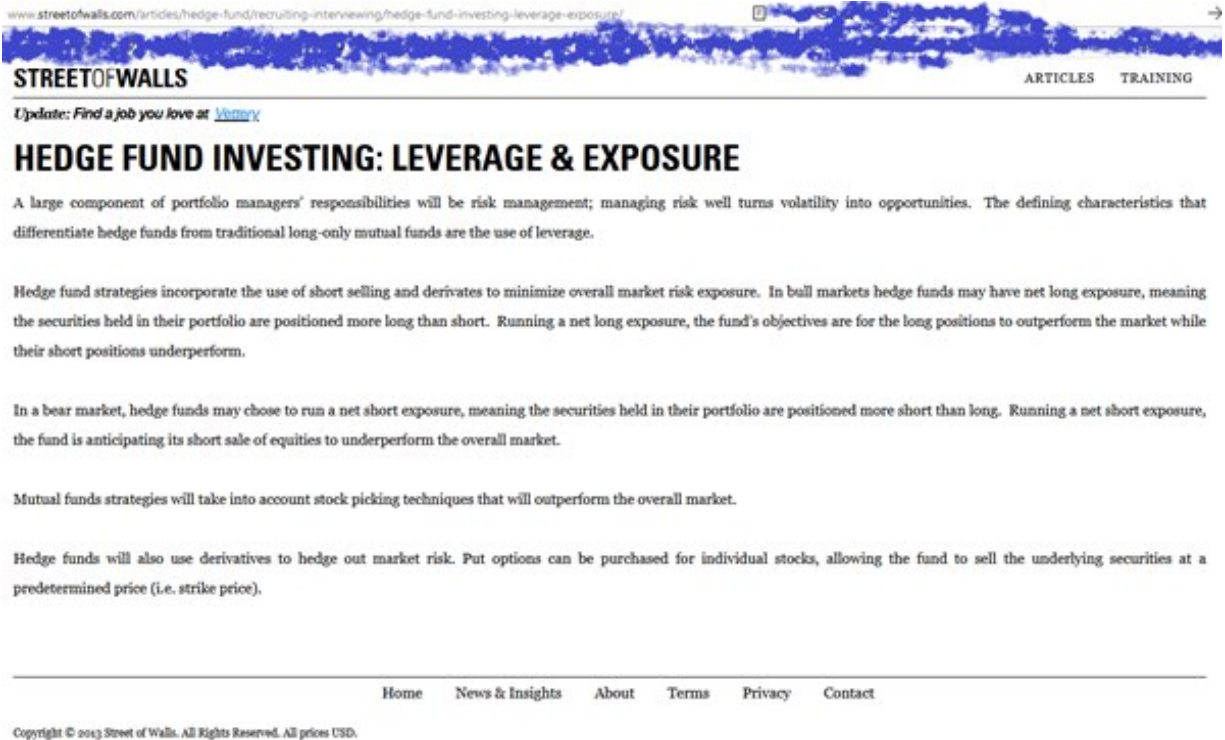
More crazy is this – also according to ZH, another certain bank has identified that a persistent seller of US Treasury futures is sitting in Tokyo (so that the effects pan out all over the globe as the other markets open), meaning that cumulatively, a huge majority of the decline in Treasury futures happens in the overnight session, so that Japan is almost solely responsible for the dump of US Treasury futures! So the “inflation” is coming from Japan? Where else are we seeing weird overnight price movements? GME.

A small word on ETFs. I need to look into this more, but as far as I can tell right now, ETFs probably pose the single biggest risk to the current financial system. Many different parts of the market intersect through ETFs and they are very complicated. They are also probably the easiest place for MMs to make FTDs. And they are currently being shorted down to the ground.

A key question

A question I am asking myself is this: I demonstrated that the $+\beta$ of GME short means that it has lower risk exposure when the market is down. But a down market is good for a short anyway, so why not just do all the market

manipulation without flipping the betas? You can still short all the ETFs, tank the Treasuries, etc. I have not fully thought this through yet, but right now, I am guessing that it must be because of leverage. **Not only are they shorted, they are levered to the tits.**



How hedge funds work

Volatility is opportunity when risk management is good.

Leverage is the defining characteristic of hedge funds.

In a bear market, it makes sense for HFs with leverage to go net short.

(**EDIT for clarification:**) Hedgies were and are still short GME. Now they are net short on the overall portfolio. The market was bull, so they made the market go bear.

UPDATE 7:22P

GameStop Corp. (GME)

NYSE - Nasdaq Real Time Price. Currency in USD

☆ Add to watchlist

178.29 +57.96 (+48.16%)

As of 3:20PM EDT. Market open.

[Summary](#) [Chart](#) [Conversations](#) [Statistics](#) [Historical Data](#)

Previous Close	120.34	Market Cap	12.452B
Open	123.49	Beta (5Y Monthly)	N/A
Bid	183.25 x 800	PE Ratio (TTM)	N/A
Ask	184.60 x 900	EPS (TTM)	-3.31
Day's Range	116.90 - 186.39	Earnings Date	Mar 23, 2021
52 Week Range	2.57 - 483.00	Forward Dividend & Yield	N/A (N/A)
Volume	45,852,294	Ex-Dividend Date	Mar 14, 2019
Avg. Volume	44,551,585	1y Target Est	40.64

M 25 March 2021, the date of publication of this post: Yahoo is no longer showing the beta of GME.

“Dude, everyone thinks I’m crazy, and I think everyone else is crazy. I’ve dealt in deep value stocks for years but have never endured bearish sentiment this heavy.”

U/DEEPFUCKINGVALUE (JANUARY 14, 2020)

GME DD ON APRIL 2020 SIMILARITIES TO TODAY

PUBLISHED APRIL 04, 2021

U/HOMEDEPOTHANK69

“THE TENDIES ARE COMING, the tendies are coming.” – Paul Revere
– HomeDepotHank69

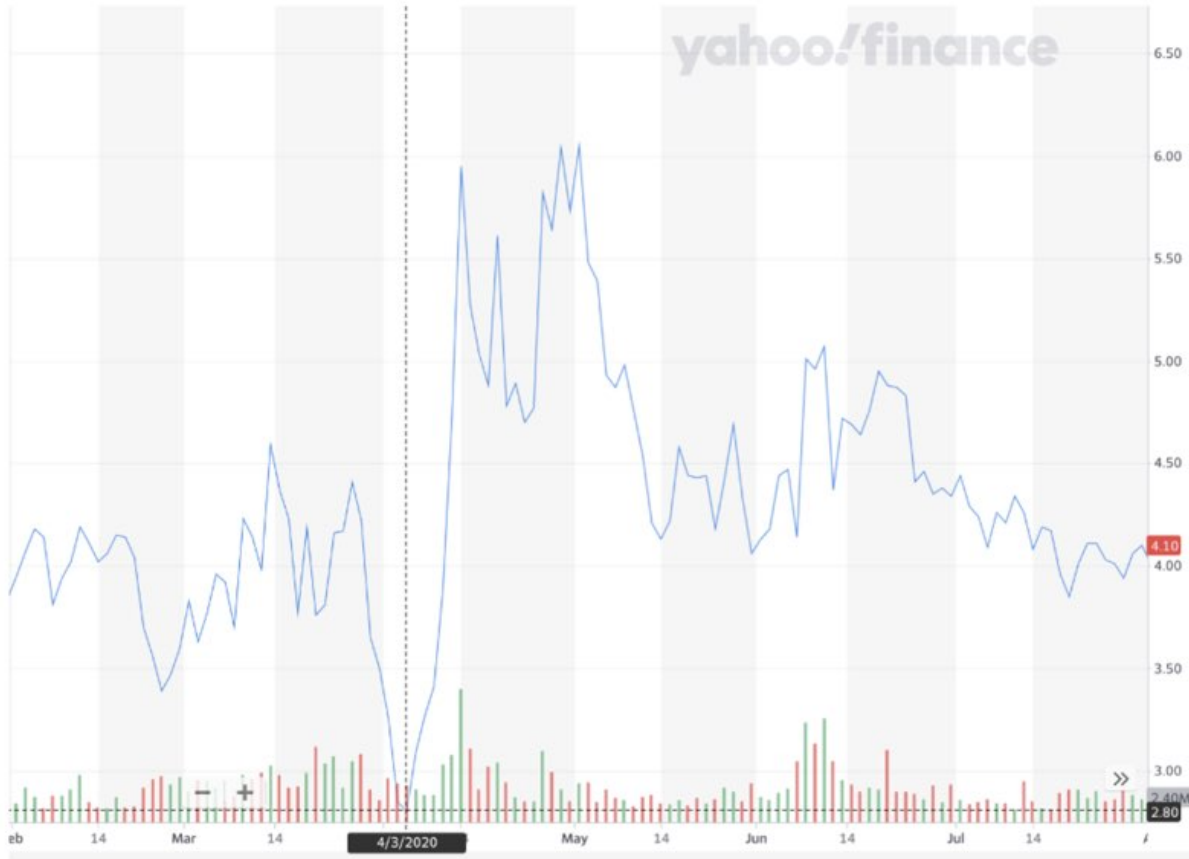
Apes, I have excellent news. Today, I woke up (with only a half chub) and thought to myself “I’m gonna be super productive today and get a ton of work done.” Then, my ADHD medicine kicked in and I went down another GME rabbit hole. Here is the product of that (I will warn you, this is long):

I have done a lot of digging and have found some extraordinary similarities from last year’s annual meeting of stockholders to this one and why it and the months leading up to it should be HUGE for GME. This is not a technical analysis, this is pure DD. I am not a financial advisor and this is not financial advice.

Just a note: you can find all of these documents simply by searching “Gamestop Notice of 2020 Annual Meeting of Stockholders” on Google, I just picked out the important parts to make it easier.

History

I am first going to start with GME’s share price as of April 2020:



As you can see, on April 3rd, 2020, GME's price bottomed to under \$2. This was due to Covid absolutely crushing the company and shorters seeking to hit the "bankruptcy jackpot." However, on April 3rd and the next few days, we see the price of GME almost triple all the way up to \$6. Why was this? Some of you may remember Michael Burry announced his GME position in April 2020. Well, that's not what caused this rise as Burry announced his stake on Friday the 10th, which caused a rise on Monday the 13th:

GameStop Stock Surged Because 'Big Short' Investor Michael Burry Bought More

By Ed Lin April 14, 2020 6:00 am ET

Text size  



Michael Burry, known from "The Big Short," bought more GameStop stock.

Photograph by Tony Avelar/Bloomberg

financial crisis developed.

GameStop stock surged 22% on Monday on news that investor Michael Burry bought more shares of the videogame retailer.

The head of Scion Asset Management, Burry is a major character in the movie *The Big Short*, based on Michael Lewis' book of the same title. Burry was one of the first to make big bets against subprime mortgages as the 2008-09

Burry filed a form with the Securities and Exchange Commission Friday that showed that Scion affiliates paid \$4.7 million to buy a total of 1.25 million more GameStop shares (ticker: GME) from Feb. 10 through April 3. Burry now has overall ownership of 3.4 million shares, a stake of 5.3%.

So if it wasn't Michael Burry's announcement of his position, then what was it? Was it the announcement of the annual shareholder's meeting? Nope, that was announced in late April as well:

Notice of Annual Meeting of Stockholders

Dear Stockholder:

We invite you to attend our Annual Meeting of Stockholders on June 12, 2020 at 8:00 a.m., Central Daylight Time at the Hilton Southlake Town Square located at 1400 Plaza Place, Southlake, Texas, 76092. At the annual meeting, you will be asked to:

- (1) Elect 10 directors, each to serve as a member of our Board of Directors until the next annual meeting of stockholders and until such director's successor is elected and qualified;
- (2) Provide an advisory, non-binding vote on the compensation of our named executive officers;
- (3) Ratify our Audit Committee's appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending January 30, 2021; and
- (4) Transact such other business, if any, as may properly come before the annual meeting and at any adjournment or postponement of the annual meeting.

Stockholders of record as of the close of business on April 20, 2020 (the "record date") are entitled to vote at the annual meeting and any postponement or adjournment thereof. Please see pages 9 – 14 for additional information regarding attendance at the meeting and how to vote your shares. This proxy statement and the accompanying **BLUE** proxy card are first being sent or given to stockholders on or about April 27, 2020. This proxy statement provides information that you should consider when you vote your shares.

Your vote is extremely important. Even if you plan to attend the annual meeting, we request that you vote your shares by signing and dating the enclosed BLUE proxy card and returning it in the enclosed postage-paid envelope or by voting via Internet or by telephone by following the instructions provided on the enclosed BLUE proxy card or voting instruction form.

Hestia Capital Partners LP, Permit Capital Enterprise Fund, L.P. and their affiliates (together, "Hestia and Permit") have nominated two director nominees for election at the annual meeting in opposition to two of the nominees recommended by our Board. As a result, you may receive solicitation materials, including a **WHITE** proxy card, from Hestia and Permit seeking your proxy to vote for Hestia and Permit's nominees. The Board urges you **NOT** to sign or return or vote the **WHITE** proxy card sent to you by Hestia and Permit.

If you have already voted using a **WHITE** proxy card sent to you by Hestia and Permit, you can revoke it by signing and dating the enclosed **BLUE** proxy card and returning it in the enclosed postage-paid envelope or by voting via the internet or by telephone by following the instructions provided on the enclosed **BLUE** proxy card or **BLUE** voting instruction form. Only your last-dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the annual meeting as described in the accompanying proxy statement.

*As part of our effort to maintain a safe and healthy environment at the annual meeting, we are closely monitoring developments related to the coronavirus (COVID-19) pandemic. The health and safety of our stockholders, employees, directors, officers and other stakeholders are of paramount concern to us. For that reason, we reserve the right to change the means of convening the annual meeting (and/or its date, time or place), including by supplementing the meeting with a telecast or webcast or converting the meeting to a virtual meeting whereby stockholders can participate in the meeting through electronic means. If we take this step, we will announce the decision to do so in advance, and details on how to participate will be issued via press release and available on the Company's website at www.gamestop.com. In any event, we strongly encourage you to vote by proxy in advance of the meeting date – by telephone or by internet – by following the easy instructions on the enclosed **BLUE** proxy card.*

We appreciate your continued confidence in our Company.

Sincerely,



Dan L. Reed
Senior Vice President, General Counsel and

So, if it wasn't either of those things, then what was it? The drastic rise in GME starting April 3rd, 2020 (which seems pathetic compared to today's price action) was due to a group of activist investors, Hestia Capital, who owned 7.5% of GME at the time announcing that they would be nominating new members of the board at the shareholders meeting. When was this letter released? April 3rd, 2020:

PRELIMINARY COPY SUBJECT TO COMPLETION
DATED APRIL 3, 2020

HESTIA CAPITAL PARTNERS LP

_____, 2020

Dear Fellow GameStop Stockholder:

Hestia Capital Partners LP and the other participants in this solicitation (collectively, the "Stockholder Group" or "we") beneficially own a total of 4,817,581 shares of GameStop Corp., a Delaware corporation ("GameStop" or the "Company"), or approximately 7.3% of the outstanding Class A common stock, par value \$0.001 per share (the "Common Stock"), making us one of the Company's largest stockholders.

We believe GameStop is a high quality business with unique assets, a powerful brand and the potential to be an industry leader. However, we believe the Company is being hindered by a Board of Directors (the "Board") that is rooted in poor corporate governance and one that has overseen significant value destruction.

We are not traditional activist investors. To the contrary, we are long-term investors in GameStop, having suffered losses like most of you have as the Company's stock has plummeted over 85% in just the past five years. In our view, the Board has repeatedly failed stockholders through suboptimal strategic planning, poor capital allocation, inadequate oversight of management and ineffective communications to stockholders, customers and GameStop employees. While the Board recently announced some Board changes, just days before our agreement with the Company expired which contained standstill provisions that had prevented us from sharing our concerns publicly over the prior year, we do not believe the changes go far enough.

For the past year, we have advocated for stockholder voices to be added to the Board because we have seen this Board take positive action only when stockholders press persistently for change. We note that the Board only appeared to take action to sell Spring Mobile, begin to reduce its bloated cost structure, undertake a large buyback of its shares and refresh itself after repeated calls by stockholders to undertake such actions. We have nominated two highly qualified nominees, including a large stockholder, because we do not believe this Board will be proactive on the many risks and opportunities that lay ahead without stockholder-nominated directors in the boardroom whose voices can be heard unfiltered and without delay by the Board.

The Board is currently composed of fourteen (14) directors, ten (10) of whom are up for election at the upcoming 2020 annual meeting of stockholders (the "Annual Meeting"). Through the attached Proxy Statement, we are soliciting proxies to elect not only our two (2) nominees, but also the candidates who have been nominated by the Company other than [_____] and [_____]. This gives stockholders who wish to vote for our nominees the ability to vote for a full slate of ten (10) nominees in total. The names, backgrounds and qualifications of the Company's nominees, and other information about them, can be found in the Company's proxy statement. Your vote to elect our nominees will have the legal effect of replacing two incumbent directors with our nominees. If elected, our nominees will constitute a minority on the Board and there can be no guarantee that our nominees will be able to implement the actions that they believe are necessary to unlock stockholder value. However, we believe the election of our Nominees is an important step in the right direction for enhancing long-term value at the Company.

We urge you to carefully consider the information contained in the attached Proxy Statement and then support our efforts by signing, dating and returning the enclosed **WHITE** proxy card today. The attached Proxy Statement and the enclosed **WHITE** proxy card are first being furnished to the stockholders on or about _____, 2020.

If you have already voted for the incumbent management slate, you have every right to change your vote by signing, dating and returning a later dated **WHITE** proxy card or by voting in person at the Annual Meeting.

If you have any questions or require any assistance with your vote, please contact Saratoga Proxy Consulting LLC, which is assisting us, at its address and toll-free number listed below.

Thank you for your support,

/s/ Kurtis J. Wolf
Kurtis J. Wolf

Why is this significant? Well, for some reason it was pretty well known that GME's short interest was over 100% at this time (still blows my mind that more people didn't pounce on this at the time, myself included). Again, this was because Covid was destroying GME and shorts were looking to get the "bankruptcy jackpot." I believe that this is when shorts were deploying massive amounts of naked shorts. Their reasoning was that if they pushed GME into bankruptcy, they wouldn't have to repay the naked shorts because the company wouldn't exist anymore (this is just a theory but it seems reasonable considering what's happened today). Shorts took a calculated risk that they thought would pay off. Their reasoning was that at the best they hit the bankruptcy jackpot and at the worst they stock goes up a little and they take a slight loss due to the naked shorts (boy were they wrong on that one). Well, their plan almost worked. They got it down to under \$3. Then, this statement came out. Why is that statement significant? Well, this letter explicitly stated that GME has high short interest and that in order to vote, shareholders need to recall their shares from anyone who has them on loan before the date of April 20, 2020:

IMPORTANT NOTE TO GAMESTOP STOCKHOLDERS REGARDING VOTING THEIR SHARES AT THE 2020 ANNUAL MEETING:

GameStop stockholders who have loaned, pledged or hypothecated any of their Common Stock may not be able to vote their shares unless such shares are returned to their accounts before the record date. **Due to the short interest in GameStop, it is possible that stockholders are not aware that their stock has been loaned by their broker.** According to information GameStop has provided to custodial banks, brokers and other intermediaries, we believe GameStop has set a record date of **Monday, April 20** for the 2020 Annual Meeting. **Since shares on loan cannot be voted, it is imperative that stockholders who wish to vote at the 2020 Annual Meeting make certain they have their shares in proper voting order before the record date.** It is important to know that this process may take several days to complete. Stockholders can call Saratoga Proxy Consulting LLC at (212) 257-1311 or (888) 368-0379 if they have any questions with this process.

Look back at the GME chart that I posted at the top of this. BOOM. This company announces that and people start recalling their shares, forcing some shorts to cover. GME's massive short interest at this time was already well known:

Short Interest

Per the [Wall Street Journal](#), GameStop has 62.51 million shares sold short as of 3/13/2020 which represents 110% of the public float (56.69 million shares) and 97% of total shares outstanding. Brokerages may have an extremely difficult time returning shareholders' shares to them in time for the vote. With only 4 million shares a day trading (a level likely inflated by recent buybacks), it would take short sellers over 15 trading days to cover assuming that they represented 100% of that daily volume. It is likely to take the brokerage weeks to get the shares; therefore, shareholders likely must request this as soon as possible to have a chance to vote. They may also want to continuously follow-up with their brokerage to ensure that it will happen in time.

From that point on, GME's price never even got close to that \$3 range again:



I couldn't include the rest of the chart because it makes these moves seem insignificant because of GME's massive price today. This is where the shorts should've thrown in the towel and taken the loss, but they didn't. They kept shorting GME and, as we all know, the short interest eventually hit 140% and the January events happened. And now we're here, exactly 1 year later to the tee. The rest of this post will be going over the similarities of this period last year to today and my thoughts on what might happen.

Similarities

So, as stated above, GME's price rose so rapidly on April 3rd because of that proxy statement urging shareholders to recall their shares. This, which was simply an urging, not a full recall, led to an almost 3x increase in price in just a few days. Imagine if GME does a forced recall of the shares this time around: BOOM.

The first similarity is the presence of activist investors trying to make a fundamental change to GME as a company. The 2020 activist investor that I

mentioned above, Hestia Capital, was what Ryan Cohen currently is. From the proxy statement, we can see that Hestia was actively trying to replace people on the GME board of directors for their inaction and ineffectiveness:

The Board is currently composed of fourteen (14) directors, ten (10) of whom are up for election at the upcoming 2020 annual meeting of stockholders (the "Annual Meeting"). Through the attached Proxy Statement, we are soliciting proxies to elect not only our two (2) nominees, but also the candidates who have been nominated by the Company other than [] and []. This gives stockholders who wish to vote for our nominees the ability to vote for a full slate of ten (10) nominees in total. The names, backgrounds and qualifications of the Company's nominees, and other information about them, can be found in the Company's proxy statement. Your vote to elect our nominees will have the legal effect of replacing two incumbent directors with our nominees. If elected, our nominees will constitute a minority on the Board and there can be no guarantee that our nominees will be able to implement the actions that they believe are necessary to unlock stockholder value. However, we believe the election of our Nominees is an important step in the right direction for enhancing long-term value at the Company.

Background of the Solicitation

On February 12, 2019, Kurtis Wolf of Hestia Capital Management, LLC ("Hestia") submitted a letter to the Board expressing Hestia's belief that the Board had the opportunity to create value for the Company's stockholders by returning capital to stockholders through a tender offer, hiring a properly incentivized CEO to focus on leveraging the Company's competitive advantages and improving operational efficiency.

On March 13, 2019, John C. Broderick of Permit Capital Enterprise Fund, L.P. ("Permit") and Mr. Wolf of Hestia submitted a letter to the Board indicating that Hestia and Permit believed that new, independent directors should be appointed to the Board and indicating that they were prepared to take such proposal directly to the Company's stockholders and nominate directors for election at the Company's 2019 annual meeting if the Company failed to acceptably respond before the Company's March 28, 2019 nominating deadline. Additionally, Hestia and Permit indicated that the Company should return capital to the Company's stockholders by launching a tender offer.

On March 14, 2019, Hestia and Permit issued a press release describing the March 13th letter and indicating they intended to file a preliminary proxy statement and solicit votes for the election of director nominees nominated by Hestia and Permit.

On March 21, 2019, the Company announced the appointment of George Sherman as its Chief Executive Officer, effective April 15, 2019.

GameStop

2020 Proxy Statement | 13

Also on March 23, 2020, Permit and Hestia issued a press release and an open letter to the stockholders of the Company announcing the delivery of the 2020 Nomination Letter and the need for the Board to add stockholder-nominated voices to replace two lame duck directors who had already agreed to step off the Board at the 2021 Annual Meeting. Permit and Hestia argued that further changes in the boardroom were needed to reverse the Company's history of value destruction, strategic missteps and corporate governance failures.

Also, note that the whole point of this proxy letter was Hestia announcing that they are nominating people to the board for the 2020 meeting and that shareholders need to vote. Does this feel any similar to Cohen getting on the board, ousting the C.F.O., and bringing on Chewey and Amazon execs?

Throughout the letter, Hestia documents the reasons for their desire to change the board and documents a history of the events leading up to it. This is far too much information to screenshot, but I encourage you to read it for yourself: <https://news.gamestop.com/node/17596/html> (Search “reasons for the solicitation” and “background of the solicitation” within the document to find these points).

To recap, we have the presence of an activist investor trying to shake up the board of GME, GME having a massive short interest, naked/abusive shorting activity, the annual shareholders meeting being in June (last year it was June 12th, this year it is June 11th), and an activist investor trying to change the fundamental direction of the company. All of this went down in April and was related to the shareholders meeting in June.

Sounds pretty similar to today right? But what’s the difference? Ryan Cohen is a much stronger activist investor, seems to have more power in the company, has a clearer vision than Hestia, and is making changes more aggressively. Another difference is obviously GME’s price, media coverage, and volume. The short squeeze has made GME a hot media topic, the price is multiples higher than it was a year ago (almost 200x), and the volume (though lower recently) is still MUCH higher than it was one year ago (see any GME chart and compare the volume). But there’s one more difference that is crucial. There is an odd phenomenon in GME today. A strange primate whose scientific name is hominoidea, whose hands are strong as diamonds, and whose wives have endless boyfriends. Yes, I am talking about apes. The uncanny ability of apes to buy and hold throughout any storm has created a sort of wall of support on GME that makes it very hard for shorts to kill the price. Combine that with another strange creature, whose scientific name is Cetacea, who has deep pockets and a symbiotic relationship with hominoidea. This is our whale. This symbiotic relationship means that the shorts are toast (I’m not even joking here, apes have created a wall of support, we have power). Combine all of this with

the abusive shorting, failure to deliver cycle, statutory leverage ratio relief not being extended, and new DTCC/SEC regulations on abusive shorting and you have a recipe for tendies.

The future

So, I broke down the past, showed you the similarities, and talked about the present. Now what? Well, here are my thoughts on how the potential GME shareholder's meeting and the months leading up to it could affect the stock:

First, I want to echo what everyone else says about dates and predictions - they are not set in stone, do not base your strategy off of them, and do not treat them as fact as it could lead to more doubt among newer apes. This is not a prediction, this is simply a date/time to keep in mind. I am not a financial advisor and this is not financial advice. I am Hank. Uncle Hank.

I would like to turn your attention to the week of April 12th and the week of April 19th. This is a 2 week period. As many of you apes know, our golden ticket would be a share recall. A share recall would force shorts to return the borrowed shares of GME to the rightful owners. Obviously, this would literally force the shorts to cover and would lead to massive tendies. As I've said in my previous posts, GME needs volume in order to rise and catalysts are what create volume. As we have seen, GME is particularly sensitive to catalysts, especially those relating to its leadership and Ryan Cohen. This was most evident when GME shot back up from the dead in late February after they announced the ousting of their C.F.O.

The SEC does not allow a company to recall its shares earlier than 60 days of the shareholder's annual general meeting. Many people hoped a share recall would be announced during earnings (Mar 23), but this would have been a violation of SEC rules, so that was off the table from the start. For context, here are the dates of the past four meetings: June 10, June 26,

Jun 10, June 2. This year's meeting is June 12th or 11th (not sure which but it's one of those).

Let's use June 11 as our assumption. 60 days prior to June 10th would put us at April 12. Moreover, the tenure of the current C.E.O. also lines up with that date. The current C.E.O. is on a vesting schedule (incentive to stay with a company until a certain date to receive some form of compensation). Per his vesting schedule, he will get 84k shares of GME on April 15th. GME could possibly be waiting until that date to announce Cohen as the C.E.O. (or at the very least to announce that the current C.E.O. is parting ways with the company). Remember when this happened to the C.F.O in February (the price returned from the dead), just imagine how much bigger the rise would be if this announcement was for the C.E.O.

Now, turn your attention back to everything I said above about last year. Maybe GME will announce that they are planning on holding some kind of vote for board positions, or maybe someone with a significant stake in GME (oh Idk maybe Cohen whose stake is almost double what Hestia's was) could submit a proxy statement similar to Hestia's which encourages shareholders to recall their shares so they can vote. Or, maybe GME will announce a forced recall for the purposes of voting (GME already acknowledged in their SEC filing that they are aware that their stock still has very high short interest). Maybe this explains why the conference call was so bland: the C.E.O. knows that he's on the outs and was instructed by the board to give a bare-bones call so they can announce the juicy stuff later when he's out. OR, maybe there will be more announcements about more board members coming on similar to the recent announcement of the Chewey and Amazon execs. Either way, if any of these announcements require a vote and shares are forcibly recalled or if it is recommended that shareholders recall their shares, then maybe we will see something similar to last year.

That date (April 15th) is also significant because the monthly options for April are expiring on April 16. Because of that, expect, at the very least, higher volume on that Friday and the Thursday preceding it. This might also explain why the earnings call felt so bare-bones. AT THE VERY LEAST, we will get some kind of good announcement during the shareholders meeting in June, but I would expect something sooner. At this point, I don't see a world where Cohen is not named a C-suite executive of GME. He owns 13% (obviously has a huge personal interest in its success), has recruited Chewey executives (and maybe the person from Amazon as well), and appears to be shaking up the board and other C-suite positions. I would be shocked if he just kinda sat outside the action as the puppet master. He has too much vested in this to not obtain direct power over the situation. It also appears that the company is going in the direction that he wants to take it (e-commerce shift), so it wouldn't make sense for him not to be a C-suite executive at some point. It's also significant that GME has made leadership announcements in each of the past few months (C.F.O. in February, Amazon + Chewey Execs in March), and that it would make sense for another announcement to come in April especially considering last year's activity in April regarding leadership and where Cohen is currently trying to take the company.

As many of you know DFV's calls expire on that day. At this point, it should be obvious that he is exercising those because if he was gonna just take the profits and rollover the contract, he would've done so much earlier because theta has been eating those. This is again just conjecture, but maybe DFV is waiting until that date to exercise his calls in order to inflict more pain on market makers for failing to deliver shares. This is again just conjecture did research similar to this and came to the conclusion that April 16th would be a crucial day, so he is waiting til then to exercise to put more pressure on the failure to delivers. If you've kept up with his updates, he has plenty of cash on hand so he could easily exercise these. What he could also

do is buy more calls (at a later date), which would put obvious upward pressure on the stock. One thing is for certain, he's not going to let those options expire worthless, especially considering the fact that he has millions in cash in his account.

Finally, I also wanted to discuss why I believe that the leadership of GME (at least the new ones) and Cohen are on our side, which is why a share recall would benefit them. First, as we all know, Cohen loves to tweet cryptic stuff (it's actually pretty obvious that it's about GME). A few weeks ago he tweeted that video of the puppet that people deciphered to be about a commercial that said "I love your shorts." Recently he tweeted a vid of TED hitting a bong that people deciphered to mean either bears got smoked or bears took a big hit (this is when it shot up significantly in a day). So, as we all know Cohen is insanely interested in GME and its stock price - and why wouldn't he be, he has 13% ownership (there are also reports of him calling up disgruntled customers asking how he can make their service better). Now, this is why a share recall would benefit GME. There are two different sets of assumptions that we have to work with here: assumption 1 is that the leadership of GME (Cohen included) does not subscribe to the theory that GME is abusively shorted. If we go with this assumption and say that GME is only shorted 25% (boomer data), a share recall benefits them because it will alleviate some of the selling pressure that shorting creates, which will allow the stock to go up. Assumption 2 (the more likely assumption) is that the leadership subscribes to the theory that GME is being abusively shorted. The reason why I believe this is more likely is because of their SEC filing where they addressed that GME has high short interest and that continuing this could cause a short squeeze. This was like when Porsche announced that they had a huge stake in VW to "warn" the shorts to cover. If this theory is true, GME is aware that their company is being abusively shorted and is not reflective of the real price of the stock. Therefore, it would be significantly in their interest to recall shares, which would force naked

shorts to cover and would **DRASTICALLY** decrease the downward pressure. Whichever theory they subscribe to, it benefits them immensely to do a recall, and I believe that assumption 2 is far more likely.

Yeah I know that was long, rabbit holes will do that to ya.

TL;DR

One year ago to the tee, GME's stock rose on the announcement that an activist investor was having a vote and they recommended shareholders to recall their shares. The short interest was over 100%. The activist investor sought to shakeup management and change the direction of GME. Fast forward to today (exactly 1 year later), and we have an activist investor changing up the company. If GME does a share recall ahead of this meeting or if Cohen releases a proxy statement encouraging shareholders to recall their shares, we could very well see a meteoric rise similar to last year at this time. GME has not provided much information on that meeting, so, similar to last year, updates could come in the month of April. We know that any announcement about leadership changes makes the stock rise.

Not a financial advisor, not financial advice. Am primate.

“If a bank is too big to fail, it is too big to exist. No single financial institution should be so large that its failure would cause catastrophic risk to millions of Americans, to our nation’s economic well-being, and to the global economy.”

BERNIE SANDERS

GME - IT'S ALL COMING TOGETHER

PUBLISHED APRIL 14, 2021

U/HOMEDEPOTHANK69

APES, I come to you as a fellow primate with excellent news: my wife finally left me. Now I have her boyfriend all to myself.

Before I reading, I just want to express that predictions and dates should not be taken as absolute and that these are just my opinions on what COULD be coming. I am also well aware that correlation does not equal causation and that these correlations could be coincidences, so please don't comment that, these are just my thoughts based on research that I've done. I've done many posts on GME and these are all my personal opinions based on my research, so do not take them as fact. This is not financial advice, I am not a financial advisor.

There's been an onslaught of news regarding GME in the past few weeks and days, and I believe that there is more to come and that because of that the squeeze is inevitable and in the near future.

The news:

- Amazon + Chewey Execs being appointed
- RC being named god of the board
- GME announcing the search for new C.E.O.
- GME paying off senior notes (today)

- The announcement of GME's right/intention to sell 3.5M shares or \$1B in value (this may not seem important but I'll explain why it's crucial later)

- The announcement of the definitive date for the annual meeting (6/9 lmao)

Why it matters:

The past two weeks have been bombarded with news from GME, and almost all of it deals with leadership or the transformation. I believe that this bombardment of news is extremely intentional. The reason that I believe this is because of their announcement of the right to sell those shares. When GME made this announcement, the stock was at \$190. GME knew full and well that anytime an announcement like this happens, the market would react negatively to the stock, and, because GME is so volatile and the victim of abusive shorting, that negative reaction could've been huge. Despite knowing this, they decided not to sell at that moment. I deduce from that lack of action that GME believes that the stock will go WELL ABOVE that \$190 level sometime in the future because if they really wanted to capture the value of the stock at \$190, they would've just sold the shares instead of reserving the right to do so. With that being said, I believe that they are actively trying to set up the stock for a massive run that could potentially trigger a squeeze so that they can capitalize on a price that is well above \$190. If this wasn't their plan, then it made zero sense that they didn't just sell at \$190 knowing that the announcement would tank the stock, which it did. Finally, when almost every analyst (boomers) says that GME is grossly overvalued, it is irresponsible of you as a corporation not to take advantage of that extremely elevated share price unless.... you have reason to believe that it will soon be substantially higher. Therefore, I believe that the recent slew of announcements is their attempt to make that happen and that we should see more announcements in the near future

because they are probably well aware that being lax about this could lead to decreased interest in the stock.

To add to this, GME has repeatedly warned in their S.E.C. filings that suspect shorting activity on the stock could cause it to squeeze (they have said this twice since the original squeeze). This, to me, seems that they are covering themselves so that they can't get sued for market manipulation if it does indeed squeeze. What's even more interesting about this is that maybe they have data that is not available to apes and other primates that suggests that the shorting activity is even more abusive than any of us thought (again just a theory).

Catalyst

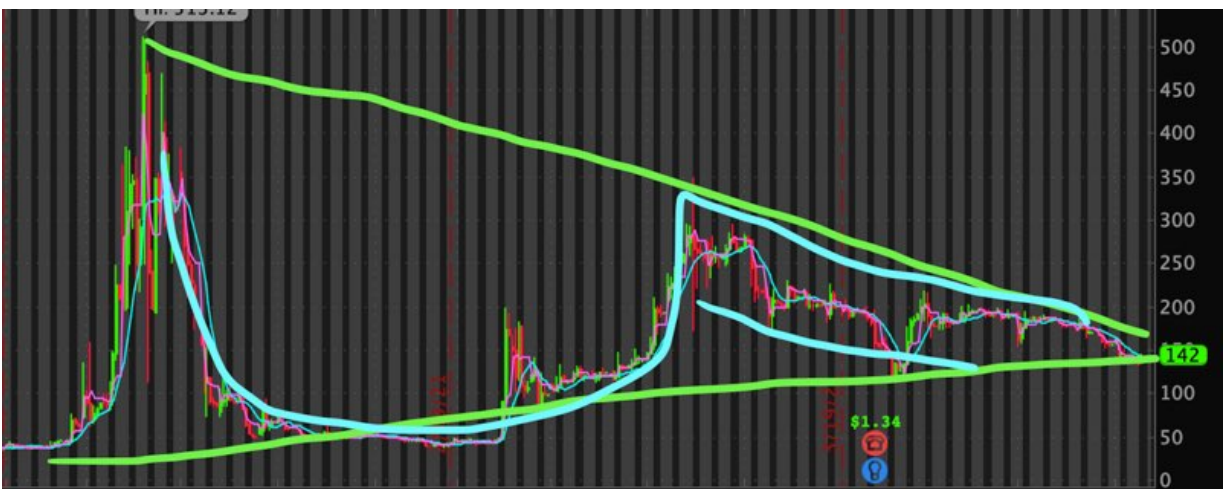
But what could the next announcement be? It's very difficult to actually know. The paying off of the senior notes caught me by surprise but isn't news that would actually propel the stock to the stratosphere. I believe that their next catalyst will be something about either the C.E.O. position or the digital transformation. GME could very well announce Cohen as the C.E.O., which would undoubtedly send the stock to the stratosphere. They could also announce something about an acquisition or something related to their shift to e-commerce. Again, this is simply conjecture, but I believe that GME is going to make some kind of catalyst announcement soon to push up the price. However, the biggest and most crucial catalyst could be a share recall. First, I want to stress that GME itself cannot recall shares, only individual investors can do that. If only there was an investor with a ton of shares in GME who has an active interest in making the stock go higher and has tweeted cryptic messages about hating shorts and bears... oh wait. If Cohen or another whale with a high stake in GME announces a share recall, that could be the ultimate catalyst for us. Or, if the hiring of a new executive/board member requires a vote, an activist could do what Hestia did last year and recommend that all shareholders recall their shares (see my previous DD on that).

Personally, I thought that the Cohen news would propel us to the moon, but I guess not. Maybe that shows more proof that shorts are in really deep.

Timing

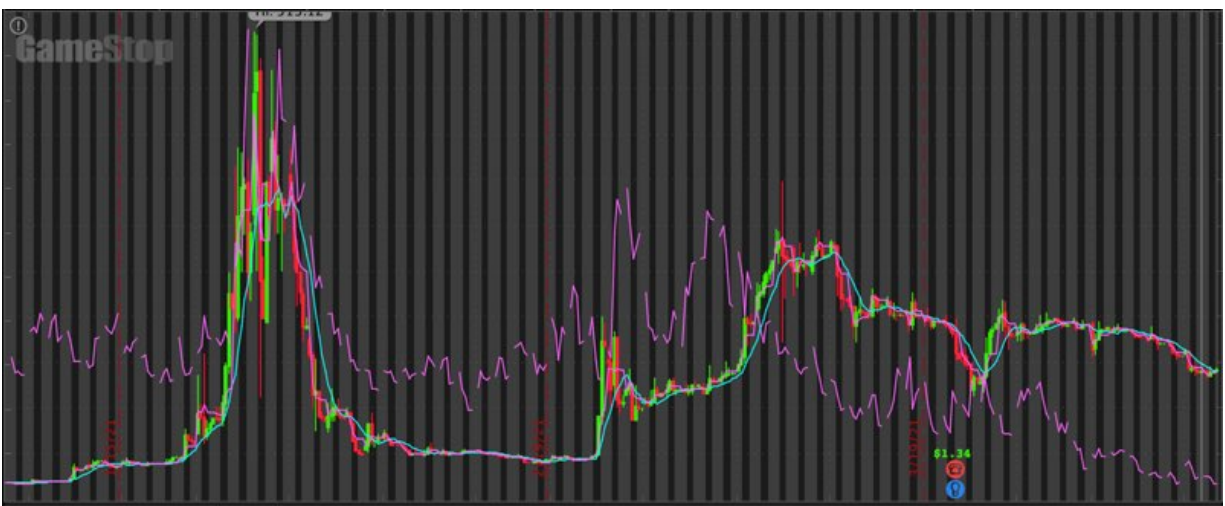
The timing on the possible above-mentioned catalyst could not be more perfect. First, our lord and savior Mr. Gill's calls expire this Friday. At the same time, GME is forming what many are calling the mother of all wedges on extremely low volume (pictured below). The apex of the wedge should be this Thursday or Friday but could get pushed back to sometime next week if we still trade sideways. As many of you know, the options volume for this Friday is also through the roof as most of GME's monthly options are. What I'm hoping for is that GME announces some kind of catalyst in the coming week that will make a whale who is not invested in GME think "wow the stock is consolidating in this giant wedge pattern and is relatively cheap... time for some chaos." Finally, we have the 4/20 (lmao) deadline for shares to be recalled ahead of the annual meeting. I have trouble believing that GME is not going to do something before that deadline to trigger a price jump because, as I said previously, they have a vested interest in getting this above \$190.

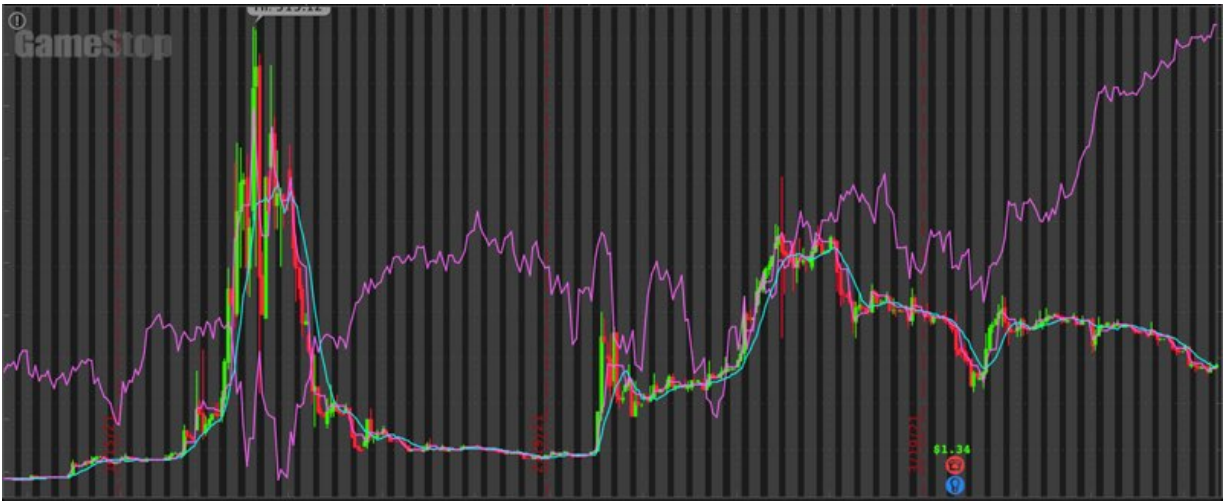
Here's the mother of all wedges that is actually forming with the mother of all cup and handles (yeah I know the cup and handle might be a stretch):



Finally, I also said in a previous post that GME is correlated extremely closely to the VIX. Many have said that it is inversely correlated with SPY, which seems to be true, but it is even more directly correlated with the VIX. This leads me to believe that GME does not move when the market is bad, but GME moves when the market is volatile (which usually happens when the market is bad). And, oh would you look at that, SPY is at \$412 and is overbought and the VIX is at \$16 (pre-pandemic levels). Looks like the market is thirsty for some nice volatility. For more on this, I encourage you to read "the everything short" post, which provides a much more in-depth analysis of how the market could crash and how GME relates to that.

Here are the charts. The first one is VIX and the second is SPY (both are the purple lines), as you can see, the VIX lines up extremely similarly with GME and SPY seems to be inverse to GME. This shows that GME does best when conditions are volatile or that GME creates volatile market conditions. As stated previously, the market is very overbought right now and there is very little volatility, so GME may soon be primed to change that or benefit from a change. The thing to get from this is that, based on GME's relationship to SPY and VIX, this is another indication that GME is in the perfect position to have a breakout as SPY is overbought and VIX is extremely low:





Quick Note on Short interest

Just wanted to give my thoughts on the GME short interest. As you all know there are tons of different numbers on GME short interest. Most boomer websites say it's anywhere between 19%-50% which is still extremely high. Most apes say that it's over 100% at minimum. I personally believe that websites are correct because the data is being altered through ETF shorting, naked shorting, and synthetic longs (see other posts for more on this). Therefore, I believe that the true short interest is over 100%. It makes no sense that GME's borrow rate on iborrowdesk is below 2% with short interest being able 20% and available shares getting to below 100 at one point today. Also, based purely on logic, it doesn't make sense that if every boomer analyst thinks GME is grossly overvalued that they wouldn't short it, so there is no way that GME's short interest is anything below 50%. Therefore, I believe that they are indeed abusively shorting it but are using the above tactics in order to manipulate the data so that the true short interest isn't shown so that regulators and the media don't start getting suspicious.

Conclusion

So, we have technicals lining up very nicely, a company with a vested interest in seeing the stock soar right now, a plethora of potential catalysts, a

definitive date for when shares would need to be recalled, abusive shorting, a failure to deliver cycle, an insanely volatile stock that loves good news, a market that is thirsty for some volatility, and oh year one more thing.... some damn primates that refuse to sell. Stay strong, apes.

“Power to the players.”

GAMESTOP

THE NAKED SHORTING SCAM IN NUMBERS

PUBLISHED APRIL 21, 2021

U/BROCCAAA

THIS COULD BE IT. This could be the whole scam.

TLDR: HODL. Simple as that. HODL and the shorts have no way to escape. They just writhe around in desperation as FTDs escalate, their options expire and New DTCC rulings approach. To support this belief I:

- Built an AI to detect Deep ITM calls used to create naked shares. **140M naked shares** produced this way since Jan. Deep ITM call covering appears to be their *last resort of illegal desperation*. It's so easy to spot.
- Investigated married put naked shorting. At the Jan mini-squeeze put open interest went wild and aligns with *the creation of millions of naked shares with married put trades*. Put volumes appear to be sustained at higher levels to keep rolling over FTDs. **Up to 400M naked shares created in total**.
- Looked through all 13F filings for funds with large GME positions (long/short). We have a clear idea of who is on which side of this battle and what a true idiot short position looks like (hint: Melvin).

- Gathered all Dark Pool trading data from FINRA and show massive changes in trade behaviour since Jan. Huge increases in shares traded, but each trade is of few shares. And the key players? Known short funds. Supportive evidence for *naked short trades and suppression of retail buy pressure*.

I encourage you to read the post and take a look at the data so you can understand it for yourself. Correct me if I'm wrong somewhere. My suggestions? HODL with patience. Take a break from ticker watching. Take a walk outside. The shorts cannot escape 🚫🚫🚫🚫🚫

Note: this is not financial advice. I am not a cat. I read 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.

Introduction

In this post I build an AI to detect suspicious Deep ITM Calls volumes used to hide FTDs. Take a look at historical options data to show recent fuckery in the options consistent with naked shorting tricks. And then compare these trends with Dark Pool trading volumes by known short funds.

The post will be broken down into the following sections:

1. An AI to [detect Deep ITM calls](#) used to hide FTDs
2. A recap of the major short funds and their recent positions
3. A recap of naked short selling and the married put
4. Options fuckery consistent with naked shorting and the married put
5. Dark Pool matters
6. Conclusions

The motivation for the work was to try and test a number of predictions I made in my [first post on the naked shorting scam and the married put trade](#).

These are the main ideas I wanted to test or at least find additional data to support or disprove them:

- short interest is manipulated through naked shorting
- the vast majority of options (both puts and calls) might be due to naked short selling
- short shares are 'washed' and able to be dumped on the market even during SSR
- the large number of way out of the money calls seen recently are actually part of a naked short trick
- increased trades in OTC / Dark Pools are due to naked shorting and price manipulation

I've gathered a lot of data to better understand these questions. I believe that some of the data is now conclusive. Other areas more supportive. But the big message is that shorts have no way out and never had a chance to cover 🚫🚫🚫🚫🚫🚫🚫🚫🚫🚫

An AI to detect Deep ITM calls used to hide FTDs

When a share is sold without being owned or borrowed (located) it is sold naked, a "naked short". This can happen as part of normal market activity by market makers and I've described [this process and how it can be abused in a previous post](#). When this occurs the SEC has clear guidelines on how long the seller has to find a share and deliver it to the buyer. If a share is not located in time it must be reported as a Fail to Deliver (FTD). Funds that have FTDs outstanding are required to resolve the position within a given timeframe and are restricted from selling short until then. I won't go into all the details on this but point you towards [the God Tier DD](#) that covers this.

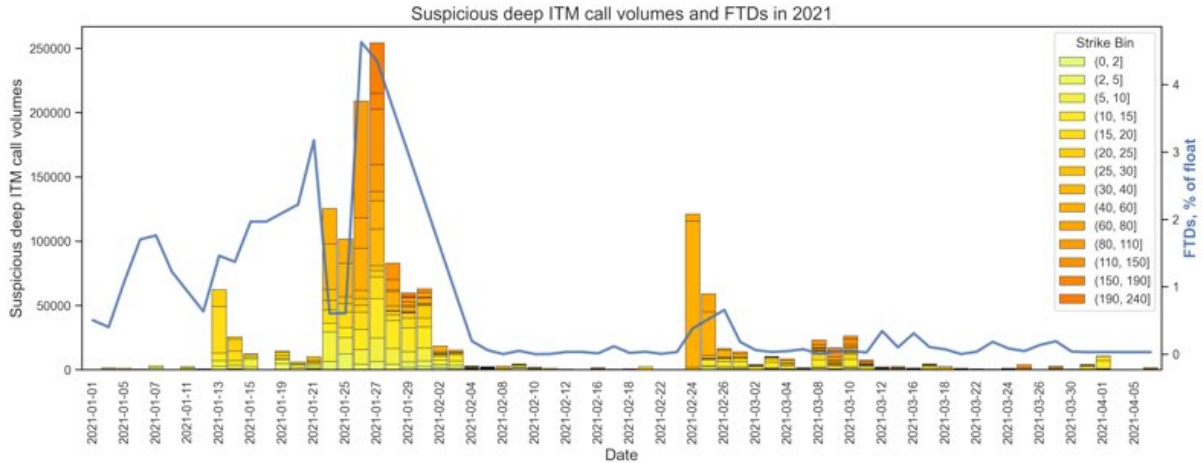
One way that a naked short seller can 'resolve' their FTDs without actually covering is through options fuckery. Deep in-the-money (ITM) calls can be bought and exercised immediately to acquire the shares and close the FTDs. [The SEC published a paper on this ILLEAGAL practice.](#)

[Other great DD has been posted showing when Deep ITM volumes have been used to cover FTDs.](#)

I wanted to train a machine learning algorithm (often called an AI) that could automatically identify this illegal fuckery and point us towards what exactly has been going on with GME this last year and particularly since Jan 2021. I won't go into the full details here. I've made [a separate post describing all the details of the classifier.](#)

- End of day options data for all strike prices between Jan 1st 2020 and April 6th 2021 was collected
- I manually labelled more than 10,000 rows of data from mid-Jan to mid-Feb for suspicious volumes likely due to FTD hiding
- Labelled data was used to train different classifiers (AIs) reserving 30% of the data for testing
- The best classifier (BalancedBagging-Adaboost) has an accuracy score of 91%
- I used the model to identify all Deep ITM call options fuckery in the last year

THE AI FOUND EVIDENCE FOR MORE THEN 140 MILLION FTDs BEING HIDDEN SINCE JANUARY!!!

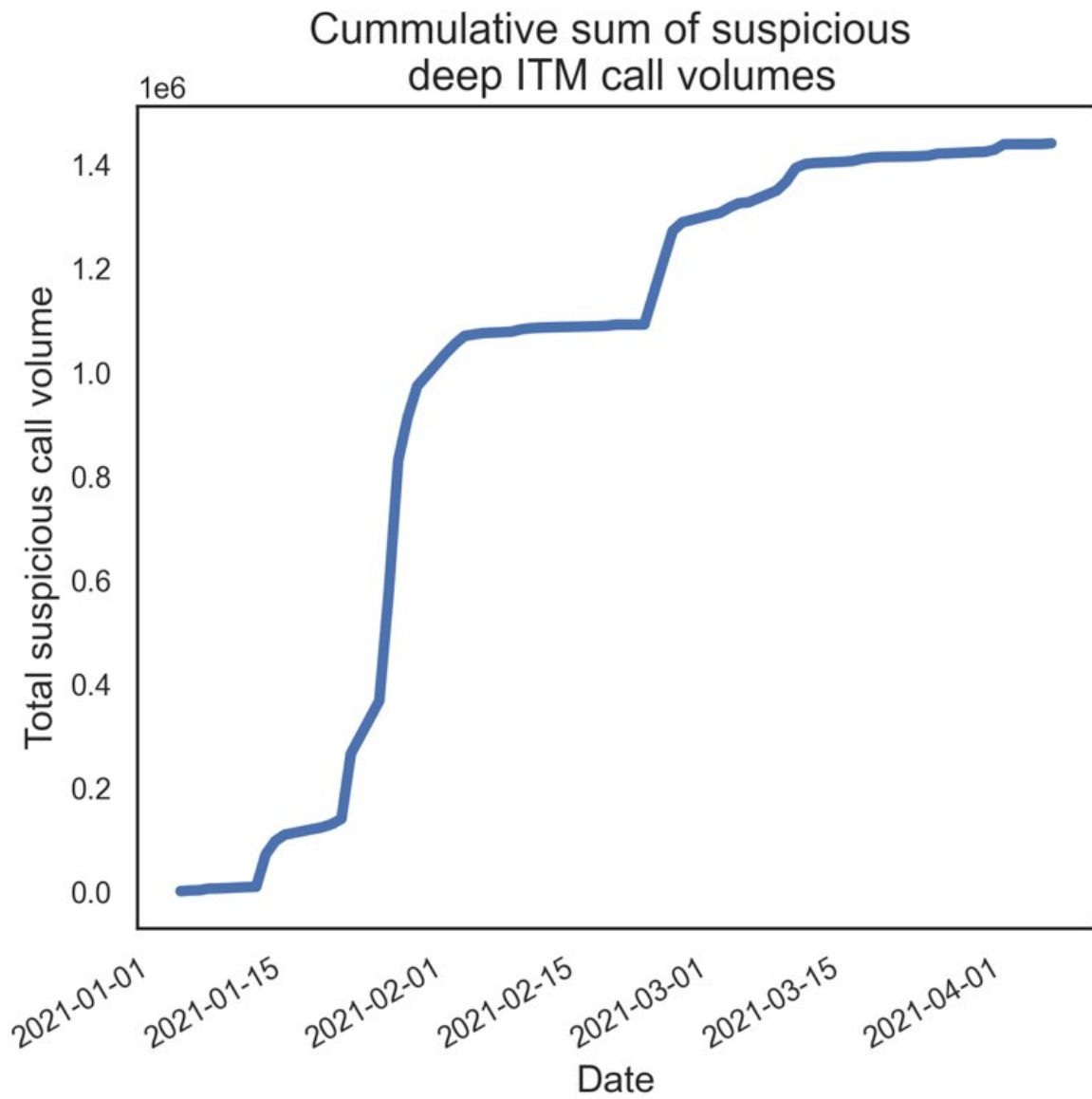


AI detection of option volumes used to hide FTDs and FTD values since January.

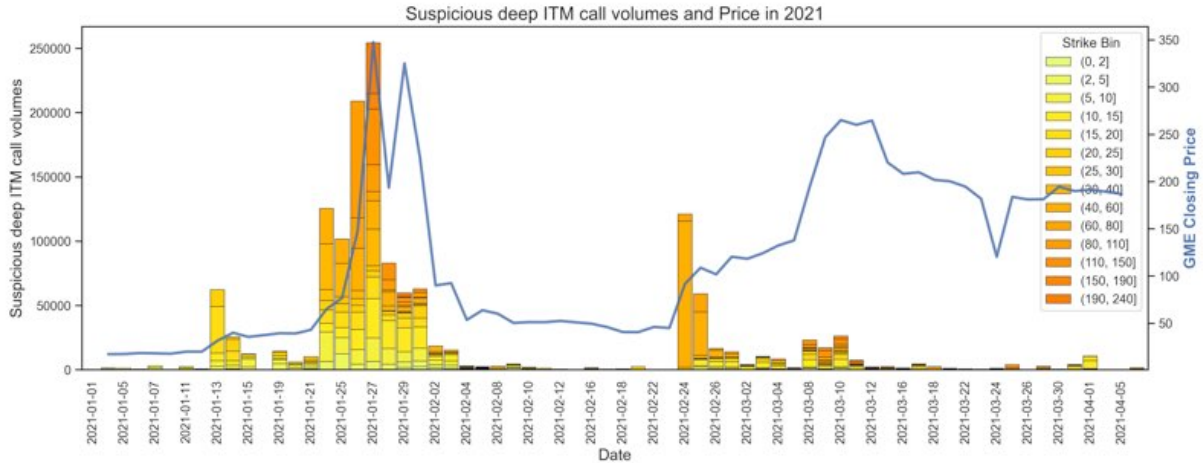
The above figure shows all the suspicious Deep ITM call volumes since January as coloured bars. The colour scheme shows the different strike prices that were used for the trade. FTDs as % of float are drawn on top in the blue line.

As FTDs were spiking and the situation became more and more unsustainable for the shorts towards the end of Jan ILLEGAL Deep ITM options purchasing was used to naked short and cover FTDs. Smaller increases in Deep ITM volumes also occurred just before FTD spikes at the end of Feb and mid-Feb.

On Jan 27th 25 MILLION shares were magically acquired using this trick. 140 MILLION in total since Jan 1st.

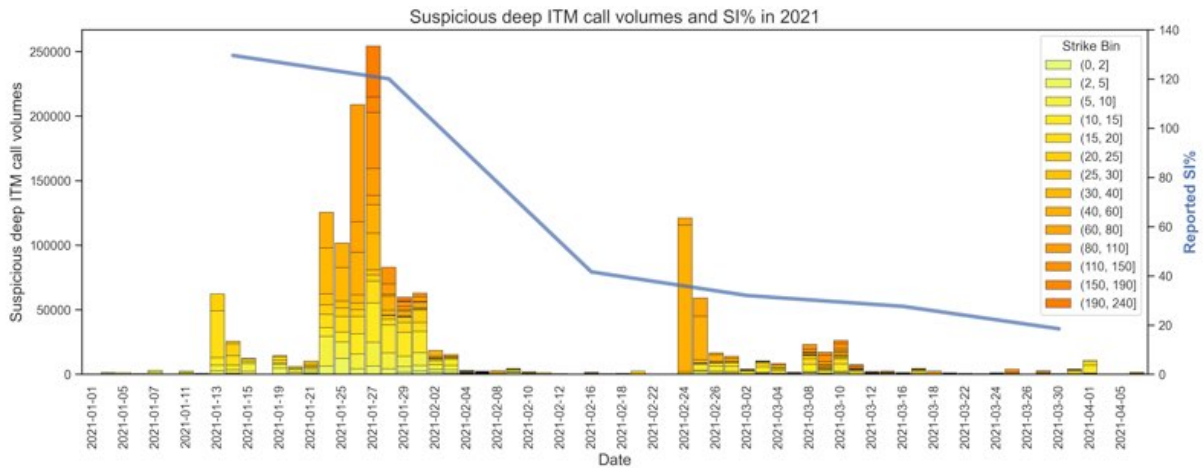


Running total of suspicious call volumes since Jan 1st. 140 million as of April 6th.



AI detection of option volumes used to hide FTDs and GME price since January.

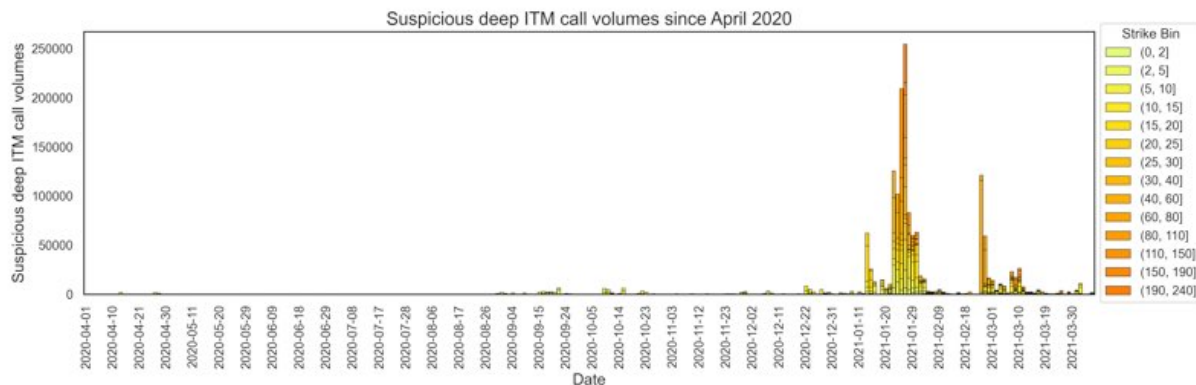
Here we see that suspicious Deep ITM call volumes often precede big price increases. This suggests that this illegal trick is used as a last resort. It's so easy to see even by eye when looking at the options chains. When shorts get desperate they go to the deep calls.



AI detection of option volumes used to hide FTDs and Short Interest (SI%) since January.

We see that Short Interest (SI%) decreased massively after all of the suspicious call option activity in late Jan. As well as getting the FTDs under control the suspicious Deep ITM call volumes might have been used to close legitimately borrowed shares to hide the true SI%.

With all the hype and attention the shorts knew they were completely fucked if they couldn't get everyone to believe it was over. But as we've seen after the lows of Feb this ride is far from over.

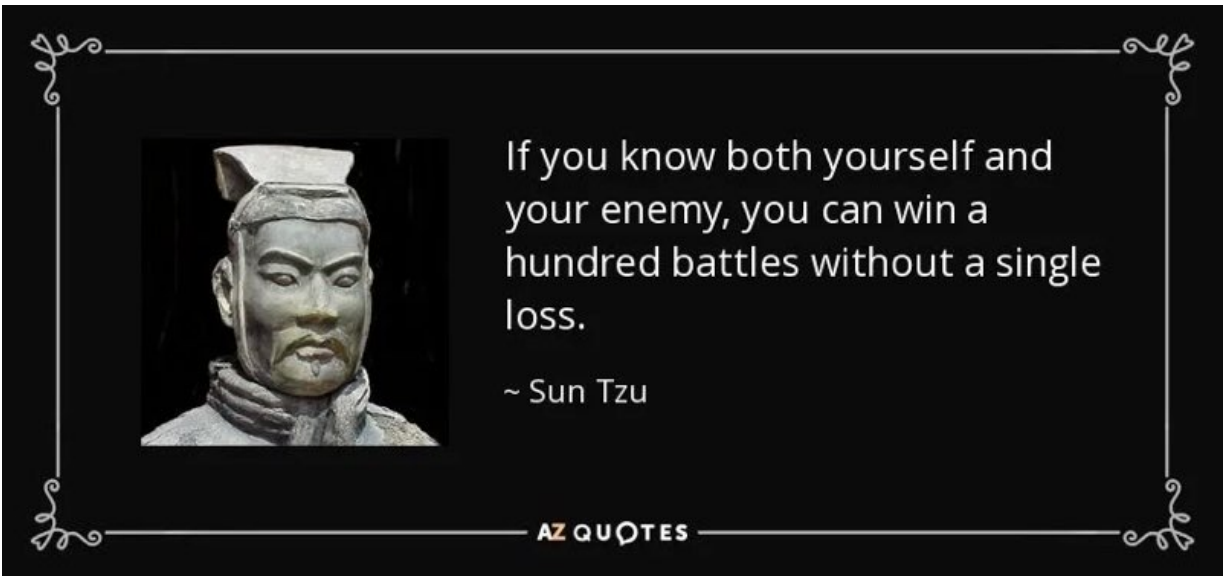


AI detection of option volumes used to hide FTDs and Short Interest (SI%) since April 2020.

Finally, if we look back over the past year very few suspicious Deep ITM call volumes were occurring. This changed in January 2021 as the FTDs started to get out of control and a huge amount of hype followed the price rises. This again makes me believe that the suspicious Deep ITM call volumes are a sign of desperation from the shorts.

Speculation alert: Deep ITM calls are bought in times of desperation by the shorts when FTDs, price and/or SI% are getting out of control. At the end of Jan more than 100 million naked short shares were created this way to hide FTDs, hammer down price and hide SI%. Through Feb and up until April another 40 million naked short shares were created this way when the shorts began to lose control of their hidden positions.

A recap of the major short funds and their recent positions



Regulation SHO stocks with large, unsettled trades often exhibit a similar characteristic: *“short selling” hedge funds with significant put holdings in 13F filings.*

MARRIED PUTS, REVERSE CONVERSIONS AND ABUSE OF THE OPTIONS MARKET MAKER EXCEPTION ON THE CHICAGO STOCK EXCHANGE

John W Welborn, EconomistThe Haverford Group October 9, 2007

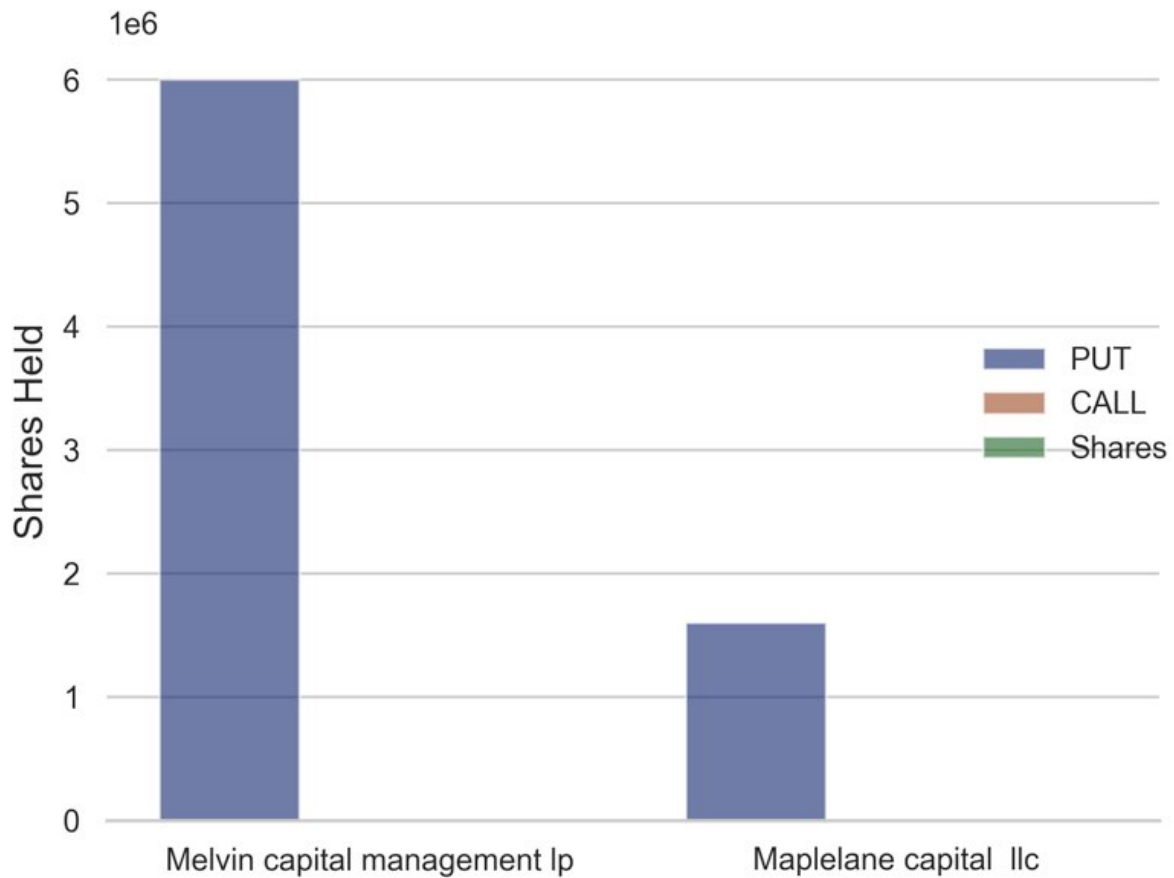
In my earlier post [The naked shorting scam revealed](#) one thing that struck me was coming across the above quote. So I've gone through all the latest 13F filings that contain GME on [whalewisdom.com](#) to get a clearer picture of the enemy. Note: the last 13F filings were made on December 31st 2020.

First a reminder of the known biggest GME shorting losers:

- [Melvin Capital suffered a 49% loss in the 1st-quarter](#)
- [Hedge Fund Maplelane lost 45% on Gamestop](#)

So what does a massive short GME position look like in 13F filings?

Biggest Loser GME Positions from 13F Filings



GME positions from 13F filings for the biggest known losers in GME shorting

That's a lot of puts without any GME shares or calls! *Melvin had 6 million shares in puts* and *Maplelane close to 2 million*. Depending on where you look on whalewisdom Maplelane either has no calls or about 500k shares in calls but never any real shares. For now let's assume Maplelane is all in on puts.

MELVIN CAPITAL MANAGEMENT LP > GME

Summary



Melvin hasn't held any GME shares since 2015.

MAPLELANE CAPITAL, LLC > GME

Summary

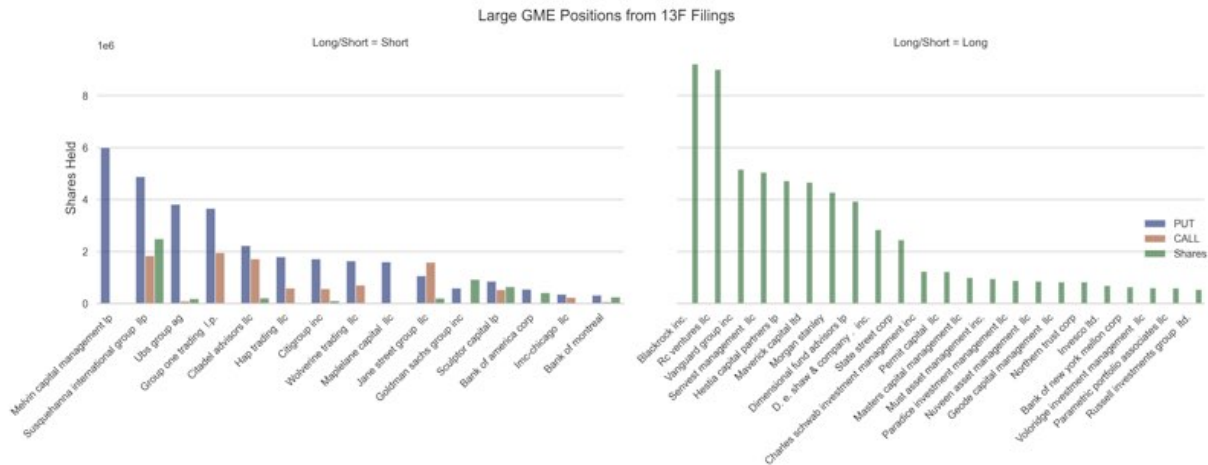


Maplelane hasn't held any GME shares since 2014.

So big short losers have:

- No shares in GME
- Large put positions in 13F filings (either exclusively puts or the majority of their position)

What do other funds report for their GME positions?



All funds with at least 300k in either shares, calls or puts. Short positions are on the left and long positions on the right chart.

Here we see many of the known offenders. A bunch of short funds with majority puts and sometimes a smaller number of call options. Melvin takes the biggest idiot prize with 6 million shares in puts and nothing else. Here are the main offenders based on their end of 2020 filings:

- Melvin capital management lp
- Susquehanna international group llp
- Ubs group ag
- Group one trading l.p.
- Citadel advisors llc
- Hap trading llc
- Citigroup inc
- Wolverine trading llc

- Maplelane capital llc
- Jane street group llc

Some of these market participants operate market making and hedge fund activities. It is difficult to completely separate normal versus abusive practices. That being said these are the likely candidates and a good place for future DD digging.

Wolverine trading llc had an almost identical position to *Maplelane capital llc* who reported massive losses. *Ubs group ag* is an interesting one with almost 4 million shares in puts and nothing else. Is UBS a final boss?? *Hap trading llc & Citigroup inc* each had almost 2 million shares in puts and not much else. *Group one trading l.p.*, *Shitadel advisors llc*, *Susquehanna international group llp & Jane street group llc* feature prominently too.

Let me remind you of the earlier quote:

Regulation SHO stocks with large, unsettled trades often exhibit a similar characteristic: “short selling” hedge funds with significant put holdings in 13F filings.

Many of these funds exhibit this characteristic and around the end of December and early Jan SI% and FTDs were through the roof. This looks like fuckery.

Next 13F filing updates should arrive by May 17th. This will be big.

Speculation alert: Any fund holding predominantly or exclusively a put position is short and likely engaged in illegal married-put naked shorting. The biggest know idiots Melvin and Maplelane have positions that look similar to other large funds (Wolverine, UBS etc.) suggesting we may have a clearer idea of who is up against us. And facing bankruptcy.

A recap of naked short selling and the married put

The reason that large put positions in 13F filings is suspicious is because those puts are likely to be the by-product of naked shorting. For a detailed description of how options trading can be used to sell naked shares

you can [take a look at this post](#) and [the follow-up post](#). Here is a brief description:

Being a 'bone-fide' market maker grants you special privileges. One big privilege is to sell shares without needing to fulfil the 'locate' requirement. In other words, 'bone-fide' market makers are allowed to naked short sell, but they must find the shares after a certain amount of time.

What is a 'bone-fide' market maker? No one really know. The SEC did a shitty job defining it so many brokers can likely pretend they deserve the title.

How can the 'bone-fide' market maker privileges be abused? Well...

If a hedge-fund wants to short sell but no shares are available to borrow, or they're too expensive, the hedge-fund can go to their 'bone-fide' market maker friend and follow this simple '*married put*' recipe:

1. Buy puts from the market maker covering the number of desired shares.

2. Buy shares from the market maker at the same time. The 'bone-fide' market maker can sell the shares naked as he remains net neutral on the trade.

3. Make the 'bone-fide' market maker happy by paying a tasty premium for the puts.

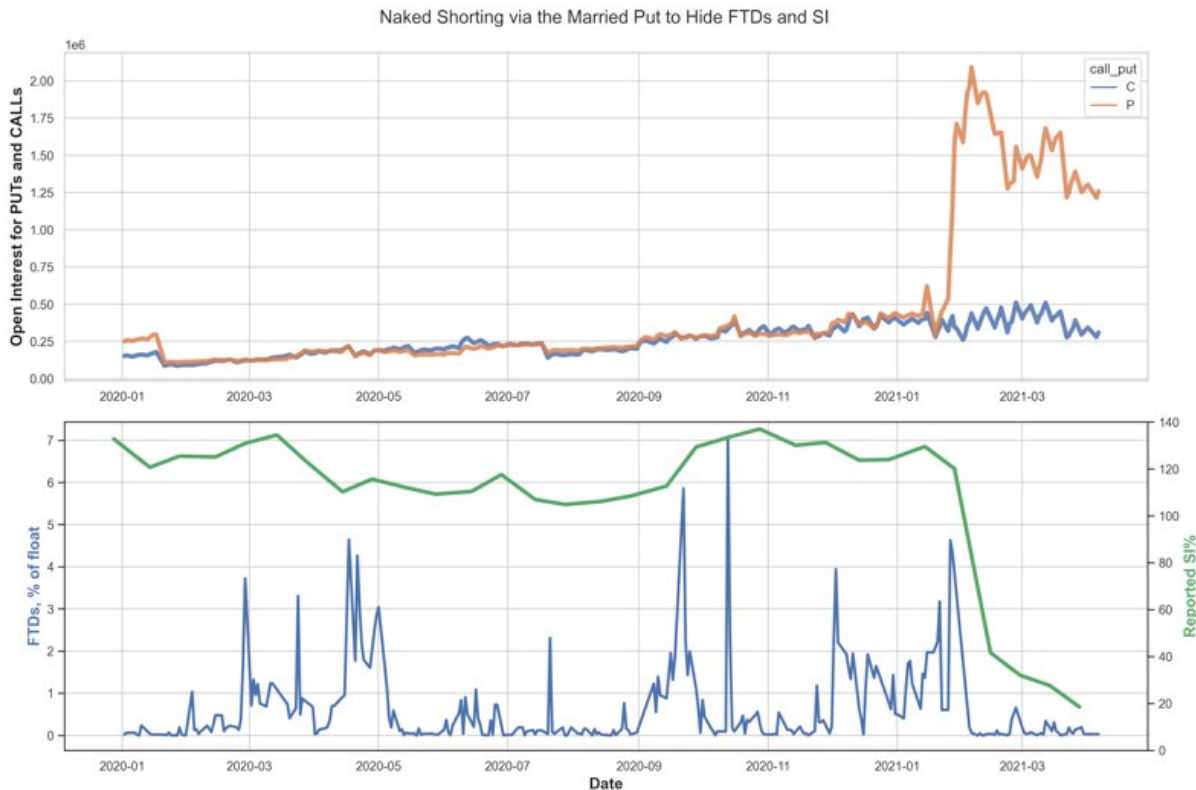
4. Dump the bought shares on the market to suppress prices and remain net short on the puts!

For an extra spicy recipe that is harder to detect add the following step before step 4:

- 3b Sell way way out of the money call options equal to the bought shares that you never expect to be worth anything (800c calls anyone?) to the 'bone-fide' market maker for a small premium. The trade now looks like an innocent [reverse conversion](#).

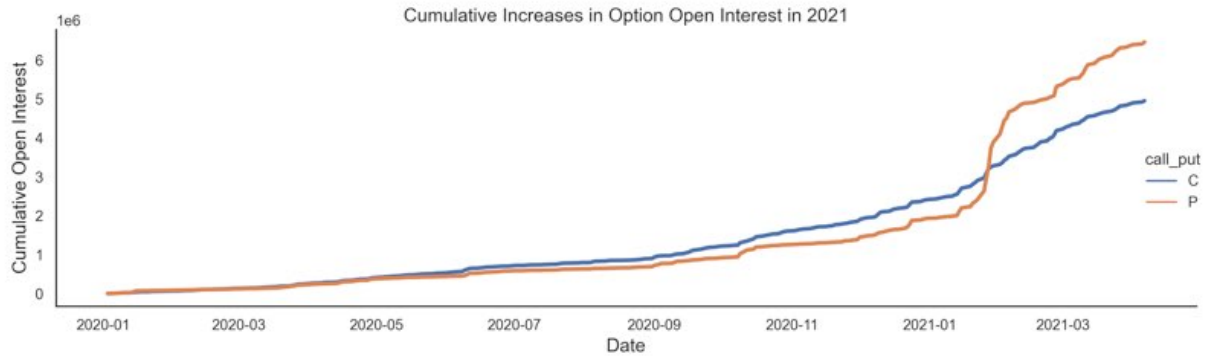
Options fuckery consistent with naked shorting and the married put

So, if massive naked short selling via the married put trade has been used to cover up FTDs and SI% since Jan we should see some anomalies in the options chain. Let's take a look.



Total open interest for puts & calls as well as FTDs & SI% since Jan 2020.

HOLY FUCK THATS A MASSIVE JUMP IN OPEN PUT INTEREST!! And it's been sustained since the end of Jan. for the last year open interest in puts and calls remained very similar. At the end of Jan put open interest increased by more than 300% and completely disconnected from call interest. Immediately after this change FTDs and SI% dropped massively.



Cumulative open interest for puts & calls since Jan 2020.

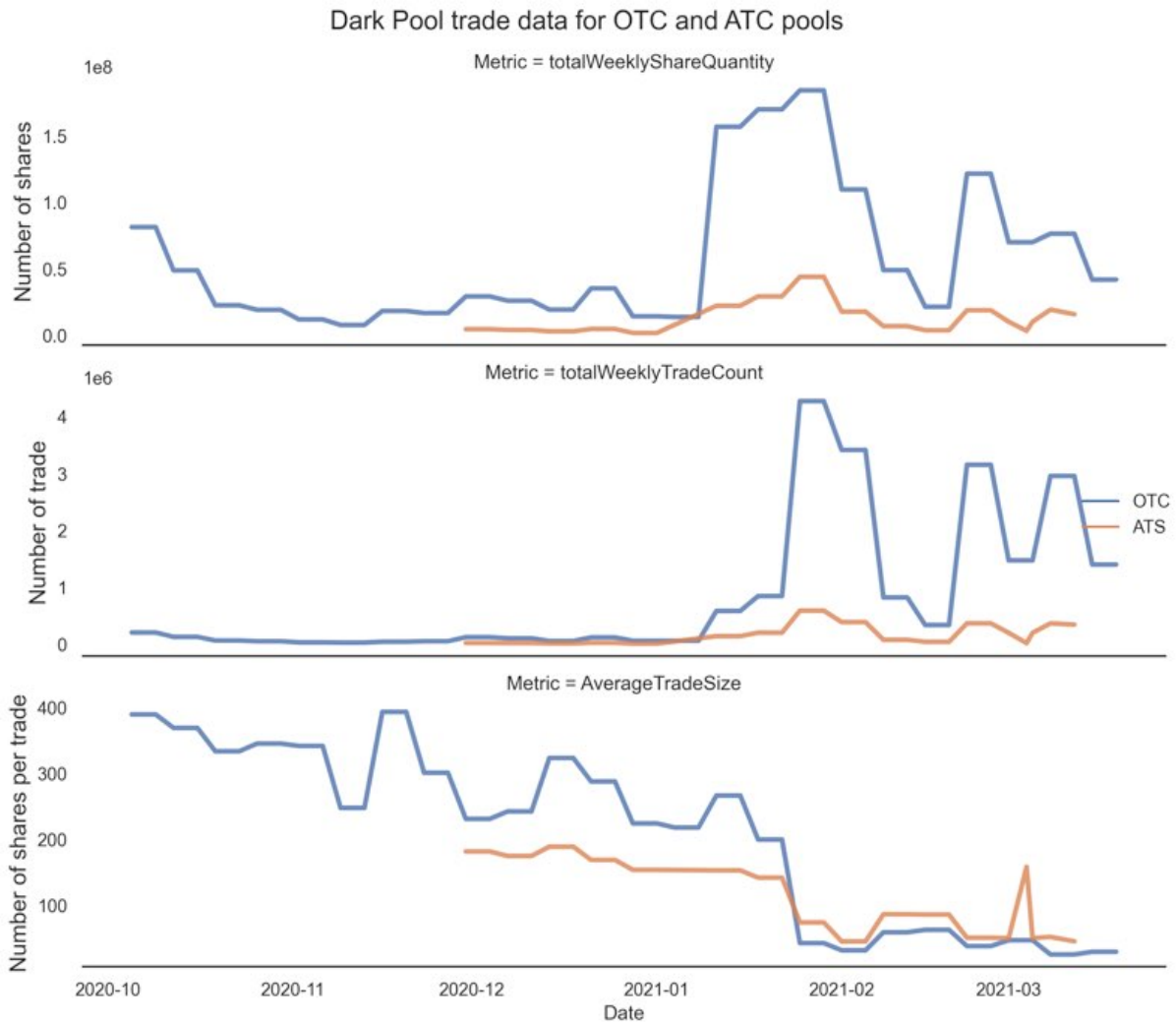
If we look at the cumulative open interest over time we see the number of newly opened put contracts has remained steady throughout Feb and into early April. The rate at which these contracts are being bought is far greater than anything seen in 2020.

Speculation alert: The huge jump in open put interest could've provided up to 150 MILLION naked short shares to fight the January price spike and hide FTDs and SI%. When combined with certain brokers restricting retail buying, media FUD, January paper hands etc. their ploy appeared quite successful. Since pushing the price back to 40\$ in Feb the constant and significant opening of new put contracts has been used to roll over the FTDs and do their best to keep their naked asses covered. Since Jan up to 400 MILLION naked short shares could've been used to hide FTDs and manipulate the price.

Dark Pool matters

Previously I speculated that Dark Pools could be used to facilitate the naked shorting trades. This hypothesis can be supported with data by looking at the [OTC data made available by FINRA](#).

Getting this data was a pain in the ass but I now have all Dark Pool volume data for GME since Nov 2020. This includes [Alternative Trading System \(ATS\)](#) and [Over-the-Counter \(OTC\)](#) volume data.



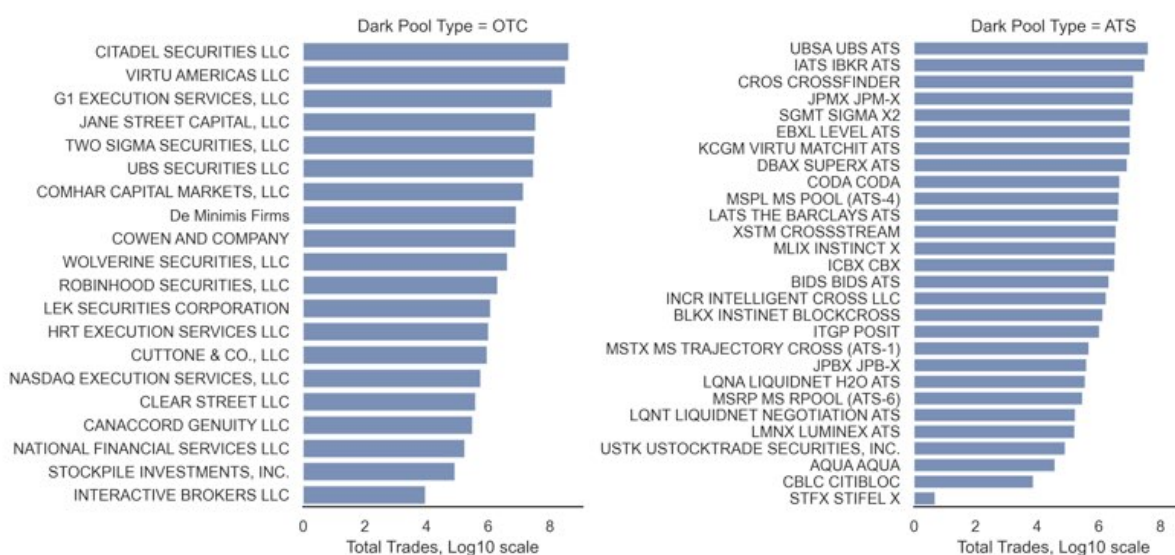
Dark Pool trade data for OTC and ATS trade pool.

Dark Pool activity ramped up massively at the start of Jan, particularly in the OTC pool. Towards the end of Jan as prices spiked during the mini-squeeze the total number of trades more than quadrupled and the average trade size dropped to around 50 shares per trade, remaining there ever since.

Re-routing of order flow anyone? Short ladder attacks in small share batches anyone?

If OTC trading was being used to suppress retail buy pressure we'd probably expect to find the worst of all the brokers **Robinhood** involved in the trading pool.

Total shares traded in Dark Pools by market participant for OTC and ATS pools



Total shares trades by firm for OTC and ATS pools since Jan. Note: using Log10 scale for comparison. Citadel actually traded 400M shares OTC!!!

Well what a surprise. Citadel trading 400M dark pool shares. Robinhood trading 2 million shares on OTC. The average trade size was ≈ 1 share which is fucking weird. Interactive Brokers only traded 9559 shares OTC but they made 9559 trades. Exactly 1 share per trade. Fucking weird.

Looking at the OTC market participant names, does anything look familiar? Oh yeah! Some of our market participants with massive puts in 13F filings also love to trade OTC!!

- CITADEL SECURITIES LLC
- JANE STREET CAPITAL, LLC
- UBS SECURITIES LLC
- WOLVERINE SECURITIES, LLC,

And the worst offenders for Robinhood payment for order flow (PFOF):

- CITADEL SECURITIES LLC

- VIRTU AMERICAS LLC
- G1 EXECUTION SERVICES, LLC
- JANE STREET CAPITAL, LLC
- TWO SIGMA SECURITIES, LLC

TWO SIGMA SECURITIES, LLC is an interesting one. As well as benefiting from PFOF they are also a known short. They don't show up in the 13F filings but they were [reported to take a big hit from short positions in Gamestop.](#)

COMHAR CAPITAL MARKETS, LLC is a Chicago based firm just minutes away from Citadel. What are they doing trading 14 million GME shares OTC?!? I'm calling bullshit and suggesting this firm can be added to the short fund list.

COWEN AND COMPANY have 100k shares in puts from 13F but didn't show up in the earlier list as I set a minimum of 300k shares to be included. Another short hedge.

LEK SECURITIES CORPORATION don't have any obvious short positions in GME or news reports of losses. However they were [slapped by the SEC for large scale market manipulation in the recent past.](#)

Edit 1: G1 EXECUTION SERVICES, LLC is actually owned by [Susquehanna International Group](#), one of the funds with tons of puts in 13Fs.

Edit 2: Some helpful comments point out that there can be some confusion with market makers and hedge-funds. Citadel is often referred to on this sub as the firm with the most to lose in GME. They operate market making and hedge fund activities. So do a number of other firms (Wolverine, Jane Street etc.). *For naked shorting the participation of 'bone-fide' market makers is crucial.* This is how they can abuse the locate rule and naked short. None of this contradicts the data in this post or the

conclusions but it remains difficult to completely separate normal market making activities from abusive ones.

Speculation alert: OTC trades have seen massive volume and order size changes since early January. Many of the participants are known short funds. Changes in OTC trading align with evidence of manipulative naked short selling (Deep ITM calls and married-puts). OTC trading has been used to create millions of naked short shares and reroute retail orders to suppress buying pressure.

Conclusions

Hedgies are fucked. Just look at the amount of effort they've had to put into keeping a lid on this thing!!! *When they lose control of the FTDs they lose control of the price.* Millions of illegal naked short shares created in a desperate effort to make retail go away. But guess what??

Speculation alert: Here are my thoughts for what's happened with GME in 2021:

- FTDs and SI% were getting out of control in early Jan
- As prices increased and more hype came to GME the shorts got more and more desperate
- Dark Pool OTC volumes went through the roof and Deep ITM call volumes were used to create naked shares ahead of the end of Jan price spike
- When prices really started to move from Jan 25th - 29th more than 100 million shares were created with Deep ITM call and married-put naked shorting and used to hammer down price and hide SI%
- A coordinated blocking of buy orders on key retail brokers and media induced FUD helped the shorts knock down the price and scare off some of the FOMO paper hand gang.

- [Something happened to the short share borrow fees](#) that completely disconnect from normal pricing.

- From Feb onwards average trade size on OTC decreased to around 50 shares per trade. That's a 70%+ drop in trade size. Retail orders were funnelled through Dark Pools to control buying pressure and 'short ladder attacks' used to control price.

- ETFs were used to hide more and more FTDs from the apes. I have data on ETFs but its such a pain to analyse (70+ funds, all different GME allocations, rebalancing over time etc..).

- DFV doubled down. RC tweeted an ice-cream cone. Deep ITM calls increased. FTDs remerged and on Feb 25th prices started flying again.

- All this time FTDs and prices have been manipulated with tricky options trades. Up to 200 million naked short shares could've been made from Feb through to April 6th using married put trades.

- But the apes are still here. Millions of short fund options have expired. FTDs are shown to get uncontrollable over time. An unprecedented FTD squeeze will come. New DTCC rules, a stronger SEC, GME annual meeting and share recall. So many catalysts. Shorts are fucked.

“This is the way.”

THE MANDALORIAN

HANK'S DEFINITIVE GME THEORY OF EVERYTHING

PUBLISHED MAY 06, 2021

U/HOMEDEPOTHANK69

***** **I am not a financial advisor, this is not financial advice**

Introduction (DD starts below)

Apes, did you know that there are usually about 80 confirmed cases of deadly shark attacks per year. You know what nobody ever talks about though? The fact that sharks have TWO, count it TWO, FUCKING PENIS. I am not making that up. Imagine what I could do with two penises. I'd have twice the total dick length. I might have to rename myself HomeDepotHank3InchesTotal.

On the topic of cocks, did you know that many reptiles have two penises as well? They call them hemipenes. SUCK MY HEMI PEEN SHILLS.

As many of you know, I am a music aficionado. I like to listen to my fair share of classical music like Megan Thee Stallion and Linkin Park, Jazz music like Fifth Harmony, and even heavy metal like Coldplay and Carly Rae Jepsen. However, I recently came across a beautiful artist who I was not previously aware of. He is a contemporary opera singer named Wheeler

Walker Jr. Some of his most popular songs reminded me of this current situation:

"Fuck you bitch" - how I feel about shorts

"Pictures on my phone" - my DD

"Pussy King" and "Rich Sumbitch" - apes when the squeeze is over

"Finger up my butt" - me sitting on the toilet scrolling through this sub every morning

"Sleeping on the Blacktop" - shorts after they go bust

"Drop 'em out" - shorts getting squeezed out of their positions

"Sit on my face" - me every time I see my wife's boyfriend

"Still ain't sick of fuckin you" - apes when the shorts beg for mercy

"Dicked down in Dallas" - shorts who live in Texas during the squeeze

"I like smoking pot (a lot)" - my wife

(These are the actual titles and this guy is actually real, I love the internet).

Alright apes, enough joking around, it's time to get serious

Where the DD actually starts

There has been an absolute slew of data in the past month about FTDs, dark pools, and rule changes. As many of you know, I have been pumping out a bunch of DD about the FTD cycle. After reading tons of posts about dark pool DD and DTCC rule changes, I think I now understand how all of this fits together and have thus made this GME theory of everything. The DDs that I read on dark pools and OTC trading are the glue that connects everything together IMO.

In this post, I will be me connecting my own DD about FTDs to other users' DDs about dark pools, DTCC rule changes, and ETF shorting in order to give us a bigger picture of what all of this is and means. Thus, there will be absolutely no prediction in this post, however, it should help you understand how everything is tied together and the fact that because we don't know the exact extent of shorts' exposure, it is impossible to predict

when the MOASS will occur. I am confident though that we are nearing the light at the end of the tunnel. With that, Apes, I present to you: HOMEDEPOTHANK69's DEFINITIVE GME THEORY OF EVERYTHING. Enjoy....

Roadmap

Alrighty apes, I am going to first briefly explain my own DD on the FTD cycle. Next, I am going to summarize some DD from a user about OTC trading and dark pools relating to GME. After that, I will summarize some DD from other users about how new DTCC and other agency rules affect GME in the future. Finally, I will summarize how ETF shorting plays into GME. After that, I will go into how all of these fit together in one big beautiful orgy that explains where the HFs are at with GME and why they are there. This will allow us to understand our current position.

Summarizing DD of FTD Cycle, new rules, OTC trading, and ETF shorting of GME

FTD Cycle

Below are the links to my posts on the FTD cycle:

[Post 1](#) [Post 2](#) [Post 3](#) [Post 4](#) [Post 5](#)

Essentially, the FTD cycle is the idea that because shorts have continuously shorted GME, covered it with borrowed shares, and used naked shorts, their short exposure is multiples higher than the actual shares of GME in existence. Because of this and SEC rules forcing them to cover every 35 days, there are predictable price and volume hikes on the chart that coincide with them covering. As every FTD cycle passes, the price to cover gets more and more expensive, and more and more shares are required (naked or not) to maintain their position, which makes it progressively more expensive and progressively increases their position. This increase in expense is going up exponentially, so each cycle is more expensive for them to keep their positions, and eventually, the pressure will be too much for them and they will be forced out. Because heavy naked shorting probably

started in early 2020 for GME, with each passing month their exposure increases drastically because a naked short gives them double the obligation (they must cover the short and the nakedly created share). This is why I believe that their current short position is multiples higher than the amount of GME shares in existence. Therefore, they've dug themselves into a hole (hole is an understatement, it's more like an abyss) that they cannot get out of and are trying to slowly unravel the FTD cycle, which is only possible if apes sell. Because apes have not sold, the FTD cycle continues and gets progressively more expensive and they cannot get out of the abyss, they can only kick the can down the road. Similar to the January squeeze, eventually the pressure will be too much and they will be forced out. Here is a picture of the FTD cycle on the charts from one of my posts:

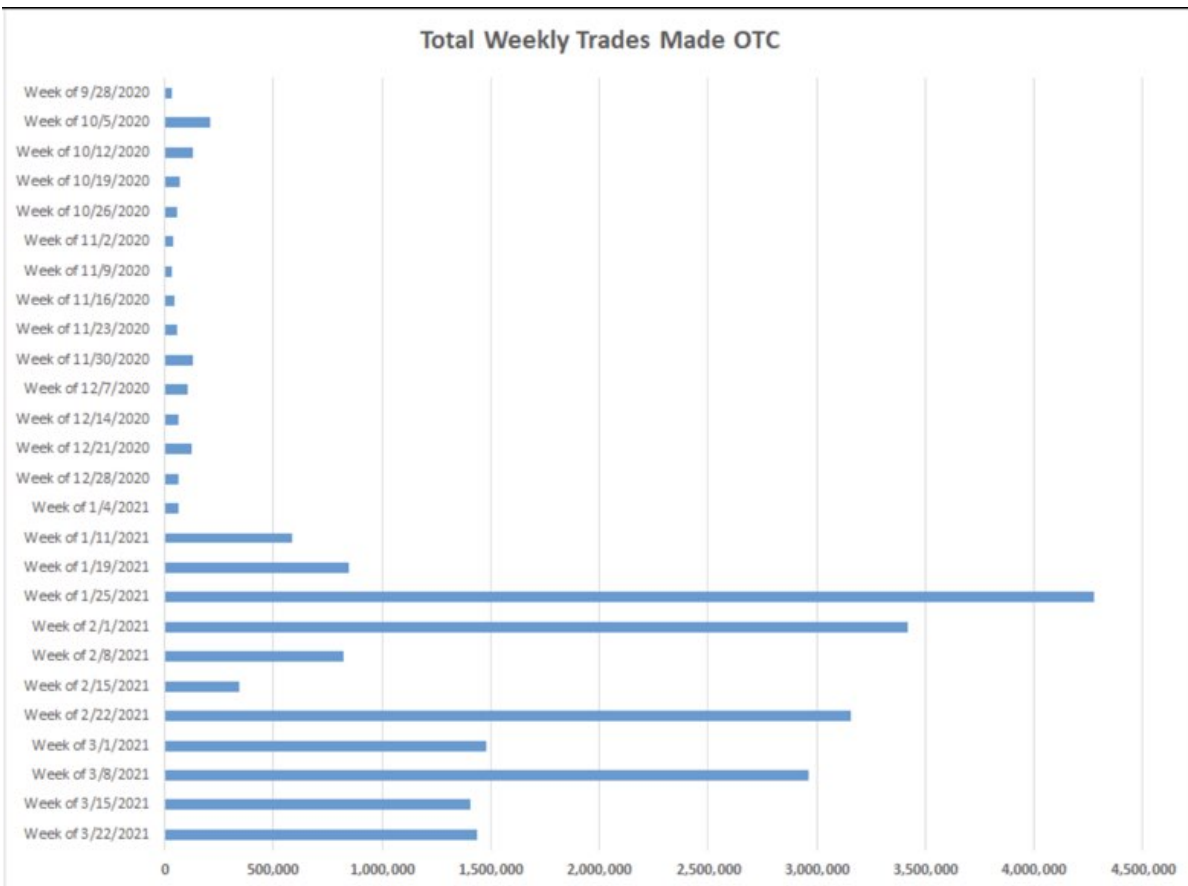


This doesn't give you the full picture of the FTD cycle but it gives you a generalization of its thesis. If you want to learn more about it, see my other posts.

OTC/Dark pool trading

All credit for this goes to the absolute KING who is [u/nayboyer2*](#). Here is his* [original post](#).

According to his post, Citadel, Virtu, and Two Sigma are and have been trading MILLIONS of GME shares in dark pools and OTC exchanges. He used publicly available data from FINRA and converted it into charts and spreadsheets (again FUCKING KING). He plotted the ownership of GME shares of these firms. He found that these firms are trading over 1000 shares of GME for every one that they own (let that sink in). He also found that an exorbitant amount of shares are trading in dark pools when compared to the float. This data is irrefutable because, again, it is publicly available FINRA data (i.e. he's not just making a theory, he's just saying what the data shows). Here are some important screenshots from his post:



Look how those weekly OTC trades increased

During the week of 1/11, over **671%** of the GME float was traded off exchange.

During the week of 1/19, over **746%** of the GME float was traded off exchange.

During the week of 1/25, over **855%** of the GME float was traded off exchange.

During the week of 2/1, over **478%** of the GME float was traded off exchange.

And during the week of 2/22, over **526%** of the GME float was traded off exchange.

That's one way to suppress buying pressure...

	Shares	Trades	Shares/Trade
Week of 3/22/2021	48,568,861	1,436,410	33.81
Week of 3/15/2021	41,980,529	1,403,548	29.91
Week of 3/8/2021	76,529,930	2,960,633	25.85
Week of 3/1/2021	70,118,713	1,477,452	47.46
Week of 2/22/2021	121,667,480	3,157,057	38.54
Week of 2/15/2021	21,554,348	341,014	63.21
Week of 2/8/2021	49,113,110	825,424	59.50
Week of 2/1/2021	109,775,296	3,417,364	32.12
Week of 1/25/2021	184,322,088	4,275,953	43.11
Week of 1/19/2021	170,039,730	849,773	200.10
Week of 1/11/2021	156,958,902	588,136	266.88
Week of 1/4/2021	13,926,925	63,783	218.35
Week of 12/28/2020	14,402,253	64,118	224.62
Week of 12/21/2020	35,405,726	122,854	288.19
Week of 12/14/2020	19,437,594	60,013	323.89
Week of 12/7/2020	26,137,279	107,667	242.76

The takeaway: there is a massive amount of dark pool and OTC trading of GME, it's multiples higher than the actual float. This is just publicly available data that they've reported, so I would guess there's even more to

this than we can see from public data. Seriously, check out this post if you haven't, it is a masterpiece.

I am just scratching the surface of this, it's only meant to be a summary, I encourage you to read his post. I'd let him have a night with my wife ANYTIME.

New Rules

All credit for this goes to the absolute KING who is [u/c-digs](#). Here is his* [original post](#).*

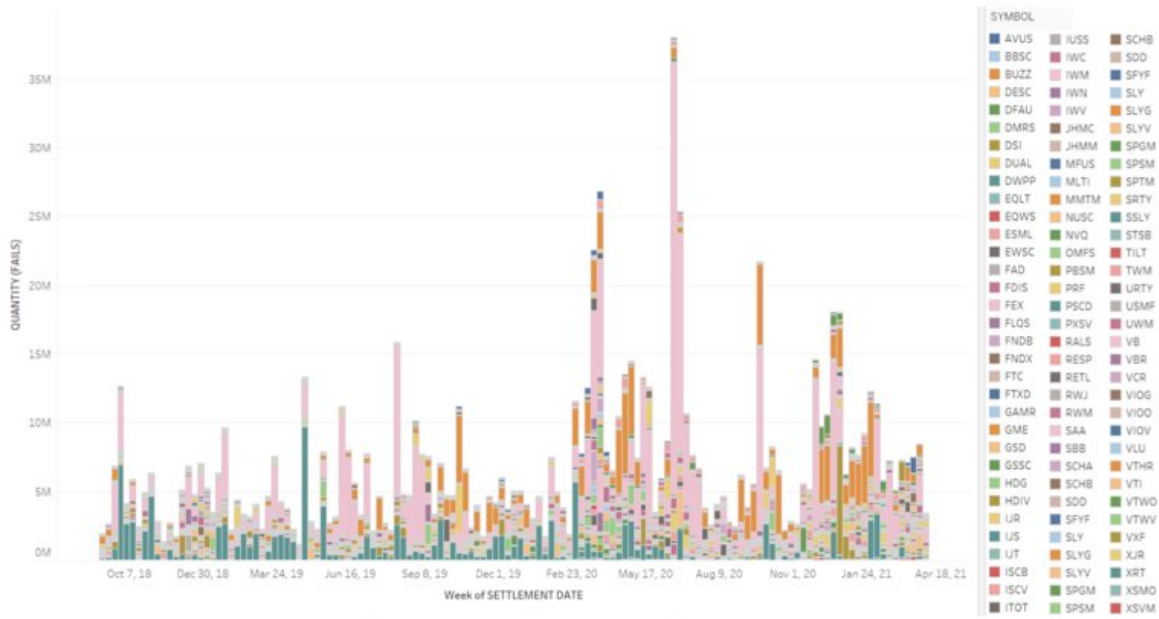
In his post, he theorizes that all of Wallstreet knows what's going on with GME and that we have been trading sideways for so long because Wallstreet is waiting on several crucial rules from organizations like the DTC and OCC to be passed that will essentially ensure that Citadel can't completely break the market when they go bust. The user believes that once these measures are passed, a firm (he thinks BlackRock) will put tons of buying pressure on GME and cause the squeeze because the measures would make the blow to the financial system more containable. He also points out that in a single week multiple banks broke the record for bond offerings (i.e. they want to have cash on hand). This user believes that a few institutions are in GME too deep and everyone knows it and the influx of rules is meant to make the unraveling safe for Wallstreet, therefore, Wallstreet is waiting to pounce on GME until the middle of the summer when these rules would be passed (at the latest). He gives specific rules, how they will essentially take exposure off of clearing companies and put it on members and the defaulting institutions, and shows the latest possible dates that these proposed rules may go into effect.

I am just scratching the surface of this, it's only meant to be a summary, I encourage you to read his post. I'd let him have a night with my wife ANYTIME.

ETF Shorting

All credit for this goes to the absolute KING who is [u/leenixus*](#). Here is his* [original post](#).

There are tons of posts about how ETFs are being shorted in order to a. put indirect pressure on GME and b. hide FTDs. I particularly liked this post because of all the charts, which make my smooth brain tingle. I won't go too far into this because most of us already know that another tactic used by HFs is to use these ETFs to put more pressure on GME and to hide FTDs. Here are some important screenshots:



IWM=Pink, GME=Orange, XRT=Green are the main 3 big colours



I am just scratching the surface of this, it's only meant to be a summary, I encourage you to read his post. I'd let him have a night with my wife ANYTIME.

****I am not taking credit for the above three DDs. I am using their DD to contribute to my overall theory. Please see their posts as they are spectacular. These are truly KING apes****

How all of this fits together



So, we have the FTD cycle, Dark pool/OTC activity, ETF shorting, and upcoming rules that could benefit us. But how do all of these fit together? (again, this is just my opinion and it could be wrong). I will guide you through the conclusions I make as I go by bolding them.

First, the dark pool/OTC data indicates what we all already know: HFs are in a giant fucking hole, an abyss. They borrowed shares, covered those borrowed shares with borrowed shares, shorted with borrowed shares, covered those with borrow shares, and so on. They have been repeating this forever, which is why the price of GME is still so high and volatile. They do most of this covering in dark pools to suppress buying pressure and do other shady things in these dark pools so it goes unnoticed (more on that below).

Moreover, GME's OBV has always perplexed me. How could OBV still be this high post squeeze? The DD on dark pools explains that (i.e. they are covering on dark pools to suppress buying pressure and OBV shows that). This means that apes did not sell post-squeeze and that the HFs did indeed use naked shorts to create artificial selling pressure (OBV is the yellow line):



The OTC data also explains the low volume. The funds are covering in dark pools in an attempt to suppress buying pressure, which is why volume has been so low lately. This also explains the random 1pm jumps in buy

volume that I noted in a previous post. Finally, this further explains why GME reacts so strangely to catalysts - there are outside forces (OTC trading) that are currently bogging down the price. If a catalyst happens to line up with when they have to cover (i.e. February 24), then we will see positive volume, if not, there is still massive selling pressure on even positive news.

Furthermore, the dark pool/OTC data provides almost irrefutable evidence that 1. there is still fuckery afoot with GME, 2. the shorts have indeed dug themselves into a hole that they cannot get out of 3. the exposure that the short funds have is astronomical, and 4. unless for some odd reason all apes sell, the MOASS will in fact happen and it will happen big. Essentially, I believe that we now know exactly what's going on, we just don't know the exact numbers of it (i.e. we don't know their precise exposure or how many shares they borrow or use to short during an attack). The fact that GME's price is still insanely volatile and is trading over 5x what most analysts think it should be and the fact that an INSANE amount of volume is coming from OTC markets demonstrates that shorts still indeed have large positions are still very much IN THIS BITCH.

Conclusion 1: HFs are indeed in a deep hole, have not covered, and are trading in high volumes in dark pools in an attempt to kick the can down the road. All of this explains the low volume.

In the OTC data post, the user shows that the institutions involved in these dark pools do in fact own shares of GME; however, they are trading over 1000x the shares that they own. A few days ago, I remember seeing a post from someone who contacted Interactive Brokers asking why the borrow fee was so low (I don't remember the post but if you do please link and give user credit). The person said that GME is one of the hardest stocks to short right now but the reason that the borrow rate is so low is because there is almost zero demand.

Conclusion 2: GME is insanely hard to borrow right now and there is very little demand to short it

Next, dark pool activity helps us to further explain the FTD cycle. Why do we see these spikes in price and volume every 35ish calendar days? SEC regulations force them to cover. Why does it keep happening? The OTC data shows us that they are STILL naked shorting. Why else would there be this much OTC activity. That shows us that HFs are continuing to naked short and cover with borrowed shares every day, thus digging themselves in a deeper hole (because naked shorting creates 2 obligations - covering the short and covering the naked share) and it's getting more expensive to do so as time goes on (FTD cycle) because their short position is increasing rapidly as shown by the OTC data.



Conclusion 3: The OTC data adds credence to the idea that the FTD cycle is getting more and more expensive and that shorts are increasing their short positions rapidly as time passes

So if all of this is true, why isn't some whale coming in to take advantage of it and benefit from a squeeze as many of them did in January?

That's where the new rules DD comes into play. Because Wallstreet has access to better, more accurate data than is publicly available, they probably already know what we are just starting to figure out. Why else would the DTC and OCC put in all these rules related to liquidation, bankruptcy, and oversight right after the GME squeeze? Therefore, potential whales are purposely sidelining themselves until these rules are passed, so that they don't completely destroy the financial system in unraveling these short positions. If some whale came in and tried to start the squeeze now, there's a good chance that it would cause a collapse in the financial system because clearinghouses would go bankrupt from having to cover for the shorts who default, which would tank the whales' other assets; however, because of the proposed rules, doing so would only make a few institutions collapse, which would save the whales' other positions in the market.

Conclusion 4: Whales have purposely sidelined themselves and are waiting for the proposed regulatory rules to take effect so the squeeze doesn't destroy the financial system.

Back to OTC data. Why would an institution want to trade on a dark market? The first reason is to suppress buying pressure. The second reason is so that the broader market can't see what they're doing (without taking a deep dive like our ape KING did). The third reason is because they may be employing trading strategies that are borderline illegal, would cause a lot of suspicions, and would make GME dangerously volatile. Because dark pools allow institutions to trade with each other absent an exchange, I believe that this is what they're doing on those pools: they are buying and selling back and forth between each other at a rapid rate in order to drop the price. These are the short attacks that we see. Ever notice that it seems to take about half the volume for the price of GME to go down \$5 (arbitrary number) as it does for it to rise \$5 (arbitrary number)? This could be why. Moreover, I also believe that they are limiting their covering ONLY to dark pools to suppress buying pressure in public exchanges. Why do I believe this? If

there was nothing crazy going on with GME then why is there still an asininely high amount of dark pool activity similar to what we saw during the squeeze?

Conclusion 5: Shorts are using dark pools to suppress buying pressure and to drop the price by rapidly trading between each other.

Back to the fact that it is getting harder and harder to borrow GME and there is very little interest. What I believe is happening is, as said above, these funds are rapidly trading back and forth between each other to drop the price, are borrowing shares from each other, are covering with borrowed shares, and continue to use naked shorts. HOWEVER, because the availability of borrowed shares in the broader market is drying up and because the shorts only own so many shares that they can borrow and trade between each other, their supply is drying up, so they can't continue this forever. Because apes continue to buy, the amount of shares available is further drying up. The longer these funds continue to borrow shares, make naked shorts, cover with borrowed shares, and borrow each other's shares, the more the shares available to borrow dry up. As the FTD cycle rages on, this also becomes more expensive over time. Thus, they are playing a losing game but financially cannot stop playing this game because they're in so deep. Therefore, the squeeze will happen when the supply of shares completely dries up and their short positions slowly (or rapidly) start to unravel or when the FTD cycle makes continuing their game too expensive.

Conclusion 6: The squeeze will happen once the availability of shares to borrow is completely dried up, which seems to be rapidly approaching.



Moreover, many people have also noted that GME and AMC trade disturbingly similar in price and volume. I'll also add that this seems to be true for other stocks that were squeezed in January. Why do you think stocks like AMC, GMC, KOSS, BB, NOK, EXPR move so similarly? It's because they are all victims of the FTD cycle as well. Why do you think all of these stocks squeezed at around the same time and why do you think brokers simultaneously halted trading on all of these stocks? Because naked shorting is a cancer infecting the market. Shorts got too risky during covid

and thought that all of these companies would go bust, so they abusively shorted them hoping to get the bankruptcy jackpot. Bankrupting these companies would let these funds be off the hook for covering because the company would no longer exist, so there would be no share to cover. However, J Pow then turned on the money machine and we saw the greatest recovery of all time. Realizing how bad HFs fucked up, brokers had the choice of facing bad press for restricting buying or allowing the FTD cycle to unravel and let the financial system collapse. They did the rational thing. Then, realizing that the problem was still grossly persistent, financial regulatory companies started implementing more and more rules to prevent the unraveling of this from destroying the economy when it does happen.

No one says this but why do you think literally every brokerage did exactly what RH did? Do you really think they all had liquidity issues? No. It's because they all knew what was happening because they had the access to the data. They knew that if they let it squeeze, it would bankrupt Citadel and they'd be on the hook for it. However, now that there are all of these new rules in place, they can allow it to happen once all of the rules are passed.

Conclusion 7: The FTD cycle is persistent and exemplifies the naked shorting problem in Wallstreet that Dr. Trimboth discussed.



Back to GME specifically. In one of my previous posts on the FTD cycle, I used this chart to make sense of T+35:



Notice the low volume in February. I have long said that I don't think that the CFO being ousted is what caused GME to double in February, it just doesn't make sense. Instead, I believe that once brokerages turned off buying power in January, the HFs again amped up their naked shorting to get the price down to where they could possibly cover. Obviously, some people sold but OBV tells us that it wasn't enough people to get the price all the way down to \$40. What explains this? Naked shorting in dark pools to disguise what's really going on. Then, at the end of February, T+35 starts coming in to play and HFs must cover for what they did to end the January

squeeze. Obviously, they continued to apply more naked shorts throughout this (March 10th anyone?), so their short positions continue to grow and the FTD cycle continues to persist. Perhaps today's low volume, slightly downward price action is similar to what was happening in February (just a thought).

Conclusion 8: The February rise was the result of forced coverings from the January drop and demonstrates that the shorts still have large positions.

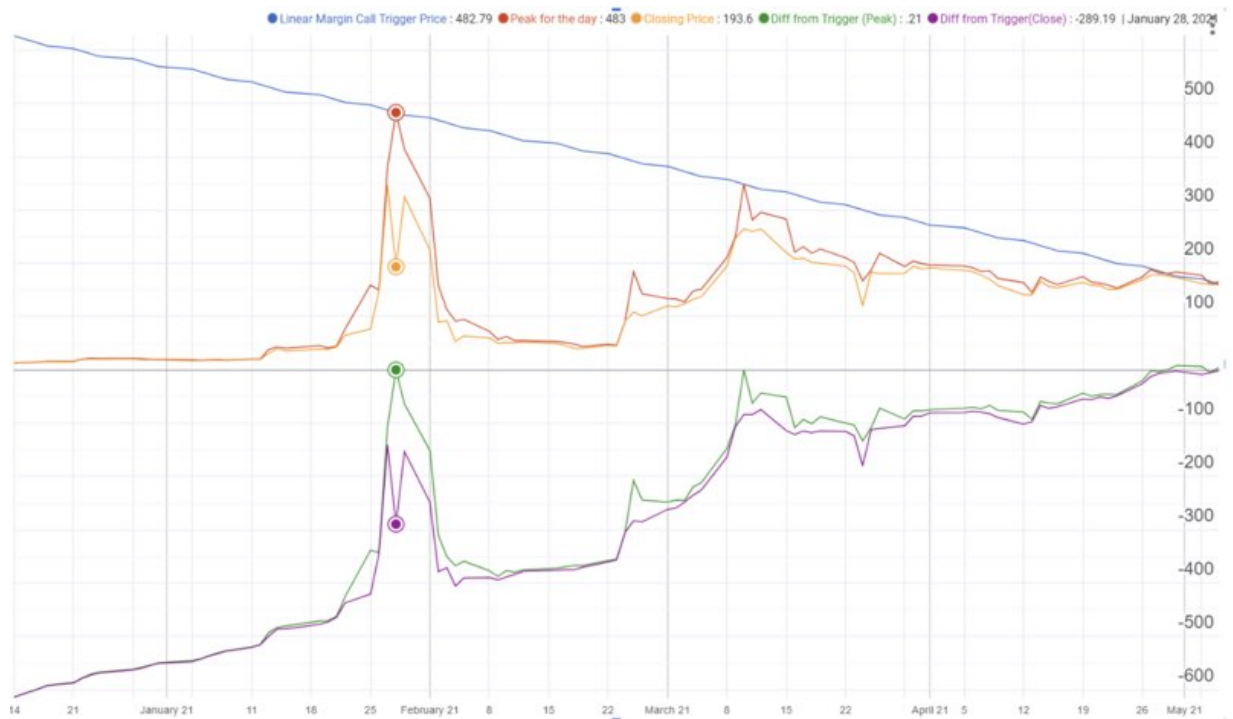
Back to the dark pool data. One of my favorite things from that was the fact that there is not just one player. There are multiple players in this game, which suggests that they are working in tandem. What I posit happened is that these funds all saw the same thing in early 2020: GME is struggling, covid will likely bankrupt it, so let's take some risk and apply naked shorts to hit the bankruptcy jackpot. Instead, the market roared back, GME had a slew of good news in mid-late 2020, and the shorts got themselves in this abyss because they continued to apply more and more pressure on GME. Again, a naked short makes your obligation double because you have to pay back the share that you borrowed and you also have to fulfill the obligation of the share you nakedly created. So every time they apply more pressure, sure the stock goes down, but their net short position goes up exponentially. This is why the FTD cycle persists. Just to kick the can down the road, they use synthetic longs and ETFs to hide and delay their FTDs.

Conclusion 9: Funds are working in tandem because they are both in too deep but it is futile and is just delaying the inevitable.

But what are some of their other tricks? As we know, they like to hide/delay their FTDs through synthetic longs (ITM calls). But what they also do is short the ETFs that contain GME. This applies much less efficient pressure to GME and shows that they are getting really desperate. How do we know that they are doing this? Well, just look at the FTD numbers of those ETFs.

Conclusion 10: Their activity on GME-containing ETFs demonstrates how desperate they are getting

But wait a minute, Hank. Do you have any actual hard data that can back up the FTD squeeze theory? If you would've asked me this any other day except for today the answer would have been no. Thanks to [u/AOCsquad126](#) and [u/leenixus](#) for this beauty of a post. In short, the post uses a model with a linear margin call price trigger on GME. It's very fascinating and I suggest you take a look. In short, I believe this post gives further credence to the idea that the shorts are bleeding more day by day because it is getting more and more expensive to maintain their positions. Why do you suppose it gets more expensive day by day? Oh I don't maybe it's because of they keep borrowing and borrowing. Finally, the OP makes an excellent point here that, when they get margin called, we will not know for up to T+35 days (he gives the example that Archegos was margin called in February but the effects weren't seen for another month). This gives further credence to the idea that the MOASS will come randomly and out of nowhere. Here's a screenshot from the post:



Conclusion 11: I like the stock. I like the FTD cycle.

Putting all of the conclusions together and putting them in context:

Below is what I believe is the timeline of GME thus far. This is a summary of my theory of everything:

- 1) GME is a struggling brick and mortar retailer that is stuck in the past and on the brink of bankruptcy. Covid makes these problems even worse.
- 2) Multiple funds see a bankruptcy jackpot with GME as it is a struggling company that probably will go bankrupt because Covid will destroy its in-person business
 - a) Because bankruptcy is likely, these funds decide to up their risky. Their risk models say there's only a 0.001% chance GME goes above \$50 and it's almost certain it will go bankrupt, so they start doing some very aggressive maneuvers
 - b) They short it, use naked shorts, cover with borrowed shares, cover with naked shorts, and cover with synthetic longs. Essentially, each time they do this, they are increasing their obligation by 2x because of the naked short. But it's all fine because they won't have to pay back these naked shorts if GME goes bankrupt, which is likely
- 3) The market roars back in 2020 because of J Pow's money printer. HF's positions are down, so they double down. It's fine
- 4) It might not be fine, it keeps rising. They double down again
- 5) They now have a disturbingly high, but not lethal, short position because all of these naked shorts are increasing their obligation by 2x. But it'll still be ok because the stock is only at like \$20
- 6) It's still going up. They now have the option of either getting out of the position and taking the loss or doubling down. Guess what they do?
- 7) It's still going up; they are now forced to keep doing this
 - a) They are now in a never-ending abyss that they can't get out of because they've shorted more shares than are in existence, but they still probably won't lose too much because the stock is still not above \$50. It'll probably be fine
- 8) It's not fine. The media and retail investor catch wind of the high SI. Celebrities tweets, weak shorts are squeezed out, volume pours in
 - a) The January squeeze happens
- 9) Realizing this could be the end, they coerce RH to stop buy orders because the squeeze would have destroyed them had it gone any higher. Other brokerages do the same because they realize that allowing the squeeze to continue could destroy the financial system because of how large the short positions are
 - a) Now that there is no buying pressure, they can prevent the squeeze from bankrupting them by shorting it to the ground and getting out of this FTD cycle if they can get it low enough
 - b) The requires using more naked shorts to get it from \$400 to \$40
 - c) Though the price goes down, they are now in a bigger hole and need to keep shorting it if they ever want to get out of this hole
- 10) Because they need the price to keep going down, they don't take their foot off the gas and they amp up their dark pool activity, which really picked up in January)
- 11) In the backdrop of all of this, they are abusively trading in dark pools
 - a) To suppress buying pressure, they cover in the dark pools
 - b) To put selling pressure on the stock, they rapidly buy and sell between each other on the dark pools
 - c) Because they all own SOME shares, they lend shares to each other to help each other cover and put more pressure on the stock
 - d) All the while, the availability of shares that can be lent out is drying up and the institutions themselves are running out of shares
- 12) While all of this is happening, the shorts must keep covering their FTDs every 35 calendar days because of some pesky SEC regulations (FTD cycle). To hide their FTDs they buy ITM calls so it appears that they have covered. However, calls expire, so they have to keep buying more every month
 - a) They are financially unable to unwind their short position and have to keep applying pressure through naked shorts and the like
- 13) They are slowly running out of shares to short, they are digging themselves in a deeper hole the longer they keep it up, and it is getting more and more expensive every FTD cycle period, but they are in so deep that they are financially unable to stop doing this
- 14) All the while, financial regulatory organizations and companies noticed this a while ago because they have better access to information than the public. They implement an absurd number of rules and regulations to limit their exposure in the impending unwinding of the short positions. This will allow only a few institutions to collapse in the MOASS rather than the whole system
 - a) Whales have purposely sidelined themselves in anticipation of these regulations, so that the MOASS doesn't destroy their other positions
- 15) Eventually, one of two things happens:
 - a) There are no more shares to borrow, the shorts are forced to unwind their position
 - b) Once the rules are implemented, whales finally feel comfortable to come in and yeet the shorts out of existence
 - i) The 0.001% possibility on their risk models has come true
- 16) The entire thing unravels, a few large institutions go bankrupt, the economy corrects but doesn't crash, apes make absolute bank, whales make even more, Wallstreet blames the entire thing on retail investors, none of the abusive shorts are held accountable, Congress holds hearings to satisfy the masses but passes no meaningful regulations
- 17) My wife still has a boyfriend

Conclusion 12: Tendies



Some other thoughts

Catalysts

It has long been a sentiment that a catalyst will cause the MOASS. Though I wholeheartedly agree that this COULD be true, I want to emphasize that is not the only option. First, as I've said above GME reacts strangely to catalysts because of FTDs and shorting (doubled on CFO ousting but went down on RC being named daddy/master/lord/senpai of the board). We still have many possible catalysts: CEO announcement, partnerships, crypto shit, etc. However, it's important to remember that January was not caused by a catalyst. Sure, the events leading up to January were caused by catalysts (SI being sky-high, media coverage, RC, tweets, etc.); however, the actual squeeze in January wasn't spurred by a catalyst. It was just the shorts being forced to cover due to the price rising. After seeing how GME reacts to catalysts, I believe that the squeeze will not happen because of a catalyst but will happen in a similar fashion to January: completely unexpected because the shorts were forced to cover. Could a

catalyst cause the squeeze? Hell yes. I personally think that a catalyst might cause it to rocket, but similar to January, the real squeeze will happen after an initial rocket due to catalysts and will be the result of the shorts being forced to throw in the towel, not a catalyst squeezing them out. Essentially: catalyst-> rapid price jump but not squeeze (think early January) -> parabolic price jump caused by rapid price jump squeezing out shorts (think January squeeze).

How this is disturbingly similar to 2008

In 2008 institutions sold risky mortgages to people who shouldn't have qualified for them. That was bad. They also created mortgage-backed securities with these risky mortgages in them and sold them across Wallstreet, which gave the entire financial system exposure to bad mortgages. That was worse. They then created collateralized debt obligations that were essentially bets for and against a default on these loans (i.e. they made derivatives of these MBS). That was fucking terrible. They then made synthetic CDOs, which were bets on the reverse side of the CDO (i.e. a derivative of a derivative). That was a nuke. All the while half of Wallstreet was buying credit default swaps, which are derivatives that bet for a default to happen. This was Wallstreet cannibalizing itself. That was a huge generalization of 2008, though. So essentially, the derivatives market for these bad mortgages was about 10-50x more than the value of the actual underlying asset (the MBS), which is why when the underlying failed, it almost caused another Great Depression. By making bets on bets on risky assets, they created a web that, once volatility happens, would unravel (because once the underlying fails the derivatives fail and the derivatives of the derivatives fail). They essentially dug themselves into a hole that you couldn't get out of because they made all of these derivative bets that far exceeded the actual value of the underlying asset. Sound familiar to what I said above? Financial crises happen when institutions place risky bets and make bets on these bets. When they make layers of derivatives like this, it

makes the system seem like it's booming for a while but as soon as something goes bad, it all unwinds in a tragic way. That's what's happening now with these webs of naked shorts.

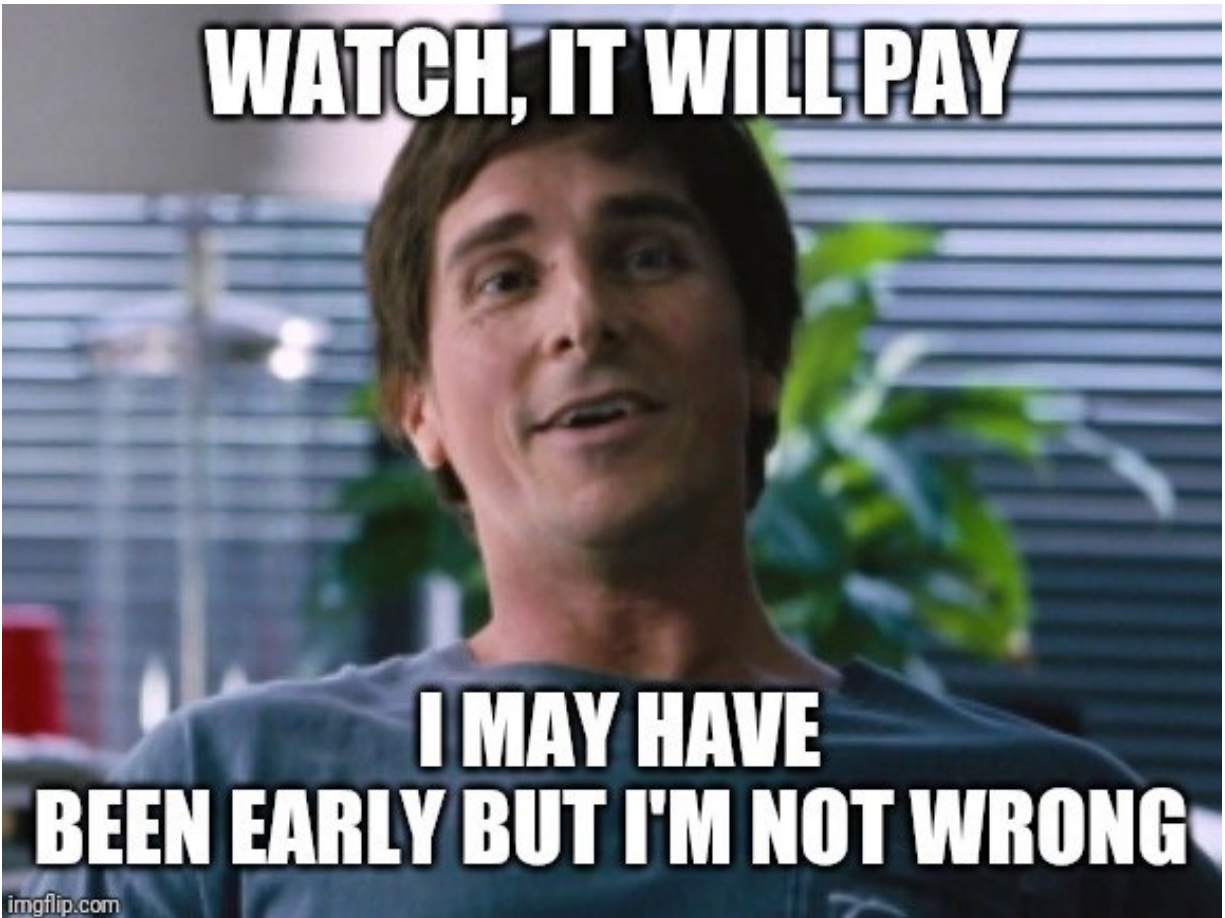
The Future

With all of this in mind, here are my thoughts about the future. As I have said, I believe that the FTD cycle is slowly chewing away at the shorts, and I think that the dark pool data helps confirm this. I also believe that the timing and contents of the aforementioned rules is very interesting.

Therefore, I believe that either A. the pressure on the shorts will overwhelm them and their positions will be forced to unravel, or B. with the safeguards put in place from the new rules, a whale will come in and unravel the positions for them.

This post has no dates. I personally like posts with dates if they have a ton of research behind them and are logical. However, as we've seen, though some people can predict certain price action, no one can predict the MOASS. The MOASS will come, we just won't know when because we don't know exactly how much blood the MMs have lost yet and how close they are to dying. All we know is that they've lost a lot of blood and keep losing more. So, none of us will see the MOASS coming, but it will come (just like my wife when she's with the mailman).

Though I have no dates as to the happening of the MOASS, I leave with this:



If you have FUD, read this

I, like all of you, have been a victim of FUD. I often think to myself, "they know more than us, there's no way they'll let this happen again" or "it's been trading sideways, it's all over" or "they have more resources than us and will end this quick." FUD is a bitch. FUD is the type of girl that your wife's boyfriend avoids. To help some of you who are experiencing FUD, here is what I always remember whenever those thoughts enter my head:

The thesis of this part of the post is that what's happening to GME is not normal, which validates all/most of the topics discussed in this sub. Yes, a short squeeze to that magnitude is abnormal, but what really gets me with GME is what happened AFTER the squeeze. Find any stock that has been massively squeezed, and you will see that it doesn't behave like GME has been for the past few months. If GME would have held around \$30-50 like

it did post-squeeze and didn't rocket up to 100>200>300 in the past few months with all of this crazy trading action then all of these theories would be very farfetched. However, as I have said a billion times, the chart and data are all that you need to see to know that this stock is still not normal.

Therefore,

It is not normal for a stock double in the span of a few hours on news of a CFO getting fired (2/24). It is not normal for a stock to open at above 250, go to 350 before noon and then fall down to 172 all before 2pm on absolutely no news (3/10). It is not normal for a stock to tank on earnings and then literally make back those losses the very next day on absolutely no news (3/25). It is not normal for a stock to double on news of the CFO being ousted but to go down 5% on news that the key player (Cohen) is being announced as the senpai of the board of directors. It is not normal for a stock to stay above \$150 when every Wallstreet analyst says it's not worth more than \$50. It is not normal for a stock to have an extremely negative beta. It is not normal for a stock to fluctuate in value by 10x over the span of a few months (up AND down) on very little fundamental news. It is not normal for multiple forums talking about the same stock to be infiltrated repeatedly by suspicious accounts trying to create FUD (i.e. shills really on exist on forums discussing GME, not regular retail investing forums like [r/investing](#) and [r/stocks](#) (which I am banned from hahahaha)). It is not normal for a stock to be universally hated by mainstream finance yet still be trading over 5x what they believe the fair value to be. It is not normal for a stock to get squeezed, fall back down, then almost regain its squeeze price on no fundamental news. It is not normal for a stock to have OTC activity that is multiples higher than its daily volume and float. It is not normal for that OTC volume to be comparable to the January squeeze levels despite "ThE sQuEeZe BeInG oVer." It is not normal for DTC to be implementing a slew of rules about the very things we are talking about. It is not normal for a stock to have random volume spikes in the middle of the day on

absolutely no news. It is not normal for ETFs containing said stock to be abusively shorted as well. I could go on and on. If you have FUD, come back to this, and you'll realize that though we might be early, we're not wrong.

Does it really make sense for GME to be trading on volume below 5 million consistently (on Wednesday we hit a number we haven't seen since early October) when every boomer analyst says it's 5x overvalued in price and there's an insane amount of interest from retail investors? No. It makes zero sense. On one hand, you'd expect those boomers to short it because it's so overvalued, but they're not. That's because it's almost impossible to borrow (unless you're a MM) and they know what's going on. On the other hand, you'd expect the media to be saying "this is crazy, it shouldn't be 5x overvalued, short short short" every day, but they aren't. That's because they know what's going on. Apes, I'll say it again, **THIS ISN'T NORMAL!**

Conclusion

Well apes, if you've made it this far I applaud you. That was a mouthful to say the least. Thank you for sticking with me to the end of it, this was probably my most in-depth DD and also the one I enjoyed making the most. Please take this with a grain of salt and remember that it is just my opinion, you should always do your own DD before making any decisions.

Apes, I hope you realize what this community has done because it's astounding. Between WSB, GME, and SuperStonk, regular, novice investors have pieced together the puzzle that only large financial institutions are usually able to do. What's even more amazing is that this was done using limitedly available, often incomplete public data. The level of complexity of some of the DDs that I've read is on the level of publishable. The volume, complexity, and completeness of data in this sub is spectacular. Fuck Robinhood's "DeMoCrAtIzIng iNvEsTiNg" bullshit. This sub is democratizing investing, and let me tell you, it's been an honor to be a part of this community. As always...

Stay strong, apes.

TL;DR

See "**Putting all of the conclusions together and putting it in context**" section with the 17 numbered points.

******* I am not a financial advisor, this is not financial advice

“Who cares what it’s done since 2018? What matters to me is what it does in 2020.”

U/DEEPFUCKINGVALUE (DECEMBER 13, 2019)

ESTIMATED CURRENT SI%

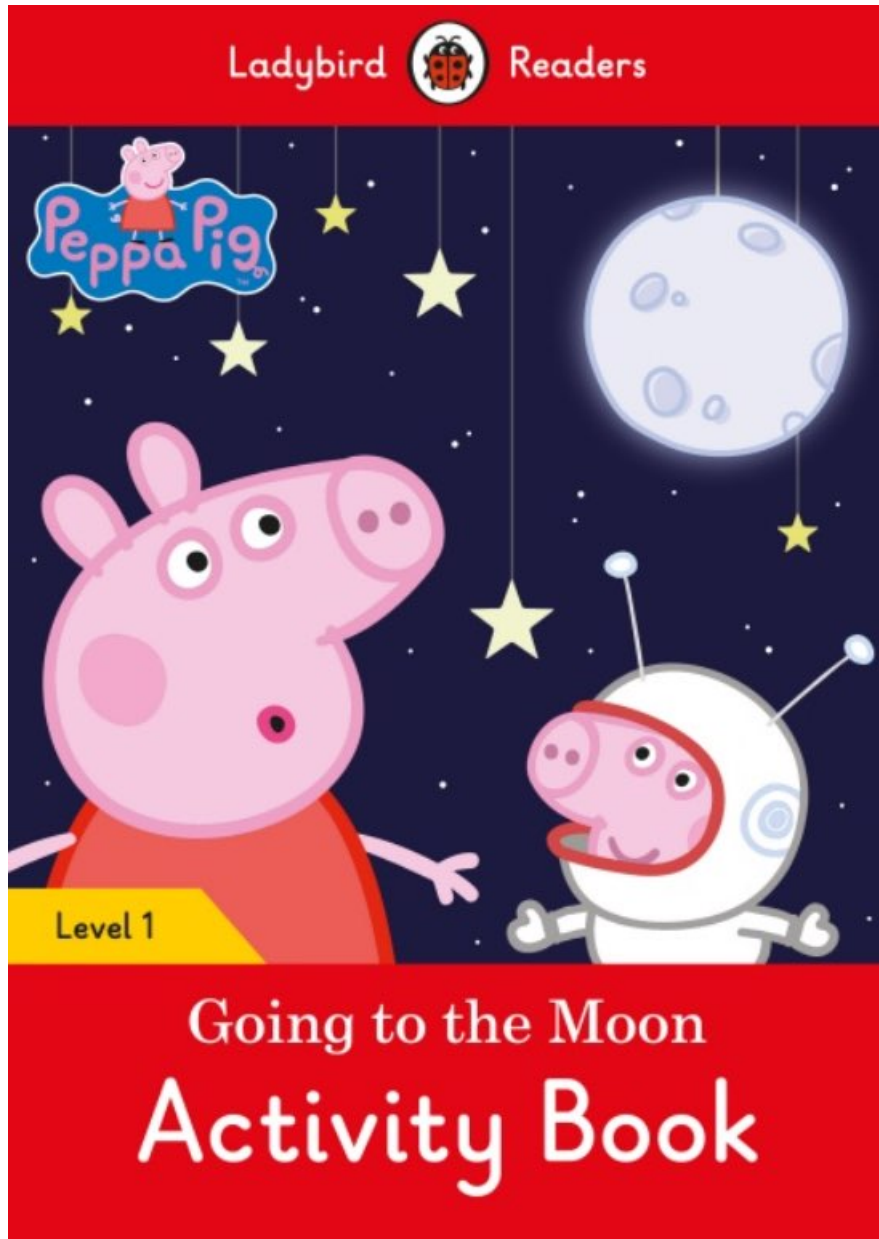
PUBLISHED MAY 14, 2021

U/CRIAND

NOT A FINANCIAL ADVISOR. Yada yada. If you actually listen to me you might want to get your brain checked for crayons.

Probably no need for any more DDs from me after this one - its a cumulation of my thoughts over the past few months. People were interested in an SI% estimate so I thought, hell yeah, that's interesting shit. Why not?

On a side note, I've learned pretty much everything I have about the stock market from Peppa Pig. Good stuff. Definitely recommend.



Once again I'll be referencing charts from the mastermind [/u/broccaaa](#) and their post [The Naked Shorting Scam](#). Go read that shit. Seriously.

Also, sorry. TLDR is very difficult besides the bullets of Section 0 and my calculated result in Section 2.

0. What's Going On Here?

I've posted a few DDs in the past, and have basically come to the conclusion of the following per the data I've seen. I'll show you a few charts from [/u/brocceaaa](#)'s post to support this:

- **The price movements we've been seeing, both volatile moves up and down, are caused by the shorters themselves by holding back buy pressure and then unleashing it at a later date. They are the reason we see bursts of high volume and large surges on certain days. This is due to the "SI Report Loop" that they're trapped in, paired with the fact that there are no more shares left in GME and there have been no shares for quite some time. I'll go into more detail in the next section because it is the basis of the SI% calculation.**

- **They held back buy pressure from May 1 to May 12, and then it started to be unleashed on May 13. Refer to Section 1 where I discuss the SI Report Cycle.**

- I do not believe they are delaying FTDs or hiding FTDs. Ever. They are satisfying them immediately **with fake shares** and simply hiding their ever-growing SI%. This is why we never see the "FTD squeeze" theory play out. They aren't juggling a pile of FTDs - they're simply adding to their ever growing short position until they inevitably get margin called from too high of a risk. (Hello??? Reverse repo loans coming out at higher frequencies lately?!)

- Each type of option is used for a very specific play. We see large purchases of OTM PUTs, ITM PUTs, OTM CALLs, and ITM CALLs popping up in anomalies.

- **OTM PUTs = Used to hide their SI%.** This has no effect on the price of GME because these are not being exercised and they maintain OI even

until expiration. The shorters are using these to hide their SI% from the world. The main counter-argument to the MOASS is "their SI% is 20%, they covered". So if you're a shorter and you hide your SI%, you can push that narrative that you covered and hope people sell. **Supporting Data: Figure 1, PUT OI Versus SI%. Check out how SI% drops when PUT OI skyrockets.**

- **ITM PUTs = Used to flash crash the price.** This is an expensive move and I believe we only saw this happen once, on March 10. This is a last-ditch effort move where you mass exercise ITM PUTs to crash the price down from a critical point. If you don't remember - March 10 the price hit \$350 before being flash crashed down. They have purchased up many more ITM PUTs lately, so they might attempt this again. **Supporting Data: Figure 2, PUT OI For Options, March 9 to March 11. Look at how the PUT OI dropped on March 10, indicating mass exercise of options to flash crash.**

- **OTM CALLs = Used by other large players who want a profit.** [We only just recently started seeing these from what I can tell.](#) I'm assuming that because these just started popping up that other big players are looking to make some cash. The ones that were purchased expire on July 16, 2021. They might be hoping for the squeeze before then and maybe thought \$140 was the bottom.

- **ITM CALLs = Used by shorters to filter synthetic shares through and satisfy FTDs.** These purchases occur a lot when FTDs pile up. I believe that they continue to use this in conjunction with Citadel in order to fulfil

FTDs because there is no liquidity. These options have an effect on price because they are immediately exercised so that the shares can be delivered. **Supporting Data: Figure 3, ITM Call Volumes Versus FTDs. Deep ITM CALL volume skyrockets when FTDs increase.**

- And my most important finding: **shorts r fuk**

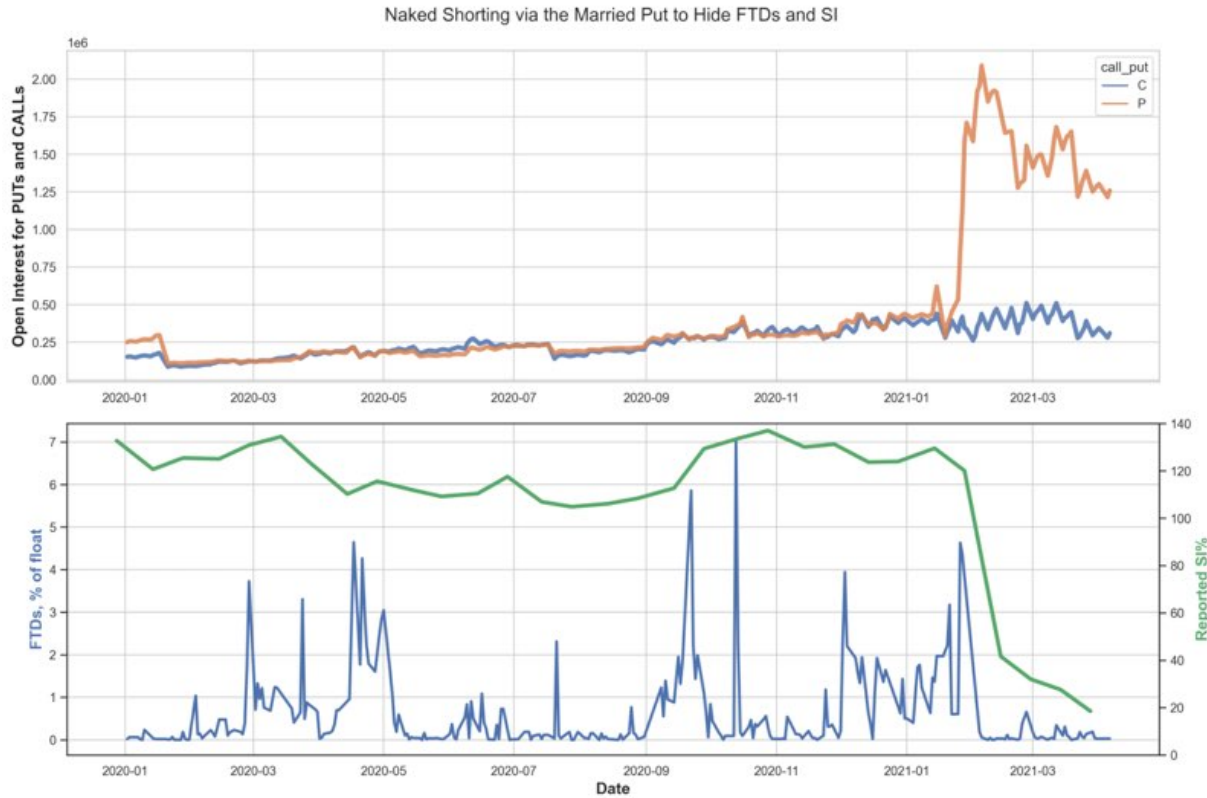


Figure 1: PUT OI Versus SI%

Data Date	Total PUT OI	Option Expiration Date					
		2/5/2021	2/19/2021	3/19/2021	4/16/2021	7/16/2021	1/21/2022
3/9/2021	1,416,275	-	-	378,317	328,944	236,431	222,134
3/10/2021	1,346,154	-	-	355,417	338,249	153,920	221,699
3/11/2021	1,604,253	-	-	413,951	354,000	263,694	230,049

Figure 2: PUT OI For Options, March 9 to March 11

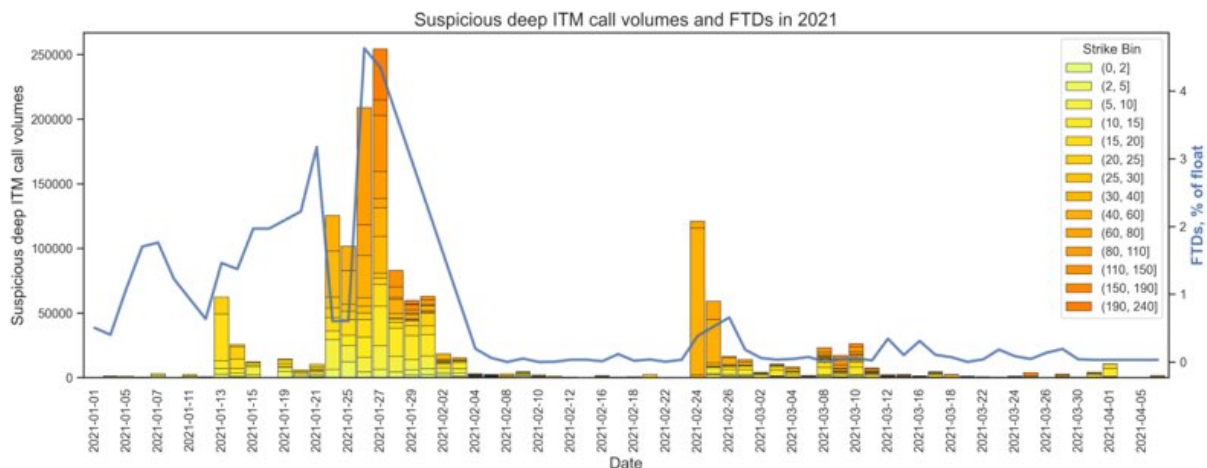


Figure 3: ITM Call Volumes Versus FTDs

1. There Are No Shares Left. Every Share Being Bought Is Synthetic

Well, at least most of them are synthetic. A vast majority are synthetic due to SI% being over 100% since December. You don't just suddenly find liquidity in GameStop after naked shorting the shit out of it. It's going to have to be continuously naked shorted (and produce synthetics) to satisfy buyers until the MOASS. Otherwise, whoopsie. They'll have to start unwinding a bunch of FTDs from being forced to deliver (and find the shares). So instead of that route, they'll make fake shares for the FTDs.

I've been trying to understand what the hell has been going on with the price. Why did it surge in January? Why did it surge in February? Why March? Why did we see volatile jumps all over the place? Why does buying pressure seemingly get negated? T+13? T+21? T+35? No, no, no. It is all SI Report Loop. They're stuck in that loop and can't get out. I've talked about this in [my other DD](#) but I'll recap because it's very relevant here for why we can use ITM CALLs to calculate SI%:

The shorters are stuck in a loop revolving around [Fina Short Interest Reporting](#). What exactly is this?

FINRA requires firms to report short interest positions in all customer and proprietary accounts in all equity securities twice a month.

There's three columns on that link. What are they:

- **Settlement Date:** The date at which short interest positions must be determined.
- **Due Date:** The date at which the report of the SI from the settlement date is due by.
- **Exchange Receipt Date:** The date when FINRA finalizes the reports and delivers them.

You want to make sure that your short positions are **hidden** by the Settlement Date so that it pops up to the world on the Receipt Date. For example, they opened up a shitload of OTM PUTs (Figure 1, PUT OI Versus SI%) prior to January 29th Settlement. Upon February 9th, SI% dropped like a rock. As long as short positions are hidden or covered by the Settlement date, then the receipt date will not take those into account.

Refer to Figure 1 on PUT OI skyrocketing when SI% dropped. At that point in time (early February), they could claim to the world that they covered, and they did claim that, but they actually just hid their short position from the world's eyes.

Here's a copy/paste of the dates for 2021. I'm going to only copy the ones through the start of June:

Settlement Date

Due Date

Exchange Receipt Date

January 15

January 20

January 27

January 29

February 2

February 9

February 12

February 17

February 24

February 26

March 2

March 9

March 15

March 17

March 24

March 31

April 5

April 12

April 15

April 19

April 26

April 30

May 4

May 11

May 14

May 18

May 25

May 28

June 2

June 9

June 15

June 17

June 24

So we can say that between each Settlement Date is a loop where they'll have new shorts open up, and then they want to hide those new shorts by the next Settlement Date so that it doesn't appear on the SI% report and increase it. (Imagine if one day we saw SI% jump back up from 20% to 140% or more. Imagine the headlines. They can't risk that happening).

And what exactly goes on between each loop? Let me bring up my handy-dandy chart again before continuing. I've plotted the Settlement Dates here and boxed volatility moments. You'll see that **there is ALWAYS a volatile move up and a volatile move down between these dates.**



Figure 4: SI Report Loop And Volatility

Here's what I am assuming happens:

1. Retail starts buying. They (Citadel & Co) create synthetics to match this buy pressure because there's no liquidity/no shares available. This negates buy pressure and any additional shorts (iborrowdesk) helps **drive the price downward**.

2. Retail doesn't get their shares delivered. FTDs start piling up. The synthetics created in #1 and the shorts that were opened in #1 need to be hidden by the next SI report date otherwise it will pump the SI% up again. The FTDs must be satisfied as well or it will start an unwinding of their massive web of bullshit.

3. They feed these synthetics into Deep ITM CALLs that are then purchased up, exercised, and used to satisfy the FTDs that were created by retail buying. **This process drives the price up.** Retail now owns more fake shares and their overall short position continues to grow.

4. Combination of #1 and #3 cancels out the downward pressure on the price. GME creates a higher low as long as retail didn't sell. If you look at the GME price chart, you'll notice how it continues to create a higher floor between each SI Report Cycle. Basically, the "true" GME price is revealed after #1 and #3 cancel each other out because it shows how retail buying increased the price relative to the prior SI Report Cycle.

5. Any additional shorts they have will be pushed under the rug with OTM PUTs.

Each cycle they continuously grow an ever larger short position and thus an ever larger SI% with these synthetics and additional borrowing. Meaning they continue to have higher risk, and their margin call price slowly moves downward. They keep making it worse for themselves. Every cycle they

spend a little money kicking it down the road. Every cycle the price floor rises. Every cycle they increase their short position.

You know how we see $\geq 50\%$ short volume each day? That's most likely them pairing 1:1 with retail buys for synthetics so that they can be later delivered through ITM CALLs. A bold assumption of course, but it could be relevant and might explain why we've been seeing that data of short volume.

That's why I believe that the volatile price movements both up AND down are caused by the shorters themselves by holding back buy pressure and then unleashing it at a later date. They are the reason we see bursts of high volume and large surges on certain days. They suppress the buy pressure with synthetics, but then must deliver those synthetics to satisfy FTDs. Upon exercising the ITM CALLs to deliver these synthetics, they cause the price to surge upward.

I am assuming that every one of these Deep ITM CALL purchases are synthetic-covered and thus 100 fake shares per contract.

2. Assumptions In Calculating SI%, And Results

We're assuming that the Deep ITM CALLs **are not used to hide FTDs but they are rather used to satisfy the FTDs** immediately with fake shares. This is most likely why we never saw the "hidden FTDs" pop out again to support the FTD squeeze theory. Because they've already been delivered, and the synthetics keep pumping into their total SI%. So they're in the process of juggling an ever-increasing SI% position while the price also continues to rise.

Per [/u/Dan_Bren](#), between March 1st and March 11th, inclusive, [there were approximately 27,650 Deep ITM CALLs purchased](#). If we assume that all of those were to fulfill FTDs and are synthetic due to no liquidity in the

market, then that comes out to $27,650 * 100 = 2,765,000$ synthetic shares from March 1st to March 11th.

In another post, on April 1st, [there were approximately 5,960 Deep ITM CALLs purchased](#). Likewise, this equates to $5,960 * 100 = 596,000$ synthetic shares on April 1st.

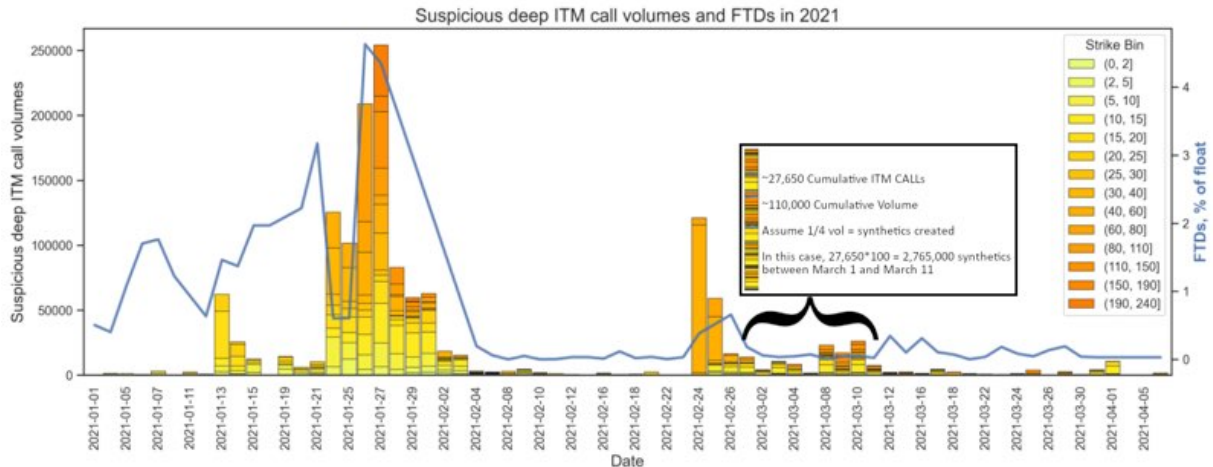


Figure 5: Cumulative Deep ITM CALL Volumes, March 1st to March 11th

Look at the volumes between March 1st and March 11th compared to everything else. Oof. All those blips of ITM CALL anomalies is nothing compared to January and the spike in February.

To be conservative I'm going to ignore straight up "volume" and rather calculate SI% based on a ratio of [/u/Dan_Bren](#)'s data to the volumes we see. Here's results based on March 1st to March 11th, and April 1. I'm going to do an even value closer to the lower bound of 0.25 to get our "Average". It just makes the math easier.

March 1st to March 11th

April 1

Cumulative ITM Calls

27,650

5,960

Cumulative Volume

~110,000

~14,000

Ratio of Volume to CALLs

~0.25

~0.42

"Average" Ratio

~0.3

Since we don't have historical data prior to 3/1, I'm going to use these two data points (March 1-March 11, and April 1) as our estimated "synthetics created" per volume.

With a conservative estimate, we'll say that we get 30 synthetic-covered CALLs that are exercised for every 100 volume (0.3 ratio). And thus 3,000 synthetic shares per 100 volume.

Let's tally it up based on Figure 5. I'm doing approximations for volumes because I do not have the data sheet that was used to create this figure. It's also easier to work with even numbers. Sorry for the long table.

Date

Volume

Approximate Synthetic CALLs (Volume*0.3)

Approximate Synthetic Shares (CALLs*100)

January 7

3,125

938
93,800
January 11
3,125
938
93,800
January 13
62,500
18,750
1,875,000
January 14
25,000
7,500
750,000
January 15
12,500
3,750
375,000
January 19
13,000
3,900
390,000
January 20
6,250
1,875
187,500
January 21
10,000
3,000
300,000

January 24

125,000

37,500

3,750,000

January 25

100,000

30,000

3,000,000

January 26

210,000

63,000

6,300,000

January 27

260,000

78,000

7,800,000

January 28

80,000

24,000

2,400,000

January 29

61,500

18,450

1,845,000

February 1

62,500

18,750

1,875,000

February 2

18,750

5,625
562,500
February 3
13,000
3,900
390,000
February 4
3,125
938
93,800
February 5
3,125
938
93,800
February 8
3,125
938
93,800
February 9
6,000
1,800
180,000
February 10
3,125
938
93,800
February 11
1,000
300
30,000

February 16

1,000

300

30,000

February 19

3,125

938

93,800

February 24

120,000

36,000

3,600,000

February 25

60,000

18,000

1,800,000

February 26

14,000

4,200

420,000

March 1

13,000

3,900

390,000

March 2

4,000

1,200

120,000

March 3

10,000

3,000
300,000
March 4
8,000
2,400
240,000
March 8
24,000
7,200
720,000
March 9
15,000
4,500
450,000
March 10
26,000
7,800
780,000
March 11
6,500
1,950
195,000
March 12
2,000
600
60,000
March 15
2,000
600
60,000

March 17
6,000
1,800
180,000
March 18
3,125
938
93,800
March 25
3,125
938
93,800
March 29
3,125
938
93,800
March 31
4,000
1,200
120,000
April 1
10,000
3,000
300,000
Total

42,713,000

Yup. Assuming only 30% of the volumes resulted in actual synthetic CALLs being exercised to cover FTDs, we come up with a potential

of **42,713,000 synthetic shares being created between January 7th and April 1st.**

Just for fun though, and I'm sure some of you are curious. Let's assume 100% of the volumes were accounted for. What would that give us? Dun dun dun... 142,375,000 synthetic shares. But I'll stick with the conservative estimate for now. Just thought I'd slap that in there for fun.

Now let's assume that these were all NEW synthetics created because the SI was already over 100%. (Why else would they be buying these? The assumption is ITM CALLs are necessary for zero liquidity.) So we'll take the peak SI% since shitheds never covered and never will cover. The SI was 141% at its peak. Since 141% is based on 55,000,000 float, we'll say the original short position was **77,550,000**, resulting in a grand total of **120,263,000** shares short as of April 1.

What is the theoretical SI% now with our estimated **shorts/synthetics just up to April 1st** if the GME float is either 55,000,000 or the theoretical 30,000,000 as of late?

GME Total Float

SI%

55,000,000

218%

30,000,000

400%

Oh dear god. **That's a lot of tendies.**

They're amassing such a huge position that keeps growing every single SI Report Cycle. It's no surprise these reverse repo rates are coming out more frequently and in larger sums. They are battling a massive risk position now and GME is continuing to rise in price. They've got to be on their last legs.

GME has been edged so much and so long that when it explodes it's going to rip a hole in the fabric of space and time and the simulation we live

in will crash.

Cheers apes. I'll see you on the other side.

SEC, DTCC, DTC, ETC.

THE SEC WON'T LET ME FREE, OR LET DFV, SO LET ME
SEE. THEY TRY TO SHUT US DOWN ON GME, BUT IT
FEELS SO EMPTY WITH KENNY G.

“To be clear, I’m not concerned about regular investors exercising their free speech online. I am more concerned about bad actors potentially taking advantage of influential platforms.”

GARY GENSLER, CHAIRMAN OF THE U.S. SECURITIES AND
EXCHANGE COMMISSION

CLARIFYING SHARE RECALL - WHAT IS IT AND HOW DOES IT WORK?

PUBLISHED MARCH 21, 2021

U/DWIGHTSCHRUTE666

DISCLAIMER: I am not a financial advisor nor a lawyer, and I'm definitely not **your** lawyer I am in law school though. Please don't take my words for gospel and question everything you read in this post. If I'm wrong, which is entirely possible, **please correct me.** Seriously, we will all benefit from it. Our power lays in the collective brainpower that we amassed over here and it's honestly beautiful to see. But IMHO, we should all question everything we read and do our own DD and research.

Alright retards, listen up

I'm seeing a lot of you talking about GameStop potentially recalling shares and how it would skyrocket our beautiful shiny rocket into Andromeda. Share recall would knock the fuck out of short sellers, as they would be forced to close their positions. I think we all know what would happen next 🚀🚀🚀

While this scenario is pretty much the dream come true, I'm afraid this assumption is **a little off.** I got caught up in the hype in some comment section as well. Before you call me a shill, bear (bull?) with me.

Here's how recalling company's shares work: the lender of the shares requests the borrower to return the shares, this is done automatically these days. Interactive Brokers has a [special system for it](#), the DTCC has [Stock Loan Recall Messaging](#), etc - you get the idea.

*Oh wait, the **lender** of the shares initiates the recall? Not Papa Cohen?*

Yup. [Source](#)

Furthermore, the recall procedures are regulated through Securities Lending Agreements between the lender and the borrower. Thus, the practices may differ depending on the broker that lends the shares (Source: Jeremy Meade, RMA Best Practices for Recalls and Buy-Ins). If the borrower disagrees with the recall or its terms, he can start a dispute and potentially prolong the process (same sauce)

I know, I know. You don't like this. Me neither. Bull with me.

So GameStop cannot initiate the stock recall on its own, right? But can they ask the lender to initiate it?

Yup! It actually happened last year. [Check this article.](#)



Kinda

In this case, the attempt was not successful, as Fidelity, Blackrock, Vanguard, State Street Corp and others decided to keep the shares on loan.

Would it be successful now? I have no idea, I'm new to investing and I don't know the intricacies of this business. I'm trying to learn with an open mind. I think they would need a very strong reason to recall the shares for the vote, like a merger or voting for Cohen as a CEO? Or can he just take over with his big dick energy?

Edit 1: It was a year ago, though. The situation now is a little different and some of the players that declined it last time now have a stake in GME going to the moon

Okay - so the Share Recall might be a little difficult, what's next? Rocket ain't launching? Apes not strong together anymore?

Nah! Papa Cohen can do many more things that could ignite the rocket!

I like the idea of issuing a dividend! This way, **shorts r more fuk**, we got more bananas for an extra share, the wider public gets the info that the company's doing well and the long whales, *clears throat*, **the long whales could use this legitimate reason for momentum and send this shit into the stratosphere.**

Other ideas? Stock split? I'll take that!

Thoughts

Guys, I know that this post might be a little disappointing for some of you. However, as I mentioned in the disclaimer, **I urge everybody to do their own research and poke holes in stuff you see here.** Why? **Because I might be fucking wrong!** I'm new to investing, but I'm not new to reading boring legalese. If I'm wrong, **please correct me!** As I mentioned, we have a tremendous collective brainpower here, let's put it to work and not make an echo chamber (I like the hype posts and memes, though!)

I think that skepticism, being level-headed and discussion are good for us. Peer-review is a fundamental part of any academic research

Before you call me a shill, you might as well check my post and comment history beforehand and see that I'm not. This is my first DD and English is not my mother tongue, be easy on me lol. I want to say hi to all apes, but especially to Polish and Dutch ones, I'm a Pole in a beautiful country that [had probably the first squeeze/bubble ever](#)

“I bought more.”

U/DEEPFUCKINGVALUE IN RESPONSE TO
U/FABULOUSRESEARCH URGING HIM TO SELL ALL OF HIS
CALL OPTIONS. (JANUARY 04, 2020)

WHY WE'RE STILL TRADING SIDEWAYS

PUBLISHED APRIL 20, 2021

U/C-DIGS

WE'VE MADE it through an exciting weekend of suspense only to end up with yet another day of sideways trading. I'd like to examine why I think we have not yet launched based on the bits and pieces that we know.

In this post, I'll be rehashing some of my earlier posts for folks who haven't read them and also examining my earlier thoughts in the context of the information we've come across over the last two weeks.

One of my favorite topics in science is black holes. Black holes had been theorized to exist soon after Einstein's theory of General Relativity. Until 2019, the existence of black holes was known, but never actually seen. So how did we know where to look? Even though we can't actually see the black hole and even though it may be millions of light years away, we can observe how bodies of mass interact with it, how it affects the space around it, the energy that is dissipated from the black hole, and other signatures of its existence.

The GME MOASS is like a black hole in more ways than one. We can only speculate on what is happening based on how the different entities in this system are interacting. Let's revisit my earlier post with some new data points.

Who Are the Entities Circling this Black Hole?

On APR13, [u/jamiegirl21](#) posted [this S-4 filing](#) for [a merger with Apex Clearing](#).

Check out page 84:

Legal Proceedings

Apex is a defendant in a series of putative class actions arising out of the same alleged conduct captioned as Cheng v. Ally Financial Inc., et al, Case No. 3:21-cv-00781 filed in the United States District Court for the Northern District of California; Clapp and Redfield v. Ally Financial Inc., et al, Case No. 3:21-cv-00896 filed in the United States District Court for the Northern District of California; Dechirico v. Ally Financial, et al, Case No. 1:21-cv-00677 filed in the U.S. District Court for the Eastern District of New York; Ross v Ally Financial Inc., et al, Civil Action No. 4:21-cv-00292 filed in the United States District Court for the Southern District of Texas; and Fox v. Ally Financial, et al, Case No. 0:21-cv-00689 filed in the United States District Court for the District of Minnesota in 2021 (collectively, the "Antitrust Matters"). Plaintiffs allege that Apex, along with over 30 other brokerages, trading firms and/or clearing firms, including Morgan Stanley, E*Trade, Interactive Brokers, Charles Schwab, Robinhood, Barclays, Citadel and DTCC engaged in a coordinated conspiracy in violation of anti-trust laws to prevent retail customers from operating and trading freely in a conspiracy to allow certain of the other defendants, primarily hedge funds, to stop losing money on short sale positions in GameStop, AMC and certain other securities. The matters were brought as class actions alleging violations of federal and state anti-trust laws, unfair competition and dissemination of untrue and misleading statements as well as negligence, breach of fiduciary duty, constructive fraud and breach of implied covenants of good faith and fair dealing. These cases are in the preliminary phases. Although there can be no assurance as to the ultimate disposition of the Antitrust Matters, Apex denies liability to the plaintiffs and the putative class members, believes that it has meritorious defenses against the plaintiffs' claims, and intends to vigorously defend itself.

In connection with Apex's pause of allowing customers to establish new positions of AMC, GME and KOSS stock from approximately 10:30 a.m. Central time until approximately 1:55 p.m. Central time on January 28, 2021, the Office of the Attorney General of the States of Texas and New Jersey have requested information and issued civil investigative demands to Apex. Apex is cooperating in these matters.

"Apex, along with over 30 other brokerages...including...Citadel and DTCC engaged in a coordinated conspiracy..."

While this is *alleged* at the moment, what is clear is that some law firm(s) believes that there is a case against multiple entities -- including the DTCC -- for conspiring to shut down the JAN28 squeeze.

Set aside the idea that Citadel or the GME shorts alone can suppress the price of GME; if that were the case, we would not have even had the JAN and FEB spikes in the first place since Citadel and the shorts alone could have stopped it.

As I have mentioned in my previous posts, rather than thinking of the situation as "*Citadel is shorting the market*" or "*It's a battle between Short HF and Long Whales!*" to "*DTC, OCC, SEC, and the shorts are preparing for the squeeze*".

Literally every major entity in global banking is entangled in this through the DTCC. Even the non-DTCC members are entangled as they use DTCC members for clearing their trades.

- DTC: <https://www.dtcc.com/-/media/Files/Downloads/client-center/DTC/alpha.pdf>
- OCC: <https://www.theocc.com/Company-Information/Member-Directory>

Just a cross section:

Member

DTC

OCC

Apex Clearing

✓

✓

Barclays

✓

✓

Bank of America

✓

✓

Charles Schwab

✓

✓

Citadel Clearing

✓

✓

Citadel Securities

✓

✓

Credit Suisse Securities

✓

✓

Deutsche Bank

✓

✓

Goldman Sachs

✓

✓

Interactive Brokers

✓

✓

JP Morgan

✓

✓

Merrill Lynch

✓

✓

Robinhood Securities

✓

✓

TD Ameritrade

✓

✓

UBS Securities

✓

✓

Vanguard

✓

✓

How Are They Preparing?

The fallout from this squeeze is that there are multiple DTCC members who are going to fail and default (we'll see some possible evidence of this in a moment). When this happens, the DTCC or corresponding subsidiary (hereafter just referred to as DTCC) will step in to manage the default through Recovery and Wind Down Procedures which are documented in their member agreements.

During the squeeze, the DTCC will intervene and provide immediate liquidity when a member defaults. In turn, DTCC will use the assets of the defaulting members as collateral for that liquidity (which itself may originate outside of DTCC). Those assets from the defaulting member will then be auctioned off to recover those loans.

OCC is proposing to change I&P .02(c) in order to clarify and further facilitate the process of on-boarding Clearing Members and non-Clearing Members as potential bidders in future auctions of a suspended Clearing Member's remaining portfolio. To achieve a successful auction pursuant to Rule 1104 and enable OCC to take timely action to contain any losses and liquidity pressures that may be caused by a Clearing Member's default, it is important for OCC to encourage participation in such auctions. OCC believes that participation by more bidders generally facilitates more competitive bids on a suspended Clearing Member's portfolio. Competitive bids are necessary for OCC to sell the portfolio at a market price that minimizes the loss to OCC and its Clearing Members, and enable OCC to successfully complete an auction in a timely manner and thereby manage a Clearing Member default in a timely manner. Therefore, OCC

SR-OCC-2021-004 page 4: "OCC is proposing...to clarify and further facilitate the process of on-boarding Clearing Members and non-Clearing

Members as potential bidders in future auctions of a suspended Clearing Member's remaining portfolio"

Currently, Section 5.1 (Introduction) identifies the financial resources available to DTC, pursuant to the Rules, to address losses arising out of the default of a DTC Participant. One paragraph contains a statement that such losses would be satisfied first by applying a Corporate Contribution and then, if necessary, by allocating remaining losses to non-defaulting Participants, in accordance with Rule 4.¹⁷ The proposed rule change would add a sentence to the end of this paragraph that would provide that, in addition to the tools described in Rule 4 (which are to be applied when, and in the order, specified in that Rule), DTC may, in extreme circumstances, borrow net credits from Participants secured by collateral of the defaulting Participant.¹⁸ DTC believes this additional language is necessary to more clearly set forth the full range of actions and tools DTC may employ in response to such conditions.

SR-DTC-2021-004 page 11: "...to address losses arising out of the default of a DTC Participant...[t]he proposed rule change would add a sentence...DTC may, in extreme circumstances, borrow net credits from Participants secured by collateral of the defaulting Participant"

If you are interested in diving deeper into this, [check out my earlier post on the topic](#).

But let's talk about **why** this is interesting.

There are generally three views on what is about to happen:

1. The entire system and the banks are going to go belly up because of the scenario described in the [Everything Short DD](#) so these additional billions are to buffer them from collapse

2. The banks are reacting to increased liquidity requirements stemming from last year and the expiration of SLR

3. A few entities are probably going to collapse due to overexposed positions and other entities are moving into position to profit from that collapse

My sense is that #1 is a bit too extreme. Having gone through 2001 and 2008, I have learned one lesson: the rich will not allow themselves and this system that props them up to fail because they are dependent on this system to support their bottom lines and lifestyles. **What alternative do they have?** The Yuan? The Euro? The GBP? The Yen? The Ruble? Crypto? What are you going to do with that Doge or Bitcoin if you can't convert it to an actual currency? How are you going to buy your lattes from Starbucks with Doge? There is no alternative.

That said, we are at a nexus of multiple blows potentially impacting these financial institutions and GME is just one possible primer that sets off the chain reaction.

I think it is most likely a combination of #2 and #3. What if:

1. You are a non-defaulting member

2. And You **know** that there are going to be member defaults

3. And you **know** that that there will be an auction for their assets at a market discount

How would **you** prepare for this? Perhaps you'd want to have cash on hand to meet liquidity requirements and emerge from any collapse flush with assets? How might you go about this?

- What if you're Goldman Sachs? Wouldn't it be nice to have an extra \$10.6B cash on hand?

- What if you're JP Morgan? How does \$13B of cash sound?

- What if you're Bank of America? Why not add \$15B to your warchest?

- What if you're Morgan Stanley? How about loading up on \$5B?

Then there's the curious case of the increased short volume of BlackRock's IXG ETF which is a basket of finance and banking stocks.

What is important is to understand the difference between **short interest** and **short volume**. Squeezemetrics' white paper does a great job of explaining this:

This means that whenever a market-maker fills an investor's buy order, the MM is facilitating the trade by shorting shares. Thus, short volume is actually representative of investor buying volume, and non-short volume is representative of investor selling volume. It's no coincidence that short volume is predictably *half* of total volume—short sales represent the buying half of the market, and long (non-short) sales represent the selling half.

"Thus short volume is actually representative of investor buying volume"

The purpose of a Market Maker is to provide liquidity. Say you want to buy a bunch of IXG. Rather than waiting precisely for a seller of the same exact block size to enter a sell order that mirrors your buy order, they create the short (an "IOU") and hand you the shares and then close the IOU when they can round up the shares.

Thus this increase in short volume indicates demand for IXG which the Market Maker is fulfilling using a short which they will balance by buying shares.

[u/choompop](#) highlights something interesting about IXG:

Berkshire Hathaway, **JPMorgan Chase & Co**, **Bank of America**, AIA Group, Wells Fargo, Citigroup HSBC Holdings, Royal Bank of Canada, **Morgan Stanley**, Commonwealth Bank of America

Twist: The 2nd largest institutional owner of JPMorgan is Black Rock Inc. with 192 million shares. The 3rd largest institutional owner of Bank of America is Black Rock Inc. with 509 million shares.

You might be thinking of the DD highlighting that Warren Buffett dumped many bank stocks over the last year, but keep in mind that he also notoriously dumped airline stocks near their lows at the outset of the pandemic.

How Do They Know There Will Be a Default and Who Will Default?

How can we know which of those two scenarios above is more likely? No one can say with certainty what will happen except for a few very

privileged insiders. Everything I've hypothesized can get blown away tomorrow. But we can consider some of the evidence that we *can* observe and see where it leads us.

Tucked into SR-DTC-2021-004 is an interesting bit of text on page 12:

Section 5.2.4 also includes language that requires DTC management to review the Corridor Indicators and the related metrics at least annually and modify these metrics as necessary in light of observations from simulation of Participant defaults and other analyses. In order to more closely align with the biennial cycle of DTCC's multi-member closeout simulation exercise, the proposed rule change would shift the timing of

SR-DTC-2021-004 page 12: "in light of observations from simulation of Participant defaults" and "multi-member closeout simulation exercise"

They have an existing model that they can use to simulate market conditions and it is possible that they have already simulated the squeeze and the aftermath. My assumption is that they also have some idea of the probabilities of which of their member entities are going to fail, when they will fail, how they will fail, and how much liquidity they need to contain these defaults.

This proposed change would *"shift the timing of management's review of the Corridor Indicators and related metrics from annually to biennially"*. What are these Corridor Indicators?

¹⁹ The majority of the Corridor Indicators, as identified in the Recovery Plan, relate directly to conditions that may require DTC to adjust its strategy for hedging and liquidating collateral securities, and any such changes would include an assessment of the status of the Corridor Indicators. Corridor Indicators include, for example, the effectiveness and speed of DTC's efforts to liquidate Collateral securities, and an impediment to the availability of DTC's resources to repay any borrowings due to any Participant Default. For each Corridor Indicator, the Recovery Plan identifies (1) measures of the indicator, (2) evaluations of the status of the indicator, (3) metrics for determining the status of the deterioration or improvement of the indicator, and (4) "Corridor Actions," which are steps that may be taken to improve the status of the indicator, as well as management escalations required to authorize those steps.

SR-DTC-2021-004 page 12: "Corridor Indicators include, for example, the effectiveness and speed of DTC's efforts to liquidate Collateral securities...due to any Participant Default"

The key indicator called out as an example is *how quickly DTC can liquidate a defaulting member's collateral assets*. We don't know who will default, but I think that DTCC members have an idea. Think about that.

SR-DTC-2021-004 was filed on **2021MAR29** and effective immediately. **They have long been planning for the defaults that will occur as a result of the squeeze.**

Of course, models can be wrong. I have read in Michael Lewis' *Panic* that the financial models involved in the 2008 collapse didn't account for the fact that real estate value could go down and the effect of that downturn on over-leveraged positions.

What Does This Have To Do With Trading Sideways?

Two weeks ago, I posted [Why are we trading sideways? Why is the borrow rate so low? When will we moon?](#) because I was puzzled why we seemed to be stuck in a monetary [Lagrange Point](#) and I stated then:

What you can take away from this is that we will not see significant price movement up or down for the foreseeable future until OCC-004 and

OCC-003 are in place; you are literally fighting against all of Wall Street, even the GME long institutions. There is literally no point buying deep OTM options until there is a whiff of OCC-004 and OCC-003 getting close to implementation. We will keep trading sideways, borrow rate will be inexplicably low, volume will be absent, etc. until DTC and OCC members are protected and they let off the brakes; Citadel and GME shorts are not and have not been in control. DTC, OCC, and all non-defaulting members have been preparing for the default of GME shorts.

Since that time, we've had the drop to \$140 and then more or less back into a stasis point. Millions in options will have expired OTM.

I had pointed out the timing and coordination of the two prior drops and now we have a third set of data points to consider:

1. The dip to \$120 coordinated with the Q4 earnings and an almost immediate return to stasis
2. The dip to \$160 coordinated with the positive Q1 preliminary results and an almost immediate return to stasis
3. And now the slow dip to \$140 possibly coordinated with: 1) Melvin's Q1 results, 2) Sherman being denied his shares and being replaced, 3) the early discharge of their long term debt, and 4) DFV's options being exercised.

Now it appears we're back to sitting in a new Lagrange Point and trading sideways again.



Is this a Long Whale inflicting "max pain"? Or simply multiple parties conspiring to establish "max stability"; to keep us in this Lagrange Point while waiting for all of the firewalls to be in place and positioning to profit from this event before we ignite the boosters?

As I've stated before, I think that the variety of tools that we see at play are all part of the arsenal being deployed by multiple parties coordinating to keep this strapped down until the non-defaulting members are firewalled. The deep ITM calls, the dark pool trades, all of it is plainly visible to DTCC and the SEC yet no action is being taken.

[DFV's tweet on APR08 is very interesting \(turn on audio\):](#)

- Why is this happening to me?"
- "It's OK bud, it's just from the medicine, OK"
- "Is this going to be forever?"
- "No, it won't be forever"
- Are these SRs "the medicine" that we're waiting for "forever"?

I think if we look at the actions over the last few weeks -- for example, the additional liquidity acquired in recent weeks by some of the major entities like Goldman Sachs and JP Morgan -- it seems exceedingly plausible that everyone wanted time to prepare for this event, especially because of the expiration of SLR and the approaching date of the SEC memo that goes into effect on APR22 converging in one window.

What About the Share Recall or [INSERT CATALYST]?

My conjecture has always been that we will be waiting for SR-OCC-2021-003 and SR-OCC-2021-004 *as long as possible* because these two codify key changes to the OCC member agreement to contain the fallout of the defaulting members.

In particular, SR-OCC-2021-004 has a very curious proposed change on page 5:

OCC is also proposing to delete from I&P .02(c) two sentences that discuss OCC's administration of the pool of pre-qualified auction bidders. Currently, I&P .02(c) explains that OCC maintains a pool of pre-qualified auction bidders, periodically reviews the pool of such bidders and their qualifications, and notifies any pre-qualified auction bidder that is removed from the pool. OCC is concerned that the trading activity review process contemplated by I&P .02(c) could inappropriately limit the number of pre-qualified bidders by excluding, *inter alia*, prospective bidders who did not have sufficient trading activity that was visible to OCC at the time of pre-qualification or review but were suitable bidders at the time of a particular auction. Accordingly, OCC proposes to eliminate the pre-qualification requirements related to a non-Clearing Member's trading experience.

SR-OCC-2021-004 page 5: "OCC proposes to eliminate the pre-qualification requirements related to non-Clearing Member's trading experience"

Which basically blows the auction process wide open and allows a much broader array of bidders to the auction. Remember: Fidelity and BlackRock are **NOT** members of OCC but now they get a streamlined path to the auction.

I think that in an *ideal world*, BR and Cohen want to wait until SR-OCC-2021-004 is codified to launch and in fact, perhaps thought that everything could have been finalized by now and they would be able to ignite this launch sequence. SIG threw a wrench into this by objecting to SR-OCC-2021-003, thereby pushing out its finalization which **would have been APR10** (45 calendar days from FEB24) setting us up potentially for **this week** if 004 had also been finalized but now could go out to MAY31.

We are now running into the issue of the calendar and the shareholder meeting since some number of shares will likely have to be recalled in the next few days.

What Will BlackRock and GME Longs Do?

This is where it gets interesting.

[Here's Larry Fink, CEO of BlackRock on CNBC talking about Reddit and GameStop:](#)



"...reddit and gamestop and what does that mean with our clients either..."

BlackRock knows what's going on at the highest levels.

I have a hunch that the early payoff of GME's long term debt may not have been the initial plan because perhaps they were going to use the share recalls to trigger the squeeze. But I think that there's a chance that we may see BR and other institutional longs choose to **not** recall their shares OR wait until the last possible moment to execute the recall because it's too early to launch.

With the delay in SR-OCC-2021-003, this may have forced them to put another tool into play: the crypto-dividend by taking a page out of the Overstock playbook. Thus they prepared this play at the cost of \$216M so that they have another tool to be able to initiate the squeeze if they do not recall their shares.

I think that GME board will delay action as long as possible because the conditions are simply not favorable at the moment. They were even less favorable in JAN, but it is possible that at that time, no one quite knew the

full depth of the situation otherwise the same shenanigans going on now would have happened in JAN and FEB. Prior to JAN28, the assumption may have been that a few small HF's would fail. After JAN28, it was clear that the stakes were much, much higher and I have an idea why we've been trading sideways since MAR16.

What Happened on March 16 and Why Have We Traded Sideways Since?

[SR-DTC-2021-003](#) on MAR16:

SR-DTC-2021-003		
34-91336	<u>Mar. 16, 2021</u>	Notice of Filing and <u>Immediate Effectiveness</u> of a Proposed Rule Change to Remove the Requirement for Participants to Submit Monthly Position Confirmations and Clarify Participant Obligation to Reconcile Activity on a Regular Basis <i>Comments due:</i> April 12, 2021 <i>Additional Materials:</i> Exhibit 5 <i>Comments received are available for this proposal.</i> <ul style="list-style-type: none">• Submit Comments on SR-DTC-2021-003

SR-DTC-2021-003 was effective immediately on MAR16

The key change is that DTC Participants were required to reconcile and confirm their records of their positions with the DTC's records of their positions on a **monthly** basis prior to SR-DTC-2021-003. After SR-DTC-2021-003? The Participants have to reconcile and confirm their positions on a **daily** basis.

So let's look at the data:

Date

Open

High

Low

Close

MAR15

277

283

206

220

MAR16

203

220

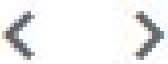
172

208

And we have since then largely been in that sideways zone with a few days of movement since.

This allowed all parties to see the deck that they are working with because previously, Citadel could try to "clean things up" before the monthly reconciliation. Prior to SR-DTC-2021-003, this was to occur "*No later than the 10th business day after **the last Friday of the month***" (page 5). You might be thinking now "what's the last Friday of January"?

Today



2021

January

S	M	T	W	T	F	S
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

January 29th was the last Friday. Could the squeeze on the 28th been a result of Citadel starting to reconcile their positions with the DTC?

So the JAN28 event may have been caused by Citadel starting the process of reconciling their positions to submit and confirm with the DTC. **After JAN28, all parties had a sense of the magnitude of this event but probably could not get enough transparency to make the right decisions.**

Why wouldn't Citadel just continue to "fudge" their books? There's something interesting on page 12 and 13 of SR-DTC-2021-003 which gets referenced again in SR-DTC-2021-004 which is filed 13 days later. Here is the text of the existing member agreement on page 12:

This guide provides information regarding DTC's processing of reorganization events. DTC obtains this information from sources it believes to be reliable, but DTC does not represent the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of this information, which is provided as is. Furthermore, this information is subject to change. Participants should independently obtain, monitor and review any available documentation relating to the reorganization activity and verify information obtained from DTC. In addition, nothing contained in such information shall relieve participants of their responsibility under DTC's Rules and Procedures to check the accuracy of this information."

SR-DTC-2021-003 page 12: the original text which gets replaced.
And the text that replaces it on page 13:

“Subject to the terms of the “Important Legal Information” section, while DTC endeavors to provide Participants with timely and accurate information with respect to Distributions, Redemptions, and Reorganizations events, Participants are responsible for monitoring, obtaining and confirming such information without reliance on DTC, and for reconciling their records in advance of any critical dates, including, but not limited to, dividend, interest payable, redemption, maturity payable, and voluntary and mandatory reorganizations dates.”

SR-DTC-2021-003 page 13: note the underlined text which was added.
Now let's look at a piece of text in SR-DTC-2021-004 on page 9:

Second, in Table 3-B (DTC Critical Services), the description of critical service #19, (Cash and Stock Distributions) states that “As the owner of the securities, DTC has

Original Verbiage

an obligation to its Participants to distribute principal, interest, dividend payments and other distributions received for those securities. No alternative provider is available.”

The proposed rule change would revise the first sentence of this description to add the phrase “on the issuer’s books and records” after the words “As owner of the securities.”

DTC believes this change to the description, which currently does not include a reference to the fact that DTC’s obligations with respect to distribution of “Cash and Stock Distributions” arise from its ownership of securities on the books and records of the issuer, is necessary to make clear that DTC is not the beneficial owner of the securities.

SR-DTC-2021-004 page 9: notice the addition of the text "on the issuer's books and records"

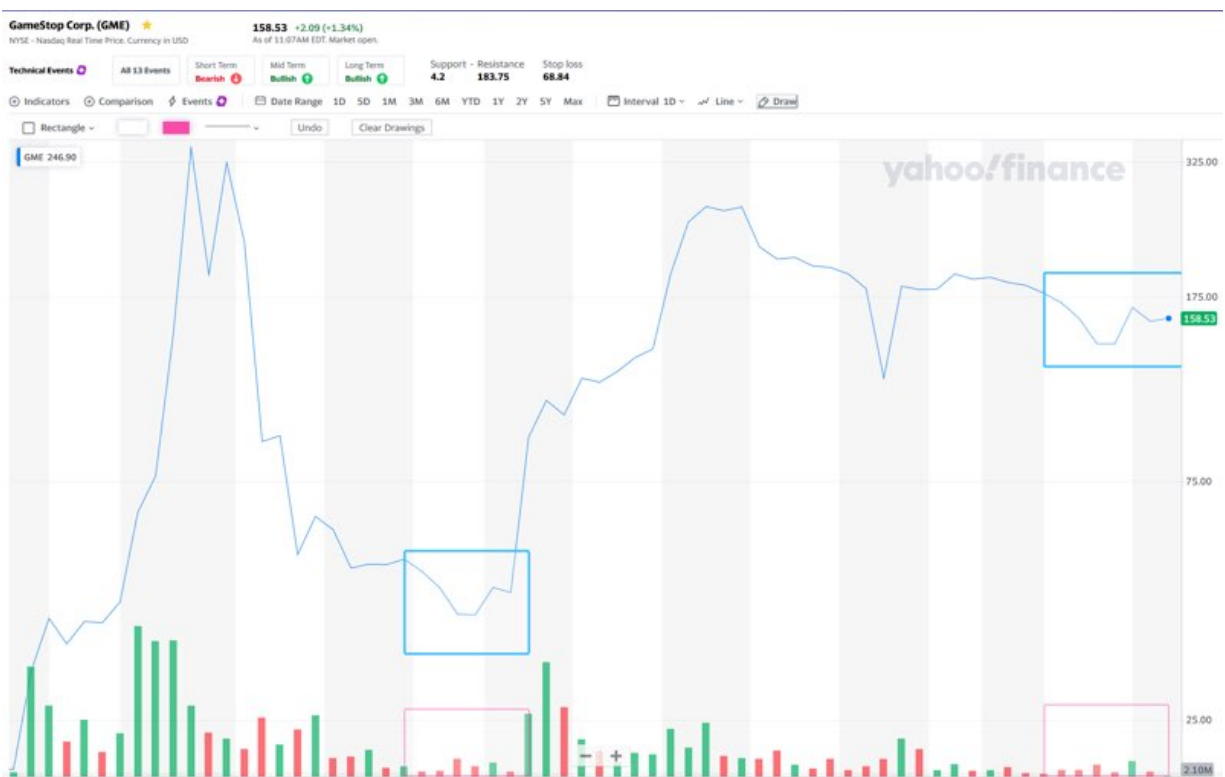
In other words, DTC is highlighting that it will only release dividends, interest, other distributions, and *redemption* for any securities it has on record. 003 and 004 fit together to clarify that DTC will not make payments for anything that is not reconciled with their systems.

TL;DR. So...What Ape Do?

Same as always: **HODL**.

My conjecture is that **in an ideal world**, SR-OCC-2021-004 is the key piece to get into place to re-define the liquidation of failing members. But we may now be pushing up against the calendar and RC, GME, and BR may be forced to play their cards rather than wait. Or I could be wrong and everything gets blown open tomorrow.

While I do not buy into much of the technical analysis around this stock, there is something very interesting if you look at the charts *and volume* leading into the spike at the end of February and where we are now.



Look at the pattern leading into the February spike and the pattern we're in right now over the past week.

I think we are getting really close to another big price move. It may or may not be the squeeze, but we see a repeat of almost the exact same price movement *and volume* as the last time we moved out of a stasis.

Like a black hole, we cannot actually see it because even light does not escape, but we can observe how the mass bodies around it interact and how it distorts the space that it occupies. The squeeze is there. The best that we can do is to observe how the major players are positioning and preparing.

“My father showed me how building lifelong relationships with customers was far more valuable than optimizing for short-term profits.”

RYAN COHEN

GME IS PRICELESS

PUBLISHED APRIL 21, 2021

U/MISSING_THE_POINT_

FIRST OF ALL, I'd like to start off by stating this post is completely nonpartisan. GME is not a political debate, it's a class war.

Okay, let me ask you guys this — how many of you knew that when the pandemic began, the FED pumped \$3 trillion dollars into the markets? I watch the news in the background all day, every day, and I didn't know at the time when the injections were happening. This news would have been of great interest to me since I day trade, so it would not be something that I wasn't paying attention to. I just simply wasn't looking in the right places.

You may not have been aware of the pump either because it was discreet. And we were even misled about it. How many times did you hear Trump brag that markets being at an all-time high? This literally had nothing to do with how well the economy was doing. Or the markets for that matter. The record high is completely artificial.

This isn't a political issue; this is a class issue. What should infuriate you most is that people were literally starving, unable to pay their rent, and job losses were reaching record highs, while our government withheld aid to desperate Americans, and even took a vacation in the middle of their debate about it. But the Federal Reserve wasted no time (in March 2020) spending trillions of dollars bailing out banks. Again.

It was not to protect your retirement accounts. They claimed there was not enough liquidity in the markets, and Fed Chair Jerome H. Powell stated he will do whatever it takes to prevent another Great Depression. But their actions are what is about to cause the next potential Great Depression.

Not only was \$3 trillion pumped into the market, but the Federal Reserve also lent an additional \$1 trillion a day to large banks for 14-days. None of that was taxpayer money, by the way. The FED was just printing money. They loaned TRILLIONS OF DOLLARS to big banks, while the U.S. Government told the American people they didn't even deserve a \$600 check of their own, taxpayer money.

The banks, investment firms, and hedge funds got too greedy and pumped too much into the market ([Here's what the s&p currently looks like if you haven't seen this image](#)), and the SEC and the DTCC were complicit. Now, there's too much liquidity. There is more borrowed money than real cash in the market and it has no real value. It's a house of cards, ready to fall at any moment. The wheels are in motion. It is happening. Correction is imminent.

The SEC realized the market bubble at least 6 months ago. You may have heard that big banks recently had huge record-setting sales last week on bonds and were taking advantage of a recent dip in Treasury yields. That was a lie. The SEC told brokers that as of April 22nd, they must have the capital to cover every share they borrowed from investors and lent out to hedge funds. So, stockbrokers needed billions of extra capital on hand by April 22nd or they will have to recall shares.

I personally believe that the crash has begun and has been in motion since early February. I wrote [a post about it](#) yesterday, after realizing the trends for every stock on my watchlist have been extremely unusual. I received hundreds of comments from people saying they're noticing the same unusual trend.

The crash isn't obvious to the average person because the stock market has continued to report record highs, every week. However, my trading strategy focuses entirely on penny stocks that are owned by hedge funds known to manipulate the market. Most stocks I invest in are all complete garbage, but I look for pump and dumps, obvious manipulation patterns, and anticipate runners based on near-identical charts of multiple companies. So, none of the stocks on my watchlists are in any of the benchmark indexes like the s&p 500, Nasdaq, and the Dow.

In one of the most interesting comments, [Comotron](#) explains it perfectly: "High-momentum stocks, which are risky at any time of the market cycle, are particularly so in the weeks prior to a bull market top. There could be a 'smaller dip first, followed by another rise for a few months and finally a much larger correction that officially ends the bull cycle. That's the conclusion I reached upon analyzing all U.S. bull markets since 1926. Stocks that are riding a wave of momentum do not crest in unison with the broad market averages. They instead start to lose steam several weeks in advance. It is probably fair to say that "penny stocks" fall into the "high-momentum stocks" category. Either way, based on historical data, there appear to be credible indicators that suggest a market correction might happen in the near future."

That information is **fucking. fascinating.** From early December to mid-January, the market was ridiculously bullish. I literally made more money in one month than my annual salary. Then all of a sudden, every single one of my stocks just started trending downward, had a short rise, and have continued to bleed for the past few weeks. All of them. Exactly the same time. And exactly like he said in the comment.

There has definitely already been a mass sell-off of securities by hedge funds who have lost AT LEAST 70 billion dollars in the past quarter, because of the tremendously dangerous and reckless risks they've taken recently, which alone would have crashed the market without the pump

from the Federal Reserve. As we know, the hedge funds knew it would too, but gambled with our money anyway. This is just the beginning. There is a domino effect of bankruptcies on the way for hedge funds.

We know the media has recently reported that investment banks and hedge funds had record-breaking quarters recently. Which, technically they did. But that's because losses are only reported when you sell. They have not covered any of the short positions yet and are paying millions of dollars every single day until they do. In fact, capital from the mass sell-off isn't going towards paying off their debt, millions of dollars are going towards suppressing this information, manipulating the market for more capital, and reducing losses. What they're doing is completely illegal and the media is not reporting it, the left or the right-wing media. It's because they're all controlled by billionaires. In the past three months, I have never seen so much lying and corruption in my life.

As the SEC's deadline to secure capital approaches there have been other signs that things are going to blow up very soon. For instance:

- The SEC announced in a press release that it will award a record-breaking \$114 million to whistleblowers whose information and assistance lead to the successful enforcement of SEC and related actions.

- Gary Gensler was confirmed as the new chairman of the Securities and Exchange Commission (SEC) on Wednesday. He was sworn on Saturday. What's interesting about that is that it's not typical to be sworn in on Saturdays. The last SEC chairman to be sworn in on a Saturday was George Bradford Cook, and it was before the Watergate scandal broke.

When all this does break, they will try to change the narrative. They're going to blame it on retail traders and say overvalued stocks bought during

the pandemic caused the crash. Fox will probably even blame the Biden administration. But either way, they've already started pushing an alternative narrative. For example, CNN linked an interview with some dude (I really don't care enough to look for his name or the video, because I don't find him credible) who owns a market intelligence company. The guy apparently predicted every single market crash since 1987's Black Monday. I watched the whole interview, and he went on and on about how there will be a market crash soon and said the reason is that tech stocks are overvalued right now. If he were an actual market expert explaining the upcoming market bubble, he would have mentioned any of the information above, but he didn't. He strictly talked about tech stocks.

So, yeah, it's out there. Billionaires control the stock market, media, and our politicians.

I don't know about you guys, but I'm fucking sick of it. And for that, they need to pay.

The Ceiling/Floor:

There are many factors in all this that we need to calculate into our ceiling/floor. First of all, we should demand back the \$17 trillion dollar bailout given to banks, that was gambled away recklessly, and will inevitably crash our economy.

$$\text{\$17 trillion} / 55.6 \text{ million (float)} = \text{\$303,571.00/share}$$

That would be my floor if there was no market bubble. But there is. And it's their fault. Therefore, our floor should hold them accountable for the massive amount of money Americans are about to lose when the market crashes. The only problem (for hedge funds) is that no one knows how much this is going to cost.

For that reason, I believe GME is priceless. They can't afford to keep the price down, once the squeeze begins. We literally choose the price. The limit does not exist.

I believed it before, but I see it now. And I have all the information, which makes me believe we are owed this money. Not just for past for corruption, but to cover future, unavoidable losses.

I ask you all to stop fighting about the floor and ceiling, take down your sell limits, and repeat after me:

“My shares are not for sale.”

Stop thinking about selling. I will remind you again that we own the float. They're paying millions of dollars in interest each day and will eventually be forced to cover. Force the liquidity to dry up. Watch buy orders rise from \$1,000, \$5,000, \$10,000...\$1,000,000...because they're not being filled.

Sell when you feel comfortable and believe it's an amount you deserve. Everyone has different risk tolerances, not everyone will sell at the same time, and we know the original members of [r/wallstreetbets](#) have an extremely and unusually high tolerance for risk. So, trust us and each other.

This really is a revolution. As Scaramucci Tweeted, this is like the modern-day French Revolution of finance. Gamestop is a MOTHERFUCKING (Keith) GILL-OTINE.

This is the way.

[Trust me. Everything is going to be fine.](#)

“I am not a cat.”

ROARING KITTY

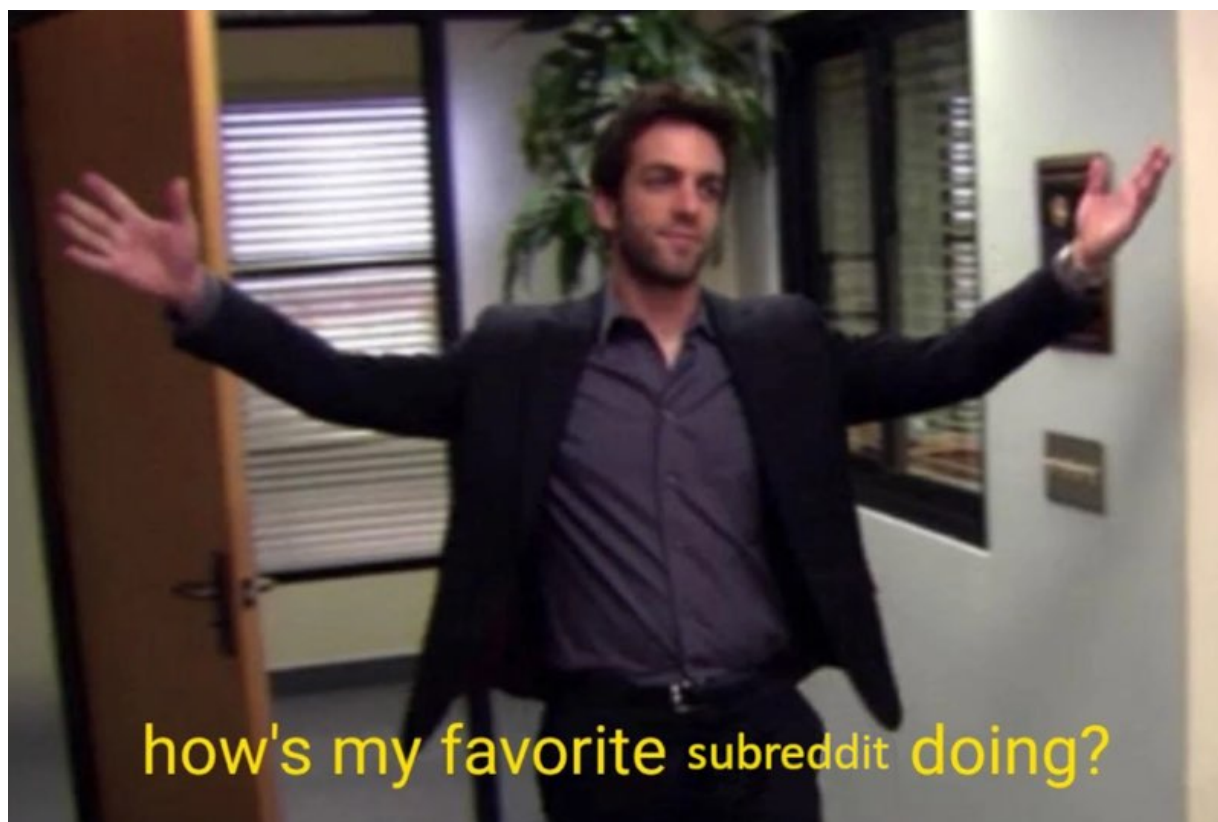
THE FLURRY OF RULES BEFORE THE STORM

PUBLISHED MAY 20, 2021

U/CRIAND

I'M NOT a financial advisor - and I am not providing you financial advice!
This is all my interpretation of what is going on.

Anyways, I wanted to ask...



I'm hype. Are you pretty hype? I keep coming back because I love you guys, and I love the fact that there has been so much research freely accessible to teach millions of people all the nooks and crannies of the market. I'll just say - once this is all over, I'll miss you apes. Thank you all.



TL;DR: The market is an overleveraged and rehypothecated bomb. The banks have been fighting a liquidity crisis since the end of March due to the government emergency liquidity programs ending and inflation kicking in. The repo market could blow up at any moment from a lack of collateral and short squeeze the US Treasury market itself. The entire market is hanging by a thread and the DTC, ICC, and OCC are prepared for the fallout. The moment GME surges again, they can cascade defaults to members in all clearing corps and end it in one fell swoop.

1. The DTC, ICC, and OCC

Let's clear up some confusion! Lots of apes are posting rule numbers with no prefix, so it's going to be a problem understanding one another. Let's forge some wrinkles! □□□

These are all major clearing corps of the market. They all are their own beasts in and of themselves. For simplicity, we'll label them as such:

DTC = stocks

ICC = default swaps

OCC = options

Each of them operate independently, so they're all filing their own rules that affect them **individually**. Important distinction. The DTC rules don't

apply to the ICC, and vice-versa. That is why we see the rule prefixes. These prefixes can help you distinguish between each of the entities.

- Example 1: SR-DTC-2021-004 is a rule for the DTC

- Example 2: SR-ICC-2021-005 is a rule for the ICC

- Example 3: SR-OCC-2021-004 is a rule for the OCC

It helps a lot to add the prefix before the rule number since we're now seeing multiple 003/004/005 rules. Less confused ape = happy ape!

2. Almost Everyone Is Ready For Member Defaults

You've probably heard the term **defaulting member** being thrown around a lot lately. You can think of that as being equivalent to a margin call. The member defaulted on something - making them go negative in net capital - and thus they're in debt. Bye bye!

The DTC, ICC, and OCC all pretty much share the same members. Market Makers and Banks. Except of course the ICC which only has Banks as members. **You might think that all these rules being passed have nothing to do with GME, but it deals with the market itself blowing up, which in turn effects GME. All three of them passing similar rules is spooky and not a good sign for the market.**

If a member defaults in the ICC, they most likely default in the DTC and OCC as well. The DTC, ICC, and OCC do **not** want to be left paying up for the defaulting member's debts in the event of a default. They also

want to contain the nuke as much as possible so that it doesn't completely obliterate the market.

To prepare for the market nuke, the DTC, ICC, and OCC have passed rules/plans to deal with defaulting members.

We won't go into super detail here. Just a brief summary of the infinity stones which the DTC, ICC, and OCC have collected:

- **DTC-004:** Wind-down and auction plan. **In effect.**

- **ICC-005:** Wind-down and auction plan. **In effect.**

- **OCC-004:** Auction plan. Allows third parties to join in (E.g. Blackrock). **In effect.**

- **OCC-003:** Shielding plan. Protects the OCC from paying up too badly by having extra liquidity. **Not in effect, but the OCC deposit of ~\$600m that was due the morning of May 19th could have supplemented for this. If not, can go into effect any day between now and May 31st.**

As of today, the OCC approved their auction plan, which will go into effect tomorrow morning.

Every single one of them now has some form of rule which allows the defaulting members assets to be auctioned off. This allows other members to buy the defaulters assets at a discount while funding the defaulting member's positions. Say someone defaults from GME short positions and has, oh, I don't know, 500 million shares short. The money used to pay for

the covering of the GME short position will be funded partially by this auction.

In the end, this transfers assets to other entities while also pushing the damage to those entities as much as possible - a way to contain the nuke. It's a win-win situation. Other members get securities/assets on the cheap, while the DTC, ICC, and OCC worry less about payout, and the market **might** be able to prop itself up.

Now the case with the OCC, third-party members can join in on the fun. E.g. Blackrock. There's some theories that Blackrock will delete Citadel from existence and press the MOASS button. I don't think so. I think they've just been waiting this out to gather enough cash to bid on as many assets as possible. They're not going to waste their money on igniting the MOASS, they're going to spend it to feast on the defaulters remains.

The key takeaway is that all three of them, the DTC, ICC, and OCC are ready to pull the plug.

Any one of the DTC, ICC, or OCC can margin call a member and cause a default.

The moment a member defaults in the DTC, ICC, or OCC, it will cascade to the other clearing corps and cause them to default over there as well. In one fell swoop, all the stocks, options, and swaps of defaulting members are up for auction.

3. Do We Need The Other Rules?

You're probably thinking about **DTC-005**, **NSCC-002/801**, and others. And no, from my understanding GME does NOT need them to squeeze.

GME doesn't even really need a catalyst. The T+21 and T+35 crossover event is probably enough to push it over the edge (discussed later). The market is literally hanging by a thread right now and a big move in GME can push it into margin call territory, causing the cascading defaults.

The DTC-005 and NSCC-002/801 rules are to protect the future market. The guys in charge might have finally learned to impose more restrictions, and hopefully they stick to it.

DTC-005 will help avoid another stock from becoming over-shorted again. No more naked shorting. No more adding to your short pile with malicious options practices. It prevents another group of absolute retarded hedgefunds from doing this again. The T+21 and T+35 loop will cause the price floor to increase regardless of this rule and eventually cause margin calls. Remember, liquidity bomb is a growing issue, so the margin call price is most likely dropping as well.

NSCC-002/801 will speed up margin calls for extreme volatile movements like we saw in the January and March squeezes. They will make sure that if someone enters margin call city territory, they'll issue it with a one-hour timeframe. Pay up within **one hour** or you're toast. This ensures that volatility will kill off shorters who get caught with their pants down.

Those rules help the future market avoid this bullshit again. They are not necessary for the MOASS.

The ICC itself has introduced a wild rule **ICC-008**, which is in effect, that performs hypothetical margin calculations based on market movements. So again, the ICC could trigger a margin call to its bank members based on their new margin model rather than the DTC. Boom, the defaulting bank cascades through the banks members and eventually to GME.

After all is said and done, the DTC will ensure that these rules are in place so that nobody can cause a GameStop situation again.

The most important rules are the wind-down and auction plans. They cover the DTC, ICC, and OCC's asses and try to protect the market as much as possible. These wind-down and auction plans are the OK 🐣 to initiate launch when the time is right.

4. Shit Is Close To Hitting The Fan

The whole market is an overleveraged bomb. GME isn't the only problem here.

I'm sure you guys remember Archegos. Those guys abused what, 5x leverage? And you all saw what effect they had on the market.

Imagine how bad leverage must have been abused by all the large firms which are STILL standing today. Imagine what will happen if a very large firm with equivalent or larger margin goes bust. How about a handful of them going bust? Bad, bad things, my fellow ape. Bad things.

I'm sure you guys have seen this posted a million times today. This screams liquidity crisis in the banks because they've been really fucking stupid for the past couple of years, even more so since 2020 by allowing firms to abuse the pandemic.



zerohedge

@zerohedge

the real story today: reverse repo usage just surpassed Covid crash highs. We are effectively out of repo market collateral, Fed is cornered, and there is no place to park \$1TN more in reserves.

Fed can't do 18 more months of QE



1:29 p.m. · 19 May 21 · [TweetDeck](#)

When did these reverse repos start showing up?

January 29th.

February 25th.

March 11th.

Woah what? Liquidity problems around the dates GME surged? It's not necessarily connected but hey, nice coincidence - right? 😊

The reverse repos started coming at ever-increasing frequency towards the end of March. Hmmm. Wonder why? [Could it be that the fed ended their liquidity programs?](#)

Fed says extending four emergency liquidity programs to March 31, 2021

Yup. Those programs dried up on March 31, 2021. So as of that date, banks and HFs really started to struggle with liquidity. Ever since then, it's been the act of tossing a hot potato back and forth between the Fed, banks, and HFs on a collateral crisis for liquidity and attempting to profit off of inflation (See "[Everything Short](#)" by [/u/atobitt](#)):

1. HFs have gone wild rehypothecating treasury bonds and even though one copy of a treasury bond exists, a dozen or more firms and HFs could "own" the same bond. They can post these as collateral into the repo market for cash.

2. Banks want HFs treasury bonds in exchange for cash because they think they can profit off of them due to the fear of inflation, which drives treasury bond values down, so there is a demand for collateral. The banks literally pay the HFs for their bonds.

3. The banks borrow the treasury bonds to short into the treasury market and deliver cash. They expect to buy the bonds back later at a lower price because they think inflation will kick in and rates will go up. This drives the value of the treasury bonds down, so the short is a good play.

4. The payments from the banks keep going up as demand rises = larger and larger daily repo amounts. The banks will pay more and more to borrow the collateral each time.

5. The treasury bonds on the treasury market slowly get eaten up by the Fed so that they can print money into the repo market to keep repo interest rates down. Supply of collateral drops. As this continues, the repo rate can flip negative because of too much money and too little collateral.

6. This continues until suddenly there's a supply shock in treasury bond collateral, causing the treasury bond prices to go up in price. No supply of collateral = no cash can be borrowed from banks = liquidity crisis.

7. The banks that borrowed the bonds and shorted them into the treasury market now have to buy them back up because they shorted expecting to buy back at a cheaper price, but the prices have gone up. (Think the same situation with GameStop).

8. Literal short squeeze on the treasury market itself.

9. Banks default from having to purchase up the treasury bonds that were shorted into the treasury market. Cascade of defaults to all the HFs and firms that actually needed money from the repo market because they can't get the cash they need.

10. No collateral in the repo market shuts down the transfer of money to the world.

11. Shit hits the fan until the Fed + global powers figure out a solution.

At any moment, the liquidity bomb can pop and drag the whole system down. Definitely recommend [George Gammon's Summary](#).

5. The T+35 and T+21 Crossover Event of Meme Stocks

I've posted a theory about us getting close to another February 24th repeat where massive amounts of volume and buy pressure could surge GME. You can find the post here:

[FTD Loop Missing Link T+35 and T+21](#)

The actual **why** to the mechanics behind these loops might not actually be FTDs. But instead Net Capital, which operates on a similar timeframe. T+7, T+14, T+21, T+28. They're forced to buy up shares, causing buy pressure, in order to return neutral and deliver. You can find that post here:

[Net Capital Bomb](#)

In quick summary of T+35 and T+21, we seem to be in **multiple** price spike loops. And a new one is about to pop up. Where did these originate

from? So far, it looks like three main dates:

- **January 15th:** Major option date. One of the only 2021 option dates available in early 2020. Shorters must have piled in here.

- ~~February 5th**:** The date Robinhood and other brokers fully lifted restrictions. Most likely reset the clock from another options date or some other factor. [Trying to pin this down]~~ Edit: I think we can ignore this. The only option expirations that matter are Jan 15 and April 16 due to them being two of the major option dates that were available in 2020.

- **April 16th:** Major option date. One of the only 2021 option dates available in early 2020. Once again, shorters must have piled in here. I'm pretty sure Melvin's PUTs expired on this date, FYI. 😊

Each date coincides with the following loop:

1. Option Expire date. T+35 days later a price spike occurs. (January 15 -> February 24th)

2. An endless cycle of price spikes T+21 days later starts. (February 24th -> March 25th -> April 26th -> May 25th)

The first T+35 spike is more significant than the T+21 spikes. Check it out. **I've also plotted the hypothetical next price spikes which occur on**

May 24 (T+35) and May 25 (T+21).

Please note: T+35 is CALENDAR days. T+21 is BUSINESS days. Take a look at the above DD for the walkthrough of this timing.



GME T+35 and T+21 Loop

Guess what? This happens in AMC too. You can apply this to KOSS as well, and find the same exact patterns. Anyone want to have fun and check more meme stocks? Be my guest!



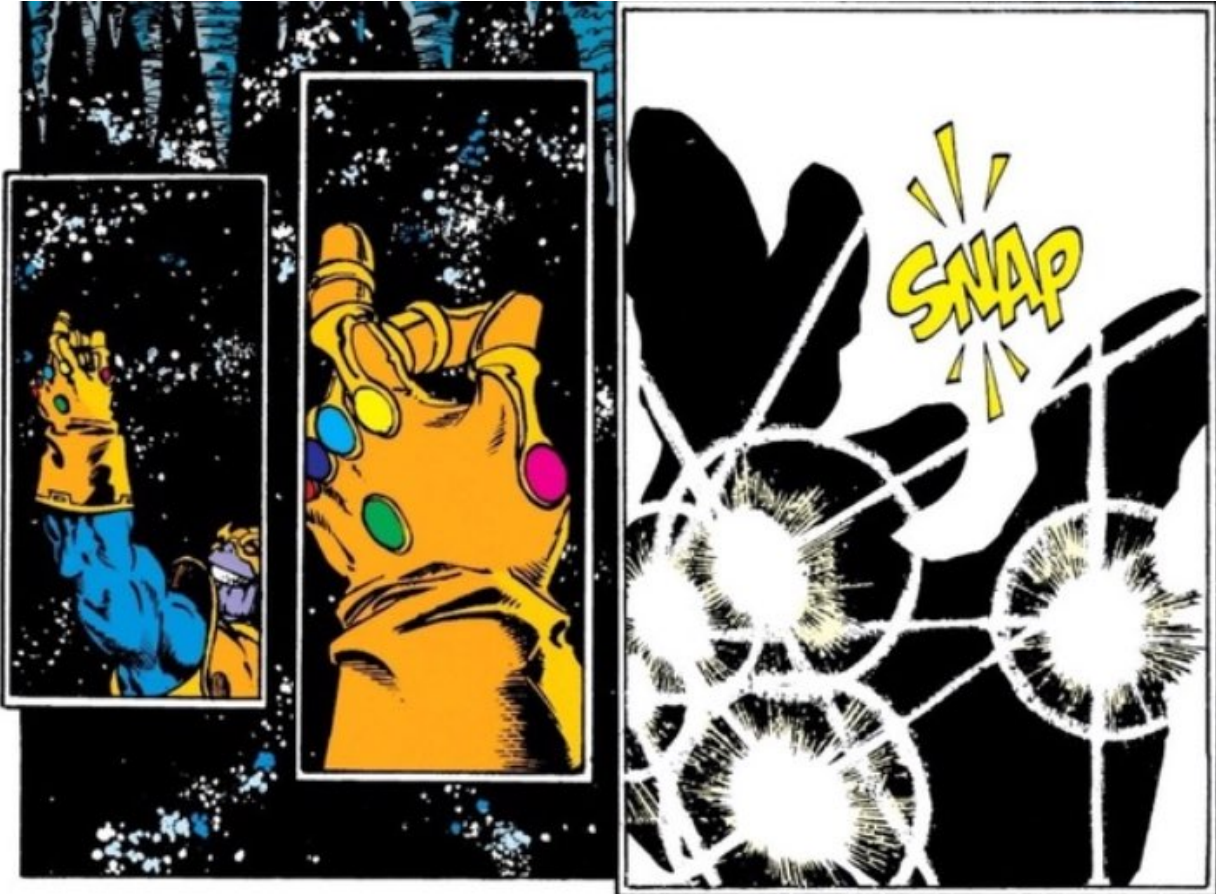
AMC T+35 and T+21 Loop

See that shit? We're lining up for not just a T+35 spike, but a T+21 spike **one day after another next week**. This is going to effect **all** meme stocks if the cycle continues and April 16th actually triggers another loop.

The timing of all of the wind-down and auction plans being in effect along with the increasing liquidity issue of the banks with reverse repos means there's a massive liquidity bomb being juggled, which could blow up with another volatile movement in GME or the market itself. When that happens, anyone could default. And what happens when a member defaults in DTC, ICC, or OCC? It cascades to the other two clearing corps. The margin calls start blasting out to all of the way overleveraged firms who get screwed by this volatility, and down goes the house of cards.

Call me a tinfoil hat wearer, but it sure as hell feels like the SEC, DTC, ICC, OCC, everyone high up, planned this all out. The flash crashes, everything, in order to get their nuke fallout plans in place. They probably always knew the timer was going to tick, tick, tick, run out, and boom the week of May 24th due to April 16th options expiration.

So the SEC, DTC, ICC, OCC, all the higher-ups shut things down in January. They shut things down on March 10th. They crash the price on March 15th to avoid a pre-emptive margin-call. They pull many strings to buy time, pump all their wind-down plans in place at the last minute, wait for the next surge of GME, and then...



GME IS CLEARED FOR LIFT-OFF

GROUND CONTROL REDDIT, THIS IS MAJOR GAMESTOP.
WE SHALL SEE YOU SOON TO CATCH UP MORE

“What’s an exit strategy?”

U/DEEPFUCKINGVALUE

EXIT STRATEGY 1

PUBLISHED MARCH 20, 2021

U/NHNE

SO YOU'VE BEEN COMBATING FUD, HODLing, reading DD, and buying the dip cuz you like the stock. Congratz, you have been doing well on the front lines and you've been surviving. But this is actually just the easy part. The hardest part is actually knowing when to sell and actually turning those shares into tendies, because obviously it doesn't matter how much we hold if we mess up during the squeeze and fail to capture most of the value of the shares. And that's why we're going to add a wrinkle on your ape brain today and discuss about your EXIT STRATEGY.

What is an EXIT STRATEGY, and why is it important?

This really pains me that a bunch of apes have been asking what an EXIT STRATEGY is, as this is something ALL apes should know. An EXIT STRATEGY is your plan for how and when to sell your shares. This is arguably the most important part of trading, as this directly affects how much money you're getting. Obviously we're not going to rely on just emotions, or luck, or just YOLO / 360noscopying the sell button arbitrarily during the squeeze, but we're gonna use our wrinkles to get a better educated guess as to when we're going to sell our shares. Not knowing how

to sell our shares well will not only give you as an individual less profit, but also might hinder the squeeze and rob the rocket of rocket fuel, meaning the squeeze won't be as high as it could have been, and meaning ALL APES will have less profit. So read, learn, grow a wrinkle or two, and don't fuck it up for the rest of us!

There is already two EXCELLENT DD's on this, and just in case reddit dies during the squeeze, or if these posts gets deleted, here is the archived version as well; copy and paste the articles themselves or the links to save them just in case.

- Wedges and Triangles:

https://www.reddit.com/r/GME/comments/m073v6/exit_strategy_dd_a_comprehensive_guide_to

https://web.archive.org/web/20210309074023/https://www.reddit.com/r/GME/comments/m073v6/exit_strategy_dd_a_comprehensive_guide_to/

- Short Squeeze Case Study: \$DRYS

https://www.reddit.com/r/GME/comments/m0r4kg/gme_exit_strategy_here_is_what_i_not_we_i_am

https://web.archive.org/web/20210319103103/https://www.reddit.com/r/GME/comments/m0r4kg/gme_exit_strategy_here_is_what_i_not_we_i_am/

- Bonus: Elliott Wave

Theory https://www.reddit.com/r/GME/comments/m6cebh/why_10000_per_share_is_just_a_stop_along_the_way/

Some new/repeated points that needs to be reiterated or may not have been covered above:

- GME holders don't want to sell on the way up, but they'd **want to start selling after the peak on the way down**, to minimize the regret of selling at \$10k but seeing the stock hitting \$1 mil. Plus selling on the way down ensures the stock can reach its max price.
- **We don't need to worry much about paper hands selling early** at like \$5k or \$10k because they make up only a small part of retail investors, and because of the short interest is estimated to be anywhere from 200% - 300% all the way to over 500%, it means our wallstreet bagholder shorters will need to buy these shares back multiple times to cover their position, so even if they buy all the paper hand shares, they'll need to do it again multiples of times to even start to cover.
- The short squeeze isn't going to last for 2 minutes and that's it. From previous short squeezes, **the build up to the top will last for days, so you'll have PLENTY of time to see it coming**. And even at the very top, the price will bounce around a bit before heading down again to earth, so you'll have plenty of time to sell.
- **When you sell, sell with a limit order, not a market order**, because you don't want some freak accident or some illegal shinnanigans where the stock price is worth \$1 mil but because you did a market order sell, you somehow got only \$50k for your share. If your broker doesn't allow you to do limit sells, it's okay you can do market order sell, but expect there to be a

difference (usually small buy sometimes bigger during times of high volatility) between the market price you see reported on your brokerage platform vs the actual price you sell it at. The problem with limit order selling is that you have to manually view the price all the time, waiting for the price to hit whatever level you were planning to sell at. Using a stop-limit sell order though automatically activates the limit order after the stop price has been reached, and you can also set the limit sell price that activates once the price reaches that point. Warning, in times of EXTREME volatility, if you set your limit too close to the current price, there is a chance it won't execute. For example, if the stock is dropping from \$1 mil, and you go and spend a minute to set up a limit set order at \$990k, by the time you finish clicking and typing, the price could already be at \$980k by the time you submit the order, and your order won't fill. Best to have looser sell limit of like maybe 5-10% below current price, or even more, during times of extreme volatility. If you want to, you can also set a trailing stop limit order, which is something that limits how much you can lose but doesn't cap the gain. The issue with setting a trailing stop limit order is that if you don't set it properly, ie, not giving yourself enough room, then potentially any volatile spikes downwards on the rocket ride up could accidentally trigger those stop loss limits and make you sell prematurely, kicking you off the rocket before it arrives at andromeda. For example, in the \$DRYS example in the linked DD, if you set your trailing stop loss to be 10%, then you would have gotten kicked off the rocket at only a little past half way. If you just use a plain old limit order sell, then that gives you the most control. I guess you could also set a trailing stop limit order

sell at 10% below current price once the price goes past your target price.

For more info: <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-15#:~:text=A%20trailing%20stop%20order%20is,is%20not%20a%20specific%20price.&text=However%2C%20if%20the%20security's%20price,reaches%20the%20trailing%20stop%20price.>

<https://www.investopedia.com/terms/l/limitorder.asp>
<https://www.investopedia.com/terms/s/stoporder.asp>
<https://www.investopedia.com/terms/t/trailingstop.asp>

EDIT: Some have told me they can't set limit sell orders below current market price. If that's the case maybe it's better to set a stop loss sell order so when the price hits that stop price, the order will fill. Problem with that is your order won't execute right away if the price remains higher than your stop price. Or just do a market sell order and hope the actual sell price is close to the reported sell price when you submit the order. Each brokerage behaves a little differently so it's best to get to know the ins and outs of your own particular brokerage.

Don't panic when the price halts. It's supposed to halt when there is a drastic change in price, either up or down. Because of these price halts, you'll have even more time to react when the price sky rockets. <https://www.investopedia.com/terms/t/tradinghalt.asp>
<https://www.investopedia.com/terms/c/circuitbreaker.asp>

Make sure your brokerage actually allows you to sell your shares at over a mil. I've heard some brokerages have a limit on how big your order can be or maybe have limits to your account itself. Example, if the brokerage has a limit on transactions being less than a mil, then you'd be screwed if you're trying to sell GME for more than a mil. Also, it's a bit different than being allowed to set limit prices at like a mil while the current price is still \$200. Even for the broker I use, Questrade, they said there is a limit to what price you can set a limit sell order at, and that limit changes depending on the stock price. So if GME rockets, so should the limit sell price cap.

Also, don't ask me about your particular broker, I'm a Canadian ape and all I know is that Questrade allows for unlimited shinnanigans at any price, cuz I talked to them this morning. With the heart of a partial GME owner, you gotta seize your fate in your own hands and ask your broker yourself. Once you have the answer, what we could do is compile the answers here so everyone can see.

Watch the volume as well. It's expected the volume to increase significantly during the squeeze, probably being at it's max around half way into the squeeze, and tapering off towards the top of the squeeze. Conversely, the sell volume will be almost non-existent in the middle of the squeeze, and will increase gradually as we get to the top and then down on the other side back to earth.<https://www.thebalance.com/buying-and-selling-volume-1031027#:~:text=Total%20volume%20is%20made%20up,were%20associated%20with%20selling%20trades>.

Also, make sure you have access to multiple ways to access your account to sell. IE: Don't rely on your ghetto phone at like 3% on the day of the squeeze to sell on your app. Have multiple devices ready, phones, laptops, desktops, all set up to log in quick and to issue sell orders at a moment's notice.

Lastly, the peak will not be whatever number you want it to be, or whatever number we all want it to be. The peak will be the peak, and it could be what we think or hope it could be or it could not. Don't just blindly hold to a certain number thinking that it's gonna be the peak. You must always check all the indicators as the squeeze is happening and monitor carefully so you don't miss the peak. All the prices we've been asking for are theoretical. None of us are prophets. Do your own due diligence during the squeeze, don't rely on others.

★EXIT STRATEGY EXAMPLE★

I'm sitting here masturbating and suddenly the price jumps from trading sideways at \$200-\$300 to \$400. I know something's up. So I now actually stay paying attention to the price. The price goes up past \$1k. Okay, maybe the gamma squeeze is transforming to the short squeeze. There has been a LOT of halts along the way, but it's fine, because As the price is rising, in my head I'm thinking that the share will go past \$100k, so if there are slight dips along the way I don't panic. I am also keeping an eye on technical analysis indicators in the above linked DDs to try and guess where the top is. Let's say the price has reached \$1 mil, and it paused there, and the indicators are starting to point to a reversal. Whether \$1 mil is the top or not, we don't know, but we can still wait to see if it breaks out and rockets up further. At that point I could:

1. Put in a 10% trailing stop limit sell order on my shares at \$1 mil. If it goes up, then I will still get the gainz, but if it goes down 10%, then it'll fill the sell order. At that point, I have to be okay with potentially getting

kicked off the rocket during a volatile down spike, as selling at \$900k is still great. And I don't think at that point near the top there would be any more volatile movements of 10% or more, but this is pure speculation.

2. Use a stop limit order of \$950k (if the price is heading down pretty quickly, a \$50k difference from the top will hopefully allow my limit orders to all fill) and sell 50% of my shares, and with the rest, wait for the stock to continue to go up or down. Let's say it starts to drop. It goes back to \$900k. At that point, although maybe I don't know if \$1 mil is the top, I'm going to make a gut guess it is, based on indicators and how much I personally want to profit from this whole thing. So then I will now attempt to sell maybe 50% of my remaining shares. I go on my brokerage and set a sell limit order at \$870k, which is slightly less than the current price of \$890k, to account for the continual dropping of the price. Hopefully most of my order will execute and I'd have filled most of the order at \$870k or higher. In case I still have some shares leftover, I'd put in another limit order sell at maybe \$40k less than the current price, and try again. With the remaining 25% of my total shares, I could then again wait. If the price goes back up, then great, I have another chance to sell for \$1 mil or higher. If it goes down, then I'd sell the rest of it at \$700k. Overall, in this hypothetical scenario, because I've staggered how I sold, I made sure that I still had chances to ride the rocket up past \$1 mil to the true peak, if the peak wasn't \$1 mil

\$1 mil per share is just an arbitrary price point I picked to illustrate an example. Could be higher, could be lower, no one knows. I don't know how high it'll moon, that's why this post exists in the first place, so you do the DD and know the technicals so you can guesstimate where the top is when

it happens. The numbers can change, but the strategy won't. \$1 mil is just fun to talk about.

Warning, the ULTIMATE FUD is coming, and the ONLY way to combat it is to have a solid exit strategy NOW.

With the way things are going on our sub, I almost can guarantee when the squeeze starts and when the price hits \$1000 or higher, we're gonna be FLOODED with fake DD's saying that it's the peak and here's why, with lots of technical charts and crayons and lines and fancy trading language and other bullshit to try and trick people into selling. If you don't sufficiently do your DD now and understand why \$1000 will NOT be the peak, then I can guarantee you you're gonna paper hand and sell at \$1000. Knowledge is power, and HFs know that. That's why posts like this gets downvoted to oblivion as soon as it comes out. EDUCATE yourself, form your exit strategy NOW, and stick to it through thick and thin, through the FUD FLOOD armageddon that will come.

Adding to this, as mentioned by another user, while [r/GME](#) bans gain porn until the whole thing is over, [r/wallstreetbets](#) and other subreddits will not, so you're going to see a whole flood of people posting gain porn after selling at \$1k or \$2k, and buying various articles of luxury maybe, like lambos. You have to prepare yourself now for that day when reddit front page is just all GME gain porn. Are you also gonna FOMO and paper hand it before GME truly reaches the stars, because the shill tactics then is making it look like everyone else is selling, and you're afraid of being a "bag holder"?

Last PSA: I really can't believe it, but some apes don't even know we have a God Tier DD that's pinned to the very top of [r/GME](#). Seriously. Do

yourself a favour and go there and read all of the DD. If you do, your hands are gonna be super diamond.

EDIT 1: Fixed content about limit selling / exit strat example.

EDIT 2: Some are saying not to sell on the way down because there is no more demand and you'll be caught holding the bag, thus you should only sell on the way up. This is only correct if you assume that the very last few shares hedgies need to buy, the last shares out of all 300%+ of outstanding shares, is bought at the very peak, and after that, demand drops to exactly 0% and there is not a single person buying anymore after the peak. But is that a realistic assumption? Up to you to decide. My thinking is that there will be sellers who sell on the way up, and there will be buyers as well on the way up. But some people will wait until the peak and sell on the way down, just like there may be buyers who wait until after the peak and buy on the way down. I personally don't believe there is a hard cut off at the peak where the buy volume suddenly drops to 0.

Without the power of hindsight, it can be quite daunting to try and "time" the top. I am going to be faced with a situation like this picture below. Just a green rocket going up, and my thinking will be, "Well damn when's the top? How high is it going to go? \$10k sounds nice but what if it goes to \$100k or \$500k or \$1 million?" In the case of Dryships Inc and their short squeeze, if I was in at \$40k and the price rocketed to \$336k, I might be thinking, damn it's almost 10x, should I sell? How high will it go? Read on to find out the conclusion to \$DRYS.



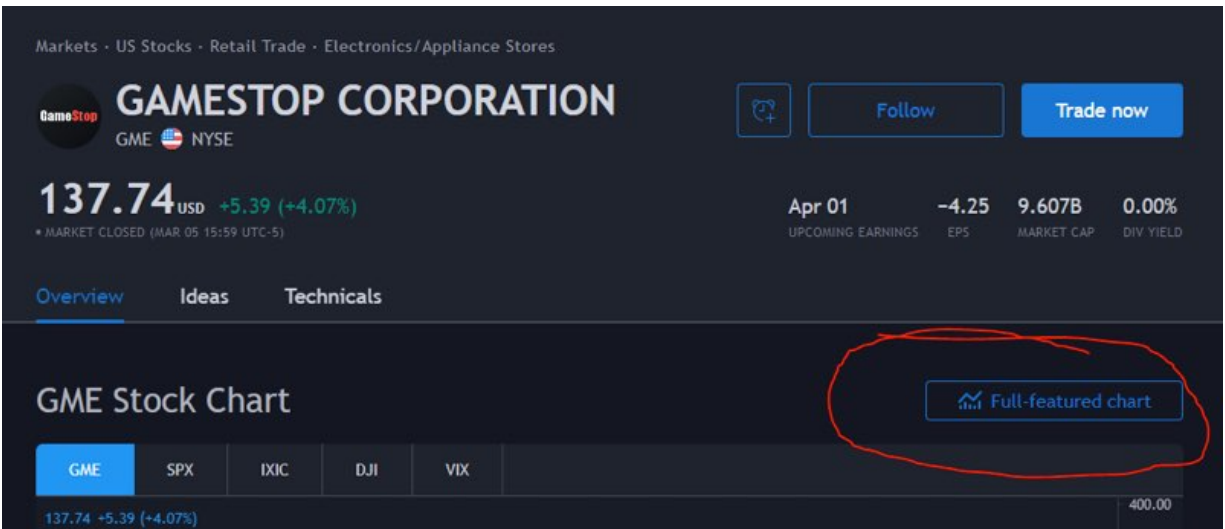
DRYSHIPS INC PRICE ACTION DURING SHORT SQUEEZE

That is why I am not relying on chance, but relying on common technical indicators to know when to sell, based on what happened to \$DRYS.

This guide will be broken up into 4 parts, where to get technical charts, what is MACD, what is Stoch RSI, and how can I use all this to know when to sell \$GME. And for those of you who don't know what an "exit strategy" is, it's basically a strategy of how to sell \$GME without fucking yourself over, or fucking over other apes.

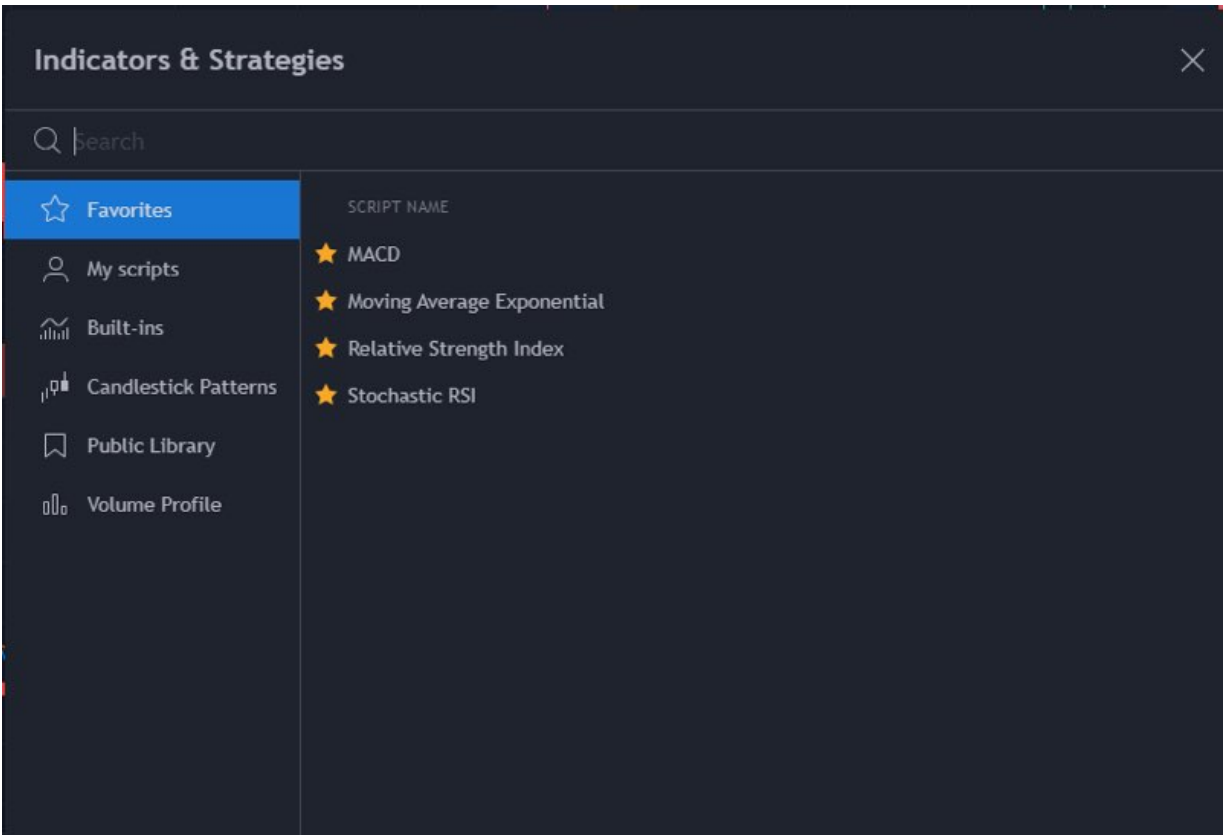
PART I: WHERE TO GET TECHNICAL CHARTS?

If you've been trading without viewing technical charts. LOL. But yes, all you need is Trading View, and yes it's free: <https://www.tradingview.com/symbols/NYSE-GME/>



Click on Full-featured Chart

Then, hover your mouse over the garbage can icon on the right bar to get a right facing arrow to appear. Click on the right facing arrow, then click "remove drawing and indicators" to clear the chart. Then, on the top bar, click on indicators, then type in and click on "Volume", "Stochastic RSI", and MACD.



Then you should get something like this:



Fuck paying for it. Don't worry about it.

Now that ape has stick tool, moving on to part II

PART II: WHAT IS MACD?

<https://www.investopedia.com/terms/m/macd.asp>https://www.youtube.com/watch?v=eob4wv2v--k&t=3s&ab_channel=RaynerTeo

TL;DR for MACD Moving average convergence divergence (MACD) indicates momentum reversals. You have 2 lines, the signal line and MACD line. Signal line is orange and MACD line is blue on Trading View. The bars show you the distance between these two lines. Green bars if MACD is higher than signal line. Red bars if MACD is lower than signal line. Basically big green bars show strong positive momentum. Big red bars show strong negative momentum.

PART III: WHAT IS STOCHASTIC RSI?

<https://www.investopedia.com/terms/s/stochrsi.asp>https://www.youtube.com/watch?v=THKFIE3119E&ab_channel=RaynerTeo

TL;DR for Stoch RSI

- A StochRSI reading above 0.8 is considered overbought, while a reading below 0.2 is considered oversold. On the zero to 100 scale, above 80 is overbought, and below 20 is oversold.

- Overbought doesn't necessarily mean the price will reverse lower, just like oversold doesn't mean the price will reverse higher. Rather the overbought and oversold conditions simply alert traders that the RSI is near the extremes of its recent readings.

PART IV: WHAT DO I DO WITH THIS INFO AND HOW DOES IT HELP ME KNOW WHEN TO SELL GME?

One thing to note is that selling too early REALLY REALLY slows down the rocketship to andromeda, so I am definitely going to try and sell AFTER the peak and not before. Why? Because in a bidding war for GME up to infinity, I don't want to supply more GME shares to them, because an increase in supply will decrease the price.

This is where using MACD and Stoch RSI comes into play:



What actually happened to \$DRYS

So taking a look at the case study for \$DRYS, if I sold \$DRYS at \$336k, I would have DEFINITELY missed the peak of \$800k+ by ALOT.

From this case study what I see is that i am going to have my STOCH RSI at super high levels during the rocketing period, and my MACD indicator is going to be above the trend line and I have green bars.

That little fake out drop at \$500k probably shook out a lot of paper hands, and I have the STOCH RSI going into the oversold region all the

way to 0, but my MACD is still above the trendline and still near peak positive momentum. We also see the STOCH RSI picking back up.

Then as I approach the top and go past it, I have another drop in the STOCH RSI from 70 down to 0 and the price drop begins. This is also signaled by the MACD nearing to 0 and having weaker bars. So from this price action I can see that a good time to sell would have been when MACD approaches 0 WHILE the STOCH RSI was also heading down to the oversold region past 30. If I sold at that region on the chart where MACD was close to 0 while the STOCH RSI was down at the 30ish region, then I would have sold \$DRYS for \$725k, which is 90% from the top, which is not too shabby at all!! And if I had done this, then this was also great because I did not sell during the way up and I didn't do anything to slow down the rocket!

BONUS EDIT: It was brought to my attention not to neglect volume so looking at the volume, we obviously know that as we are HODLING, the volume is gonna be very small and trading is dry. So historically that's like maybe in the 10-30 million range. But, as the squeeze happens, volume will increase drastically, so looking at \$DRYS, we can also see this is the case. We can see a brief increase in volume to double the price, then there was a period of HODLING, and the volume of basically non-existent (does that sound familiar, btw?). Then we can see on the 14th, BOOM, insane volume, and ladies and gentlemen, the squeeze is on! As the price increases, so does the volume, which peaks at around halfway into the squeeze. As more and more people cover, buying pressure is less and buying volume grows less. You can see the volume taper off towards the top and a little past the top. Meanwhile, the sell volume is basically inverse. There would be little to no sell volume during the squeeze (except for the paper hand bitches), but in

general the sell volume will increase as you get to the peak, and spikes once the stock freefalls back to earth.

Now, again, this is just ONE case study out of many short squeeze examples. I haven't done any more research on other case studies. But I think if smarter apes can aggregate data from all the other short squeezes maybe they can find better patterns and indicators about when to sell. That's what I'm going to do during the rest of the week.

EDIT: No, this is not foolproof nor can we expect GME to mirror DRYS and behave in a similar fashion, but it's just something to keep in mind though as GME holders play the same game of trying to sell near or slightly after the peak.

EDIT 2: It's come to my attention that some of you more smoother brained apes think this entire price action for DRYS will happen in just a few hours. If you look at the time scale at the bottom, you can see that significant price spike from squeeze started from Nov 14th, hitting 500k on Nov 16th, and finally peaking on Nov 17th. In other words, DW, you'll KNOW when the squeeze is happening, plenty of time from the squeeze to the very top.

EDIT 3: No idea why it shows the price of \$DRYS in the hundreds of thousands. I honestly had trouble finding data on this stock and this is all I could find. If maybe someone else has a better resource for data on old stocks, I'd love to know it so I can research more short squeeze stocks.

EDIT 4: Volume added

TL;DR

Ape ask: WHERE PEAK?

Fellow ape answer: Ape need read DD.

“We’re going to wait and we’re going to wait and we’re going to wait until they feel the pain, until they start to bleed.”

MARK BAUM (THE BIG SHORT)

SELL LIMIT ORDER LIMITATIONS

PUBLISHED APRIL 06, 2021

U/NHNE

COMPILATION OF SELL limits from brokers:

1. Revolut:

"Any Revolut users last time i asked revolut suport said that 10k limit per share for limit sell orders will not increase with the shere price any advice to felow ape on what to do? And no i cant transfer my shares out of revolut they literaly dont offer such service. Thanks for your answers." - [u/HiStoryin_The_Making](#) What's a good exit strategy for Revolut? Maximum per trade is \$10,000 - [u/xRazorleaf](#)

Entire Post on Selling with Revolut https://www.reddit.com/r/GME/comments/m92qr4/revoluts_rules_f_or_exiting_trades_adjust_your/ - [u/JustBeingPunny](#).

Hi! I use revolut and was able to set a 1mil sales limit. I contacted support and they said for sell there shouldn't be a limit. It seems the limit is for purchasing The only drawback seems to be that it expires daily - [u/Ampedrosa](#)

Hello fellow ape, I saw your post on the exit strategy and I really fucking love you. I'm a UK based ape on Revolut, I had a whole convo with them yesterday about how they will act during the squeeze. I pressed on

more details about "high risk" situations in which they would liquidate us early, but basically they told me even Revolut doesn't know what "high risk" means for the broker Drivewealth... One more important thing they told me, that you might want to add to the post, is about the limit on selling, I asked them if we can go above 10k: "If you sell exactly the amount of shares you own, the trade will go through even if the number of shares/total amount in USD is higher or lower than the limit. You can do that through tapping on the "Max" button (which is above the keyboard) when submitting the order. Your Order might not be accepted if it gives rise to too much risk for the Third Party Broker or if trading is no longer available or is suspended in the Instrument your Order relates to." Can't send screenshots in here but as soon as I figure it out, I can send you the conversation. Thank you for your awesome work !! [user name censored on /rGME]

https://www.reddit.com/r/GME/comments/m8nk84/important_all_apes_need_to_read_this_to_prepare/ Hello! Im a Revolut user and i contacted them, as we know we can't sell above 10.000 \$ per share BUT they told me this: NOTE: Only if you sell as "market order". "As we have checked here, if you sell exactly the amount of shares you own, the trade will go through even if the number of shares/total amount in USD is higher or lower than the limit. You can do this through tapping in the 'Max' button (which is above the keyboard) when submitting the order" -[u/xZetroX](#)

Hey ! I saw your great post about limit sell for each broker. Really good job ! I did some research on Revolut and some fellow apes gave a solution to do limit sell at any price point. (1M+ validated, i can do screenshot) You just have to have a round number of share and put a limit sell for all your share at once. On the other hand, we weren't able to verify if we can do this with more than 500 shares (we don't have that much unfortunately) - [u/caribouteille](#)

2. Wealthsimple

Wealthsimple currently restricts max transaction to 1 Million - u/[Kennywise91](#) you can login to wealthsimple.com and set orders over 1 mill CAD. the limit sell option still wont let u set a price of 1 mill if the current price is too low but you can set a price over 1 mill CAD, unlike on the app. so when it moons, have a get the fuck home strategy if u work. - u/[xthemoonx](#)

I'm with wealthsimple and currently the limit sell doesn't surpass \$999,999 USD but only up to \$800,000 is supported since apparently orders cannot be above 1 million CAD. Others told me that market sells should be fine but now I'm a little worried about that. I do no intend on selling on the way up at all however I'm worried about missing out on some sweet tendies. What about market sells are so bad? What could potential happen to them? Also it appears that transferring over to quest trade now would be dangerous as I might miss the squeeze. If anyone can give me some input on this I'd really appreciate it. I'm sure a lot of Canadian apes are on wealthsimple so I hope we don't all get fucked -u/[KieranSullivan5](#)

CA For Canadian apes CA

I emailed WealthSimple and they confirmed the platform will adjust if such an occurrence happens.

Edit for easier viewing:

Here is the screencap of said email: <https://imgur.com/a/et7KmKX>

Here is a screencap of an attempt to set a limit sell of \$999,999 USD: <https://imgur.com/a/VpunlDf>

Do not worry about the 2nd image, WealthSimple confirmed they will not restrict sell price if it's worth a metric ton of bananas.

Edit 2: it has been brought to my attention that the \$1mil cap is for the app only and will not be present on PC (and possibly a browser on mobile). I have not tested this yet but here's the response: https://www.reddit.com/r/GME/comments/m8nk84/important_all

[apes_need_to_read_this_to_prepare/grj6h5e?
utm_medium=android_app&utm_source=share&context=3](https://www.reddit.com/r/stocks/comments/grj6h5e/apes_need_to_read_this_to_prepare/?utm_medium=android_app&utm_source=share&context=3)

Thank you [u/pinwheelcandy](#) !

Edit 3: Confirmed that there is no cap on any browser (PC or mobile).

Photo of my PC: <https://i.imgur.com/vIeQq4k.jpg> Screenshot of Chrome for Android: <https://i.imgur.com/3ngKx1G.jpg>

-u/[boxxle](#)

3. Ally

Ally has a limit of \$1M. I guess that means one sell order per share then. - u/[blueskin](#)

4. Fidelity

Fidelity will not restrict selling prices as long as the exchange doesn't intervene and they only follow the exchange's path - u/[Top10Tops](#)

To Fidelity folks, just spoke to customer service and they said there's no sell limit as to how high a stock goes.

Here's the convo, note* I haven't mentioned AMC or GME and this was his response.

John: How can I help you today?

Me: Hi John, I was wondering if there's a sell limit for Fidelity?

Me: For example, if a stock climbs to astronomical numbers is there a limit to how much I'd be able to sell it for?

John: Great question!

John: No, there is no upper limit to what you can sell a stock for. **John:** If you bought a stock for \$1 and the value went to \$1 million, you could sell for the profit

-u/[Snowbell-](#)

AFAIK Fidelity won't let you set a limit sell order for 50% or more above the current price. Assuming that's the only rule then it just means you'll need to watch the price for when it's approaching 700k to put a limit sell order at 1 milly -u/[meekdor](#)

(NOTE FROM U/WRITEROFJOTS: This has recently changed. Fidelity will now allow limit sell orders for 500% higher than the current price.)

5. E*Trade

I called E*Trade to ask if there's a limit on my account. THEY SAID NO! 3,000,000 is the floor apes!! - u/[AWet1017](#)

I'll ask this here since my topic didn't get much traction:

Anyone using E-Trade? I have a question. I sent them a message asking to ensure they wouldn't freeze up my account should a short squeeze occur that would keep me from buying or selling, similar to Robin Hood (I heard E-Trade was involved in some of those shenanigans too). Anyway, they just gave me a generic bot response and didn't answer my question, surprise, surprise.

I'm on a cash-only account, but what would keep them from not allowing me to sell my shares during the MOASS? Thanks for any help you apes can give. -u/[Mega_Buster](#)

I called e-trade this morning and they confirmed that there aren't limits to transactions. They said if I make a sell limit order of 30 shares and I have a buyer of & 1mil/share and it's during market hours that they won't limit that transaction -u/[Dr_Scuba_Steve](#)

6. Freetrade

Okay, I am extremely smooth brained and I don't think I'm understanding this right. Can someone eli5: I use Freetrade (UK ape) and asked if I can sell single shares worth \$1M+. Their response: you need to ensure US trades are within £25k limit. You need to break down your order into multiple orders within the limit. Are they saying I have to break down 1 milly into 30 separate orders? Or have I just eaten too many crayons to function 😊☐☐☐ - u/ [0To100RealFckngQuick](#)

FYI UK apes, freetrade has a limit of £25k per sale, i have contacted their support and their response was that since none of the stocks they list are anywhere near that limit they see no reason to increase it. that means we are gonna be doing a shed load of transactions come the squeeze - u/ [remlap](#)

7. SoFi

For those using SoFi, I just called them and asked about transaction limits, there is no limit as to how high a share can go when trying to sell it. It can go to over a million a share and you should have no problem selling it. -u/ [Nk_Raven](#)

8. Hargreaves Lansdown



UK Ape. Hargreaves Lansdown doesn't allow Limit Sells on \$GME. - u/ [misterpeers](#)

Great post OP, thank you. UK Ape here. Anybody else use Hargreaves Lansdown? They only allow Market Orders for US stocks. Believe that's the only way I can sell. If another user can respond, I'd appreciate that very much please! Thanks! -u/ [VelvetThunderFinance](#)

Hargreaves Lansdown do not allow for limit orders on US stocks. Could you please request on your post that anyone who owns GME with HL,

should contact them either by email or phone to request that they introduce limit orders on US stocks. I have spoken with them twice and both times they have said that limit orders could potentially be made available if there is enough demand. A large influx of calls making this request might make them speed up their intentions of making limit orders possible. Hopefully with enough demand they will allow them in time for the squeeze to bring some security to all the UK apes who are holding GME with HL. Their contact information is on their website. They usually pick up the phone quite quickly. A comment about this situation on your post would be most appreciated, strength in numbers after all. -[u/Antbog1](#)

9. eToro

You can't place a Stop Limit Order on eToro 😞 - [u/ReXJKHi](#), one smooth brainer here with a question. On Etoro it's impossible to set a stop limit order, as there is no option like that. (Using Etoro EU) Also, I want to know if I can sell a milly/share, me no talk etoro people holidays free no answer faster answer here. ☐ Also   and put some respect on our mutual success! -[u/TreasureCase2020](#)

When you go to edit "Edit Trade" click on "Stop Loss" then "Set SL" that is where Etoro lets you enter your price (you can chose between amount and rate). I tried entering the amount 1 000 000 and of course it didn't work, the maximum it would let me enter was barely above the current. But right below the box when you enter the rate/amount, there is an option called "Trailing Stop Loss". Read this article to understand its use: <https://www.etoro.com/news-and-analysis/etoro-updates/introducing-trailing-stop-loss/> Between "Trailing Stop Loss" and the box where you enter the amount/rate you will find the percentage according to the position amount/rate at that particular moment. If it doesn't show, just click on "+" or "-" . If you put a number that represents 90%, if at any moment during

the squeeze the price drops 10% from the highest price it has been on all day, the position will get closed. For example, a certain trading day, the price reaches 1 000 000 (which here represents 100%) and I have "Stop Loss" activated along with a "Trailing Lost" of 90%. If the price goes down to 900 000 (which is 90% of 1 000 000) the trade will be closed. So, even if eToro goes offline, that should ensure that the trade will close at the best price possible after the peak. I hope.

It might be a safe option to activate after the price gets to an amount one is comfortable with (for example 1 000 000) or when one feels that the peak has been reached. [-u/Personal-Tourist-03](#)

Hey man, I'd like to help you clarify about eToro and the sell limitations. The way to set a price to sell at is to click on the position, click on take profit, and then enter the value you want. It is the same as fidelity where it lets you go higher as the price goes up. You can set it to 1000% of the current price. e.g Price is now 300, I can set a take profit of 3000. Hope this helps [-u/Dragonizer23](#)

10. Degiro

I do have concerns about DeGiro. I tried to set a sell limit at a high price just to see how it would look, lol. But it told me it exceeded their maximum order size of €250.000. Does anyone know more about this limitation? When GME squeezes I don't want to be held back by this. What could we, holders at DeGiro, do about this? They do sell Berkshire Hathaway shares, so technically it should be possible to sell in the hundreds of thousands right?

Update: I asked the same question on [r/degiro](#) and there they said that if the share closes at above €250k there should be no problems selling the shares at their actual price. 🙌👍 [-u/Always_Highdrated](#)

Degiro doesn't allow you to place a limit order sell 20% higher than the current price. Aside of that I am not aware if there is any other kind of limitation. Currently there is no stock or security in existence that is near the 250.000 that you suggest in your post, so it is normal that it didn't let you place the order. -u/[Maximito](#)

just got off the phone with Degiro customer support, they said they would never restrict you from closing your position, not even at a million

This was however only one guy from customer support. Think we can trust that but you never know. wouldn't be the first time a customer support staff member made a mistake -u/[Jobdriaan](#)

11. Robbinghood

For anyone wondering Robinhood does not have have a cap on placing a limit sell. So for all you smooth brained apes out there, this means when Gmme hits 2,000,000 a share, a limit sell order will be able to be placed for 2,000,000 - u/[ChimpGimpy](#).

(ANOTHER NOTE FROM YOUR FRIENDLY COMPILER: Don't trust Robinhood. If you are still using them, the only preparation you can make is to be burned, and to be burned badly.)

12. Questrade

No limit on selling, but limit on setting sell limits (right now I can set \$9999 but not higher).

EDIT: According to [u/equinsuosha](#) , if you change your route, you can set the limit price to whatever you want. I tested this with changing the route to MNGD it let me set a limit sell price of 42069.69, but I still have to

get back with Questrade on how changing the routing affects the sale, if any.

https://www.reddit.com/r/WallStreetbetsELITE/comments/lrei7j/frist_the_hfs_say_you_cant_buy_know_they_are/?utm_medium=android_app&utm_source=share

13. Vanguard

I just called Vanguard and they confirmed that there is no maximum amount for selling shares of a stock. When I gave him the example of \$1MM or more per share he didn't flinch. u/[Weary_Freedom_3916](#)

14. Charles Schwab

Hello hello. Charles Schwab user here. There is an initial trade limit of 1000 shares or 20k (if any apes are considering transferring). There is no maximum amount for selling, but there's a cap on limit orders based on current prices. I can place one just under 4k. u/[itsdaynotdave](#)

15. Interactive Brokers

\$CUM at IBKR SELL LIMIT 10,000,000.00 and limit 15 orders 1 time. 1 share 10,000,000.00 no issue. ×2 share 10,000,000.00 IBKR will cancel without my consent. FYR [u/EddJan94](#)

16. Webull

Rumor has it Webull currently allows a maximum limit sell order at 2000% (20x) current market value. So with GME's current \$200 price you could set a limit sell order up to \$4000. (I saw this info posted by a user in

the GME comments section on Webull, who asked the company to clarify the policy after having very high limit sell orders unilaterally canceled by Webull.) - [u/Green8Dreamer](#)

17. Trading212 <https://ibb.co/SdTQdrS> <https://ibb.co/0jBfsQX> - [u/psychopathologic](#)

Alex C. (Trading 212) 20 Mar 2021, 12:56 EET Greetings, Thank you for reaching out! If the price of stock will reach 1 million and you close / sell that stock, then the profits made can be withdrawn with no difficulty . Please do not hesitate to reach us should any further questions arise. Kind Regards, Alex C. | Customer Care Mentor -[u/ape_Ivo_to_the_moon](#)

Hi nhne, I asked trading 212. So first There's no Limit concerning how high the price of a security sold can be. When I asked about sell limits they said it's dependent on the security and the market and stuff They said I should provide them with an order id But I can't because I can't fill an order with that high of a sell limit You might want to add that to your post. Selling possible at any price. Limit selling I don't know I tried a few prices but wasn't even allowed to do 5000 -/utilidus

Hi this is the reply I got from trader 212:

Thank you for reaching out.

I would like to inform you that we will not impose any restrictions when it comes to the closure of the clients' positions, and respectively their ability to acquire their profits.

I hope this clarifies the situation for you.

Please stay safe and have a wonderful day.

Kind regards, Stefan V. | Customer Care Hero - [u/WellBehavedSociopath](#)

18. Capital.com

Hey I just wrote to Capital.com. Me: Hello I was wondering if there's a sell limit for capital.com? For example, if a stock climbs to astronomical numbers is there a limit to how much I'd be able to sell it for? Say I bought a CFD for 1\$ and the price went up to 1'000'000\$, could i sell it for 1'000'000\$ and take the profit? Capital.com: Dear client, Thank you for reaching capital.com Support. We do not have such limits. Best regards, Capital.com Customer Support. [-u/Separate-Attorney-10](#)

19. RBC

Hey! Thank you for the stellar exit strategy post. I am a fellow Canadian ape and I use RBC investing for GME. I just put in a limit sell order of 999,999usd for one share and it was accepted. I couldn't go over that amount. Hope this helps! Let me know if you need proof or anything I just tried before going into work! [-u/Tarzan_Daddy](#)

20. TD Ameritrade

TD Ameritrade does not have a sell limit! I called and asked to clarify today and we could sell at \$100,000,000,000 if we wanted to and TD would allow it [-u/Luethifers_life](#)

Me: Okay, so I'll try to rephrase If a stock is currently selling at \$1million/per share, TDA would not limit or restrict a shareholder from selling at that price? Her: As long as the stock is currently trading with no restrictions on the shares, we do not restrict clients from selling at the market price. TN [-u/Brandino7](#)

TD Ameritrade is lying. Their max sell price varies according to the current ask price, something like 225% X CURRENT ASK.

If you set the max, say \$459 like I did on testing the upper limit on Friday AND you set this as GTC... If ASK drops and your MAX SELL price drops below the then recalculated max price, TDA will cancel your order!

Liars. [-u/Zealousideal-Ant1661](#)

21. Postbank

Hi, thx for your great DD about the exit strategy. It is really helpful. If you like you can add "Postbank" in Germany to the brokers. It's a standard bank with trading portfolio. So no neobroker who screws you. A few weeks ago I placed a limit sell order for 9.999.999 Euro which was forwarded to the exchange but didn't get executed yet ;-)

Proof: https://www.reddit.com/r/GME/comments/lzqs9k/sell_order_am_i_doing_it_right_forget_500k/?utm_medium=android_app&utm_source=share [-u/FrankiHollywood](#)

21. Comdirect

Broker: Comdirect Country: Germany Time: Beginning of March 2021 ~ 3 weeks ago Action - online: sell order for 1x GME @ limit 100K Reaction - phone call + e-mail:

- "Your order was deleted by the exchange because your changed limit deviates too much from the current price"

- " Please note that limited orders from the USA can have a maximum price deviation of 15% from the current market price."

- "If necessary, you can place your order again." -[u/Weariout](#)

22. TD Canada Trust (WebBroker)

TD Canada Trust (WebBroker) CA For Canadian apes CA: the highest sell price it's allowing me to set is < \$10,000, so \$9,999.99 is the max sell price. Any sell price > \$10,000, throws an error 'invalid price increment'. This is through their mobile app, as well as their desktop website.

Will try to confirm how that ceiling is set or calculated, as the stock price increases. TD Canada Trust is one of the major banks in Canada. -
[u/OkMulberry8902](#)

23. AJ Bell

For the UK Apes, AJ Bell is also Market order only. They call it "at best". -[u/bruce_waning_gibbous](#)

24. Stake

Stake's platform (Drivewealth LLC) only allow 5 digit sell orders. Last check this will affect 138,000 apes holding GME. Is somebody able to get a response - My emails and calls are falling on deaf ears -[u/Ask_Zeek](#)

Hi, regarding your post in [r/GME](#) with the list of brokers, I have contacted Stake, one that's in a few countries outside the US, like the UK, Australia, and NZ among others. This was their response today: As per how markets operate, share price itself does not affect a security's ability to be bought or sold. For example, Berkshire Hathaway Class A (\$BRK.A) trades at ~US\$380,000 per share and people trade this freely and readily. However, there are some things to be aware of when placing certain order types at prices that are significantly different from where that security is

currently trading. This FAQ provides more information. <https://au.support.hellostake.com/en/support/solutions/articles/35000152385-order-types> Finally, given your enquiry is about \$GME, we urge you to please familiarise yourself with the risks associated with trading high volatility stocks. This blog may be helpful. <https://hellostake.com/au/stake-updates/volatility-and-risk/>

They have a Limit Sell Cap of 200% above the market value, but they only last for the day. If I put one in at \$600 when the price is \$200, it would stay even if the price dropped to \$100, but would be cancelled at the end of the day regardless of price. -[u/taraborn](#)

25. Traderepublic

Traderepublic (Germany) limits orders to 999,999.99 -[u/RetardHolder](#)

TradeRepublic would rise the ceiling if shares would approach these levels. So there is no real limit other than their shitty Server network -[u/DamnIamHigh_Original](#)

26. Flatex

Another one for the list: Flatex (D/AT) caps at (1mil - 1 cent)\$

Two examples: a) I place a new order limited at or over 1000k. It gets rejected. Explanation given (in german): Deleted/canceled by system/exchange b) I change the limit of an existing order from 420k to 1000k. It gets canceled. Explanation given (in english): Order price exceeded allowed hard limit. -[u/Rud0lfRocker](#)

27. Wells Fargo Advisors

I just got off of the phone with Wells Fargo Advisors. They do not have a limit to how high you can sell a stock.

They did, however, stipulate that the current market price needs to be within +50% of any limit you put in place. So if the market price is 1 million, you'll need to wait a bit before you put a 2 mil or 3 mil sell limit per share. -[u/Boleslaw-BoldHeart](#)

28. XTB

Hey! Just added XTB response to my questions about Sell Limit restrictions and limitations: "So, after contacting XTB they have confirmed that there are no limitations for pending orders. I also asked if there would be any restrictions if the stock price increased drastically and I would like to sell and in this case there are no restrictions either. As long as there is a buyer, the order will be executed. I do have to mention that XTB includes a 0,2% commission for orders over 100.000" -[u/PowersBass](#)

29. IngDiba

You can add IngDiba Germany. Limit sell order is possible for 9.999.999€ For 10.000.000 you receive an error saying your order is unreasonable -[u/Luntzer](#)

30. T212

I asked if there was a maximum sell price (and put \$1m as an example). The reply: Pavel P. (Trading 212) 29 Mar 2021, 15:29 EEST Greetings, [u/YMabDaroganCont](#) I hope you are well. I am happy to inform you that the client will be able to sell/buy any stock regardless of the current price unless a regulatory restriction is applied. // My response:

Thanks for your prompt reply. I understand that trading halts can be put in place and I understand that this is out of your control, but could you give me an example of, or elaborate on, the kind of regulatory restrictions that could be put in place? I was very disappointed late January during the \$GME run up to ~\$400 that I could not buy any shares, and since then I am very worried that during periods of high volatility that Trading212 will “pull the rug” under my feet (again!). I also want to make it absolutely clear that even during times of high volatility that I will be able to sell my shares at the said price without them being stuck as “pending” (again, as was seen during late January). // Response: Please bear in mind that whilst most of the orders are filled within a few seconds, please note that when it comes to Equities and ETFs (on Trading 212 Invest and ISA accounts), the execution time completely depends on every market and it may even take a few days for some orders to be executed (e.g. AIM listed stocks). In other words, certain market conditions (i.e. liquidity) have to be met to have the orders executed. [-u/YMabDaroganCont](#)

31. Nordnet (Finnish)

Hi! Addition to your broker sell limit compilation: Nordnet users can set sell-orders only within +/- 3% margin of current stock price (stock price >50 USD). With stop-loss command, you can set any sell price (no matter if stock is going up or down). Im not sure is it possible to add stop-loss order to you existing positions or do you need to decide stop-loss price upon purchase. Also, using mobile app you can only sell/buu stock only for 999,999.00 USD. In desktop, there is no limitation. Thank you! :)
[=u/TaP3D](#)

32.

SaxoTrader https://www.reddit.com/r/GME/comments/mig0iv/saxotrader_has_no_sell_limit/ No sell limit. -[u/papajanreddit](#)

“Oops *moass* my bad”

GAMESTOP TWITTER ACCOUNT

THE MOASS PREPARATION GUIDE

PUBLISHED APRIL 08, 2021

U/SOCRATES6210

PLEASE READ though this and possibly sticky this because I think it is very important that we all have an understanding on the *game plan* 🚀

Pre-liftoff Preparation



- **Brokers preparation** - i think everyone should take the time to understand the nuances and rules that the broker applies on trading. Some brokers may have some sneaky fine prints. So you should make sure that nothing can get in the way of you and your tendies. Take note of the [brokers that previously blocked trading](#). If you have all your shares one of these brokers and can't transfer, don't sweat it too much. **DO NOT SELL YOUR SHARES**. The message was clear as crystal in January: if they prevent free trade like Robinhood did then that means they will lose customers, so i *hope* they have prepared for this. It also wouldn't hurt to email your brokers customer service and ask them "*will you prevent me from selling if the price goes to XXX amount?*". It's good to create a paper trail just incase you need to bring them to court.

- **Back up broker** - If you can, open up an account as soon as possible on a reputable broker and buy at least 1 share. Don't aim to maximize gains but to minimize the regret of missing out just in case your broker decides to f*ck you. The rule of thumb is usually that commission based boomer brokers with horrible user interfaces are the most trustworthy. See the "good brokers" in the link above.

- **Diversify Brokers** - if you can, spread out your holdings across brokers. Also take note of what clearing house they use. You don't want to be caught up in some f*ckery where both brokers wont let you sell because they share the same clearing house. A solution to this could be to transfer shares. Some brokers allow you to transfer shares to others, but small "shit" brokers like

eToro for example, do not. If that's the case then hold tight and buy on a different broker.

- Here is a [list of brokerages](#) and the respective clearing houses they use.

- Here is a list of [brokers who placed restrictions](#) in a follow up post i made.

- **Cash account, not margin** - if you haven't already, request your broker to change your account from a margin account to a cash account. This way your shares are entirely your own and aren't being lent out to short sellers. Note that you need to have no options or short positions active with your account before you do this.

- **Online Security** - If you have learned anything from all this it's that you should not trust anyone. Take the time to enable two-factor authentication on your bank/broker accounts. Also you should have a different password for each account, preferably more than 20 characters with a mixture of alphanumeric characters and symbols.

- *edit: If you are a big name in the GME movement, like a DD contributor or well known in this space, i suggest to use a VPN and delete all social media. Sorry if i sound like a tinfoil hatter but you should protect yourself just incase the suits try to come after you legally/physically. They will try anything to discredit you and try all sorts of defamation.*

- **Taxes** - It is crucial that you learn about your countries [capital gains taxes](#). Remember to calculate what you need to set aside to pay the tax man.

ELI5: $\text{profit} / 100 \times \text{CGT} = \text{Amount you need to pay in taxes}$. However, different tax rates apply in different countries depending on how long you are holding the stock. To keep this general for all users i will say Just google "*what are the tax laws for stocks in <my country>?*"

- **Prepare a personal balance sheet** - It may be a good idea to prepare a balance sheet. A balance sheet is a snapshot of net worth and lists all your assets, liabilities, cash etc. This will make your life (*and your accountants life*) easier when you need an accountant. If you need a better understanding of balance sheets see this [video here](#)

- **Mental preparation** - This one isn't so obvious, but please prepare yourself for seeing life changing money in your possession. Have a long think what you are going to do with this money. And as a side note: try to not tell too people you're invested, the less people know the easier your life will be.

D-Day

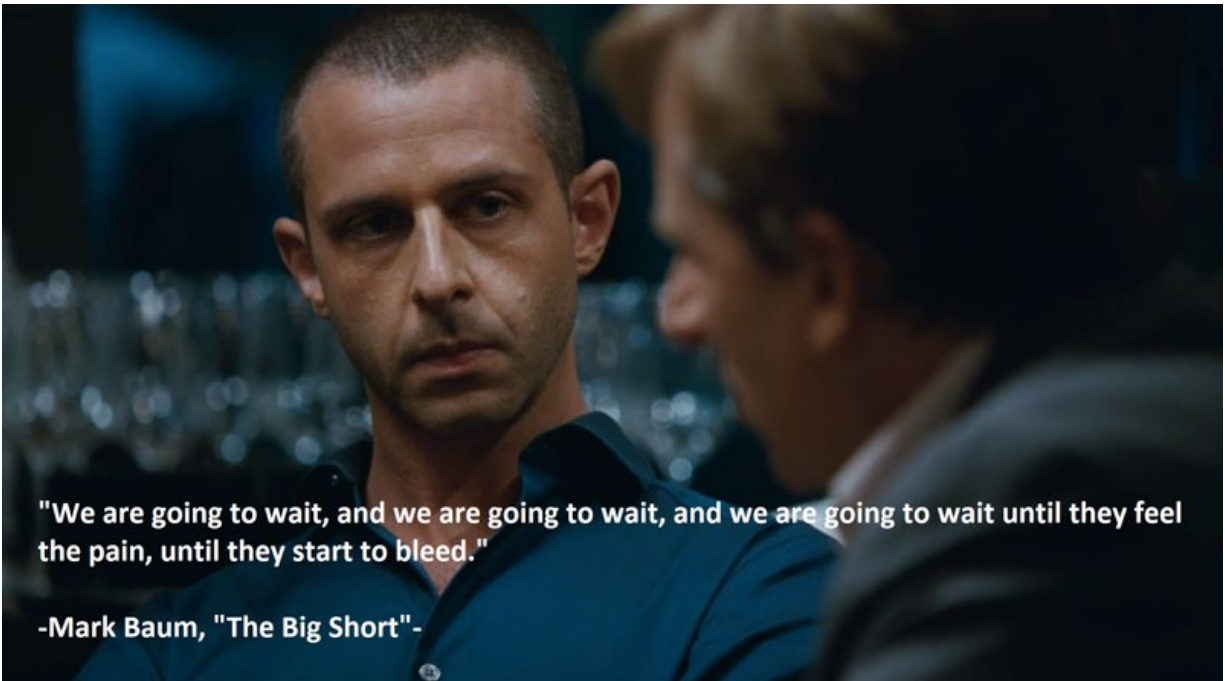
- **Take care of your health** - Firstly, on the day of lift off you will definitely feel overwhelmed with emotions and anxiety. You're probably going to feel a little dizzy seeing the price increase exponentially. Please sit down when you are checking the price. The last thing i want to hear is that a fellow ape fainted and cracked their head because of being overwhelmed with emotions. In my opinion, deep slow [diaphragmatic breathing](#) really helps to slow down your heart rate and reduce anxiety.

- **Expect Trading Halts** - The NYSE may stop trading if the price rises too quickly. This is usually done to prevent massive impulse waves and let people calm down for a few minutes. But this is futile in the setting of a short squeeze, because all shorts must cover regardless. You can also check when GME is halted [here](#). Do not freak out if the graph flatlines.

- **BOTS, BOTS EVERYWHERE** - This could go two ways: either the shorts don't have anymore money to pay shills or we will have a massive influx of bots/shills on here and [r/GME](#) trying to nudge people to sell. They will say something like "wow i sold my 3 shares for 30K" and try to create a narrative that below 100K is the peak. **100K is not the peak.** don't listen to it. If it isn't already, i would formally like to request the mods to ban gain porn from being posted here.

- **Reddit might be down** - during the rally from \$40 to \$90 in February Reddit inexplicably went offline. This could be due to a DDOS attack or just too much traffic to the site. But this is just speculation. Either way, if Reddit does go down don't worry. We are all still here. I would suggest watching an ape live streamer on youtube to keep updated.

During the MOASS



• **Diamond hands** - This one i cannot stress enough, the mantra is clear: HOLD! If you sell early you creating downward pressure against the MOASS. If the short position is in the billions of shares (which has been speculated before) then this shouldn't be too much of a problem, but regardless - **KEEP THOSE HANDS DIAMOND!** The squeeze could last a few days, week or indefinitely. At this point no one knows. Don't feel pressure to sell as soon as it gets to 100K.

◦ HFT computers will keep bidding until someone makes a sell, to which ever price that person asks because they will be programmed to cover at any price during a margin call. The stock price = the last price it sold for. If the only sells available were asking for 1 million, then that means the price will be 1 million. And since there is not enough shares in existence to cover the amount of shorting that went on then theoretically this ape filled rocket could blast through the moon and land on alpha centauri B

• **Whats an exit strategy?** - This one isn't so obvious because the we don't know what the peak will be, but you should have an exit strategy: All i can say on this matter is do not sell on the way up as it's a bad idea. [u/WardenElite explains here that you should:](#)

- sell on the way down

- don't sell everything at once

- scale out slowly.

• **Understand the different types of orders** - Most likely you will need to use a [limit sell order](#). A Limit sell order is an order to sell at specified price or better.

- Some apes have noted that certain brokers have limits on the amount you can place an order for **online** (in terms of dollar value). Just to be safe make sure you have phone credit and the number for your broker ready to contact them to execute an order if this applies to you.

• **Sit down when you decide to take gains** - when the dust has settled and you decide to take gains, again, sit down and drink some water and breath.. because you may faint or possibly get sick from seeing that you have sold a single share for a 7 figure price.

• **Don't publish your realised gains publicly** - obvious one, don't be that person who flaunts the gains online. You are going to cause a lot of

fairweather friends and family to crawl out of the woodwork trying to get their hands on your goodies. It may be tempting to rub it in the faces of the people who doubted you, but just don't. It's not worth it.

- **Inform your bank about large deposits incoming** - this one may not apply to everyone~~, but make sure your bank is aware that you will be depositing a large sum of money into your account (most likely in multiple withdrawals) and explain why. This will prevent them from contacting the authorities in fears that you're up to illegal activities.~~

- Congratulations, you just joined the big-boys table: I did some pro google investigating and found out you actually need a [special bank account for rich people](#). I never actually knew rich people had separate bank accounts to use. anyways, lookup how to do one of these when the time comes.

Immediate Aftermath

- **Assemble a team of legal and financial advisers:**

- **Get an accountant** - Get certified public accountant who helps wealthy families organize their finances and guide you through your finances.

- **Lawyer up** - Hire a [tax attorney](#) to deal with any problems that may arise from all of this. Hire a family law or estate planning attorney that can arrange a Will for your family immediately.

- **Financial advisor** - Make sure you hire a financial advisor that is sworn to act as a fiduciary (*acting in your best financial interests, not theirs*), preferably with experience managing significant wealth. Make sure you check their certifications and that they aren't trying to push you to buy some insurance policy. The requirements to be a FA aren't concrete so there are a lot of snake oil salesmen that really don't have your best interests at heart.

side note: do NOT sign anything, from your broker/bank/crayon dealer or anyone if you do not understand it. Make sure you have an attorney read anything you may or may not be asked to sign.

[Apart-Seesaw-6047](#) - "*Financial advisor here: I can't emphasize enough to work with an advisor that is a FIDUCIARY! I've worked at both "fiduciary" and true fiduciary firms and they aren't even comparable. One is just trying to make a commission (salesmen) while the other acts more as an educator. Most fiduciaries are in the form of a Registered Investment Advisor (RIA) working as a Series 65 certified financial advisor. DOMO Capital is an RIA I, for example. Avoid annuities at all costs unless your completely risk adverse (but you're not since you own GME). Minimum advisor fees based on AUM should not be over 1% unless they can justify historical returns like DOMO. To put it in perspective my firm charges .65% for accounts over 1 million. Do not let an advisor, especially one that is a family or friend, take your hard earned (not really) gme gains away from you."*

- **Expect to vilified some more** - you will most likely see news about a financial system crashing. And i can nearly guarantee that they will try to blame us rather than the hedgies and regulators who caused it. Pay no mind to mainstream media and stand your ground. If people try to paint you as the "bad guy" just ignore them.

- **Do nothing with the money** - this kind of piggy backs off the first point about assembling a team of advisors, but please don't just cash out and go crazy with the money. Sit and think about it for some time. Let reality settle in and decide how are you going to use this money to help yourself and the people around you. Lambos are great but they won't bring you happiness forever. Don't blow that money down the drain. Educate yourself on how wealthy people maintain their wealth.

Longer Term aftermath

- **Expect turbulence in the economy** - this wont be just contained to the world of GME. This is going to have a ripple affect across the world economy as the powers-that-be, who have been taking advantage of the system loops holes, finally pay their debt. If you want to learn more about this i suggest that you read [The Everything Short](#) by [u/atobitt](#).

- **Hedge against hyper-inflation** - if you haven't been paying attention, there are fears of hyperinflation of the US dollar. This is due to JPOW printing money like there is no tomorrow. Learn how to protect yourself from inflation so your tendies don't lose all their value.

- *Edit: people are asking me how do you protect yourself from hyper-inflation: this isn't financial advice, but what i would do is invest in*

precious metals, Treasury Inflation-Protected Securities (TIPS), real estate and crypto stable coins or bitcoin, but no one knows exactly how crypto would react against inflation. I need to reiterate: i'm not an expert on this topic so don't listen to me.



Taken during 2011 Occupy Wall Street marches (At National City Bank)

If there is anything else you think should be in here let me know in the comments. This is just my opinion and not financial advice. I am just an ape who eats crayons for fun. Before I finish i will just leave you with this image (above ^). Remember what happened in 2008 and don't show any mercy.

HOLD

- Socrates (͡° ͜ʖ ͡°)



TLDR: no tldr you lazy ape, go read it. Its important

“Just don’t fucking dance.”

BEN RICKERT (THE BIG SHORT)

EXIT STRATEGY 2

PUBLISHED MAY 3, 2021

U/GHERKINIT

WELCOME to another edition of my weekly forward looking GME technical analysis. This week I'd like to look at some more technical indicators for the upcoming week, answer my most frequently asked questions, and go over some exit DD in the event that I ultimately decide not to stream the MOASS, and draw some nice pictures worthy of hanging on your refrigerator.

For those of you that just don't have time to slog through the upcoming wall of text I will try to post a more succinct version of this DD over on my [YouTube](#) later tonight.

Ok let's go,

Part I: Wedges, Indicators, and Charts

The first thing I want to go over is the previous descending wedge and bull pennant indicators from last week. I had predicted a move to the upside with 70% possibility and we realized almost immediately at the beginning of this week. Now I want to go over why this is a **false** breakout and not the breakout we were originally looking for.



False breakout occurred on 4/26

The reasons behind my analysis that this is in fact a false breakout are;

- The previous Bull pennant presumed absolute low for GME at 138.33, This is no longer true as the recent share dilution of 3.5 million shares at a cost average of \$157 raises that floor.
- It is obvious that this upside move did not have the volatility or volume that would be expected for such a long term breakout
- Our current consolidation pattern is almost exactly the Δ (Delta; difference between) the previous floor of \$138.33 and our new floor of \$157, $\Delta=18.67$. When the Δ is taken into account our consolidation price is $\Delta + 157= \$175.67$ (The price action this week supports this thesis as 5-day MAP (moving average price) was \$175.01)
- TLDR; We haven't hit the breakout point even though we are trading in a higher channel

So using that updated information let's look at the new bull pennant

*(Due to recent changes in market valuation of GME I no longer will be referring to [u/WardenElite](#)'s Pokeball, I do know that it is still a valid indicator on the logarithmic chart but I still prefer to use linear for approachability, this minimally effects the reliability of these indicators)**



Bull Pennant updated with new price floor

Now let's take a closer look at what we can expect this to mean

- Yellow = Break of 180 resistance
- Green = Drop into 170-175 support/resistance channel
- Blue = Drop into 165-170 support/resistance channel
- Red = Drop into the 160-165 support resistance channel



Various breakout points depending on the current support resistance levels

I still expect a breakout to occur but some changes in value and price action have delayed that event to sometime this week depending on how we trade.

Now let's take a look at some of our indicators.

MACD

We'll start with everyone's favorite MACD (Moving Average Convergence Divergence)



MACD as represented on the 1-D Chart

As we can see a crossover occurred earlier this week and we have been trading steadily upwards consistently repeating the test of 180. I do expect to see more upward trending volume as this crossover expands (divergence). This is a buy signal to the greater market.

TTM Squeeze

TTM Squeeze is a momentum & volatility indicator used to determine breakouts. We are looking for several low volatility (red dots) in a row. Right now we have two, for Thursday and Friday. We could expect to see a couple more of these form as we move into the week possibly indicating that low level breakout (Blue) on the Bull Pennant above. We were primed for a move to the upside last week but I believe the changes in value and slight uptick reset the indicator another false signal due to value change.



2 TTM Fire indicators seen in the bottom right, we are looking for 5 or more of these in a row



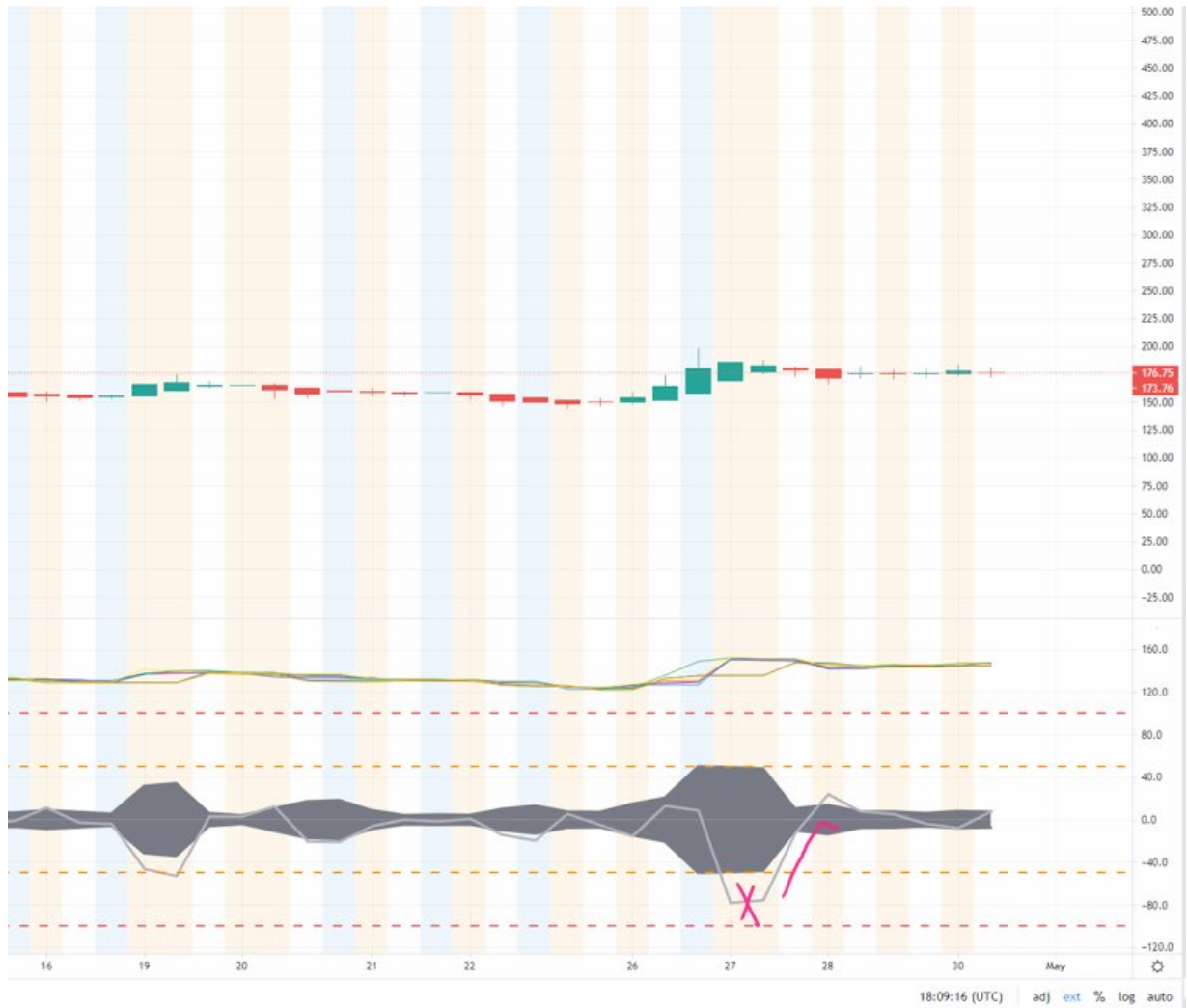
Here we can see the Bollinger Bands(Green) approaching the Keltner Channel (Blue) this is a bullish convergence that the Indicator reads especially if the Bollinger Bands completely enter the Keltner Channel

TLDR; Much like the bull pennant, I believe the overall change in GME value produced a false signal here and has kicked the can down the road.

CV-VWAP

CV-VWAP tracks the difference in price between EUR and USD as it pertains to GME. There was a small amount of arbitrage that occurred on 4/26/21 during the upward price action on Monday it appears to have

settled. I currently see no indicators on this chart, but I will be checking it regularly as it triggers in shorter time frames and during after-hours trading. I will now include this as part of my pre-market analysis moving forward.



We are looking for this central line (light gray) to touch the outer redline indicating a large amount of arbitrage (when securities are traded to take advantage of difference in pricing across markets) to occur.

TLDR; Everything is still looks bullish much like last week I believe the re-valuation of GameStop caused many indicators to proverbially be "kicked down the road" as the

market adapted to the new intrinsic value. I expect a breakout above 180 this week possibly into the 220 range.

Part II: Options and Long Whales

So even though our price action early in the week spiked our Implied Volatility (IV) We end up lower than last weeks IV

Term	Current IV Index				1 Week Ago		1 Month Ago	
	Call	Chg.	Put	Chg.	Call	Put	Call	Put
7 Days	104.96%	-13.34%	103.25%	-16.32%	127.86%	129.10%	217.40%	222.08%
14 Days	108.89%	-18.27%	110.56%	-19.43%	133.51%	136.48%	211.46%	211.46%
21 Days	114.96%	-8.68%	115.16%	-11.47%	131.83%	132.78%	201.34%	201.34%

Continuing trend of week after week lower IV

This is in my opinion bullish, as I suspect that larger bull funds will want to exploit lowered IV on GameStop by using leveraged positions to effect the underlying price action. Low IV's mean it is cheaper to move into these positions. I think some of the options data from last week confirms this expected upward trend as we can start to see some bulls beginning to jump on this opportunity.

Key - {Quantity @ Strike(c=call/p=put) mm/dd/yy date of expiration}

Examples from Friday April 30th, 2021

- 11:32am a call sweep bought 201 @ \$390c 05/14/21 for \$30,351 (OTM)
- 11:48am a call sweep bought 298 @ \$460c 05/07/21 for \$11,324 (OTM)
- 12:05pm a call sweep bought 201 @ \$200c 05/07/21 for \$119,595 (OTM)

- 12:29pm a call sweep bought 265 @ \$170c 05/07/21 for \$416,580 (ITM)
- 12:34pm puts were sold 350 @ \$300p 05/21/21 for \$4,341,750 (ITM) (Essentially buying the stock)
- 1:14pm puts were sold 321 @ \$160p 05/07/21 for \$88,971 (OTM)

So as you can see to capture this lowered IV larger money is already beginning to make moves surrounding an uptrend in price for this coming 3-week period 05/03/21-05/21/21. I expect to see more of these come in this week especially if IV dips even lower.

TLDR; Long side making bullish plays around a large price increase in the upcoming weeks

PART III: Where the hell is the Sell Button? or How to time Exits.

I wanted to do a FAQ segment but overwhelmingly of the questions I have been asked this is by far the most common.

Gherkin, what is your exit strategy?

Well, I guess I'll begin by going over some things about me I am generally a day and on occasion a swing trader. Timing exits is a very important part of what I do everyday.

GME is nothing like those positions...

Normally if I hit 10% profit on a regular trade I'm out unless I have some previous reason to believe It will run further.

Usual Day - Trade



Usual Day Trade (buy low, sell high)

GME WILL RUN FURTHER, MUCH FURTHER.

Well, how do you handle stocks when you expect the realized profits to be much higher?

The answer to this is I usually don't. Day-trading should be defined by risk, My risk on this trade is 2% and my upside is cut at 10%. I'm not going to risk higher profits. I am simply going to take my money and walk away. If the stock goes up another 10% I don't care, as the trade is pre-defined.

This makes talking about GME and exits a difficult discussion. As we expect GME to be a Black Swan type event there is no way to determine expected profits and the risk for most of us is the amount we put in.

I believe most positions in GME, mine included, are a YOLO (a stock trade defined by maximum risk and maximum profit potential) . The mentality behind this is that by risking everything the reward should be much greater than that. We have seen a lot of numbers float around on GME over the last months on the expected price targets. It started at \$1000

a share in January, then the unexpected halt of trading occurred during the initial squeeze, that number has since increased. Partly based on information that came to light on the short positions involved and partly on wild speculation we have seen price targets of \$10,000, \$69,420, \$100,000, \$420,069, \$10,000,000, and more recently \$100,000,000.

While I like a lot of these numbers, the reality of the situation is...**WE HAVE NO IDEA**

This would be an event not only unprecedented in the stock market but of such impact and volatility that it would be impossible to accurately predict any absolute price target.

Sounds like FUD...

No, to say X is a the absolute price target is silly and shows a lack of understanding how markets work.

Will this stock be worth \$10M ? Possibly? It could peak at \$9,989,000 or \$69,420,000.

The point is this: **WE HAVE NO IDEA, THIS HAS NEVER HAPPENED BEFORE!**

So this week between streaming and Live charting everyday I tried to think how can I help my fellow apes, no matter the smoothness of their brains, navigate such a tumultuous event. I had to ask myself Two questions.

- How do you discuss exit strategy with no known price targets?
- How do you make it simple enough to understand?

I asked these two questions a lot and most of my answers fell short. I do believe I have finally settled on the easiest way to explain it and hopefully make it easier to understand. For this I'm going dig a little into the magical world of candlestick reading and pattern recognition.

First thing all this will be defined at the 1-min timescale on the charts. I believe this timing will be most relevant in defining peaks. I will break this into sections and address each one.



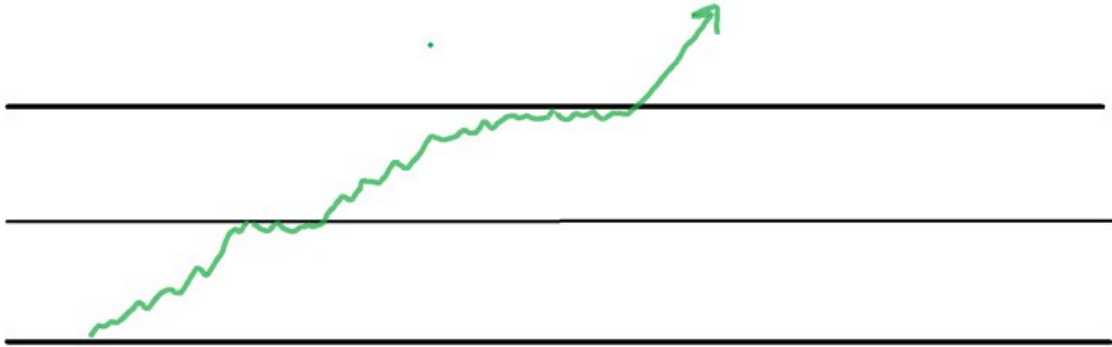
3 Pillars of the Squeeze

PART A: THE ASCENT

Part I: Upwards Price Movement (We are here)

This period will be marked by increasing upwards price movement, channel to channel, then periods of consolidation. This is normal price movement not necessarily volatile but it can be at times. This will be the

movement as GME ascend upwards in the early stages. It will look similar to this last week on the charts.



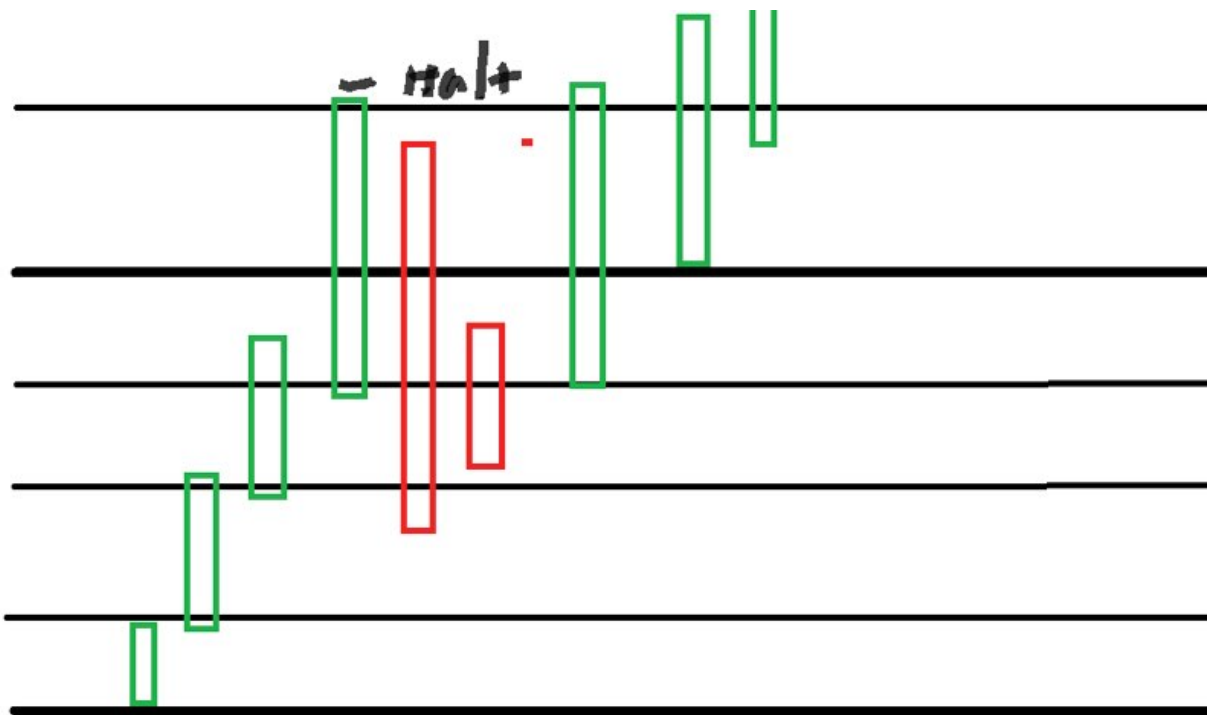
Resistance--Test--Break--Repeat

This period can take weeks, months, or minutes. We have seen in the past the price can jump very rapidly in some cases. The end of this stage will most likely be marked by faster and faster moves through these resistance levels. Bringing us to our next step in the ascent.

Part II: FOMO (Buckle up T - 10, 9, 8...)

The faster and faster breaks in upper resistance levels are going to ignite interest in the stock, as large and small buyers rush in to capitalize on the squeeze. This is where **fear** begins to take affect as the price start moving quickly upwards many will be afraid of becoming a bag holder. **Don't worry this is just the beginning.** This Period will be marked by exponentially larger candles as volume rushes in and more price movement occurs in shorter and shorter time frames. There will be halts, there will be dips after those halts, as paper-hands, day-traders, and institutions cannibalize each other for small profits. **Breath here, stay CALM.** This

period will mark the wildest price swings as volatility picks up. This will be the first pressure test of those Diamond Hands you've been bragging about.

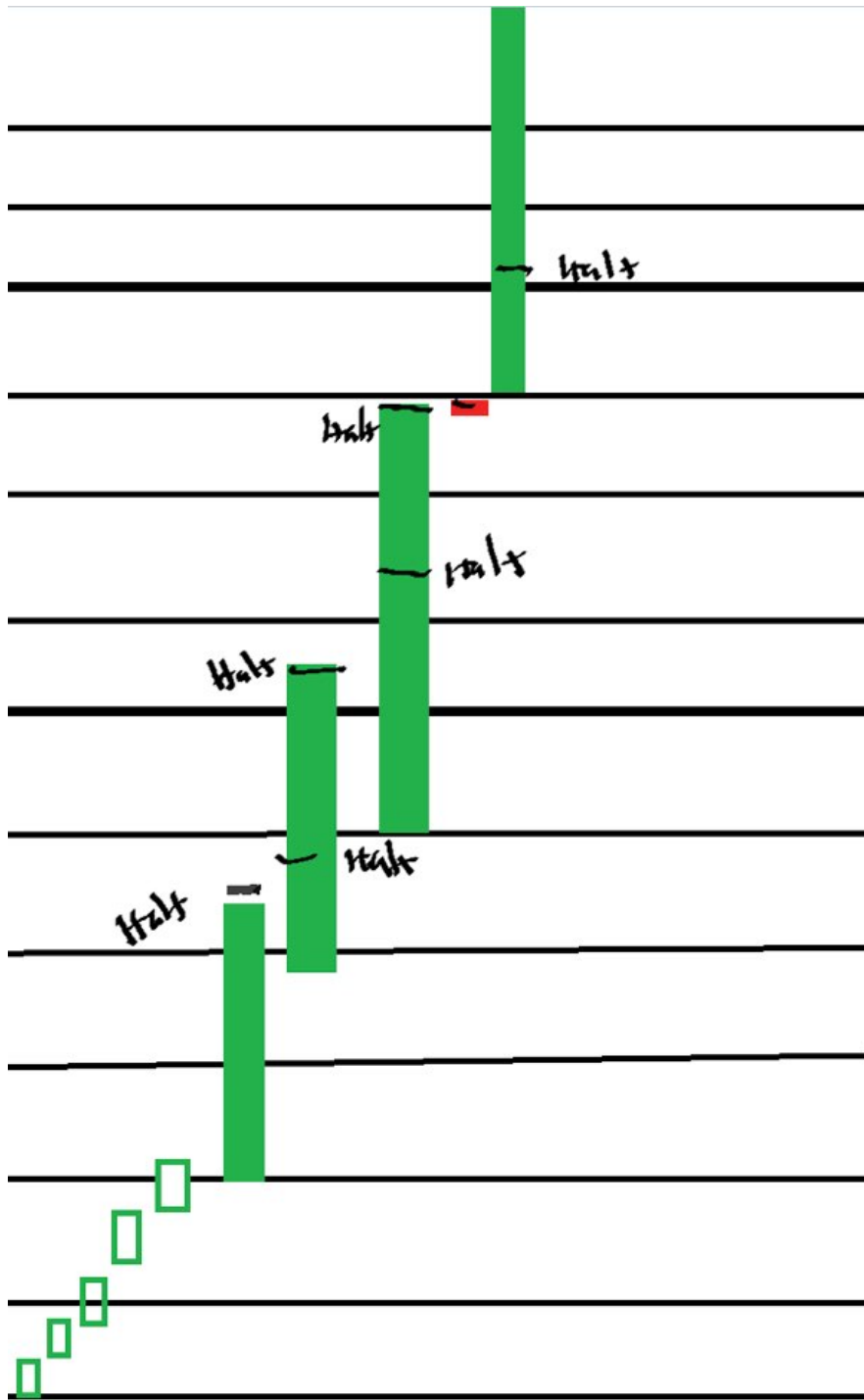


Price Rises into halt then dips, quickly recovering upwards.

Part III: The Margin Call (Lift Off)

This is the moment everyone has been waiting the flight path to the moon! At some point we will hit a price, nobody knows what that price is but we do know it is above of \$483 dollars, but may begin on some positions at a lower price. Whatever the price is, here is the moment that shorts must concede their position. The Margin Call will be marked by a significant number of halts and large green candles. The volume and range of these candles will increase dramatically from the previous stage. There will be many more halts, possibly on each candlestick, as the open market

orders go un-filled the bid will continue to increase. So expect a pattern, of **unhalt -rapid rise- halt**. We will probably have more time halted than actual trading as the price explodes. Additionally, there should be very little red after the halts as upward pressure would be to great. Psychologically, this part will be easier as there is nothing to do but watch the brief periods of active trading closely. I expect this to go on for awhile, possibly days.

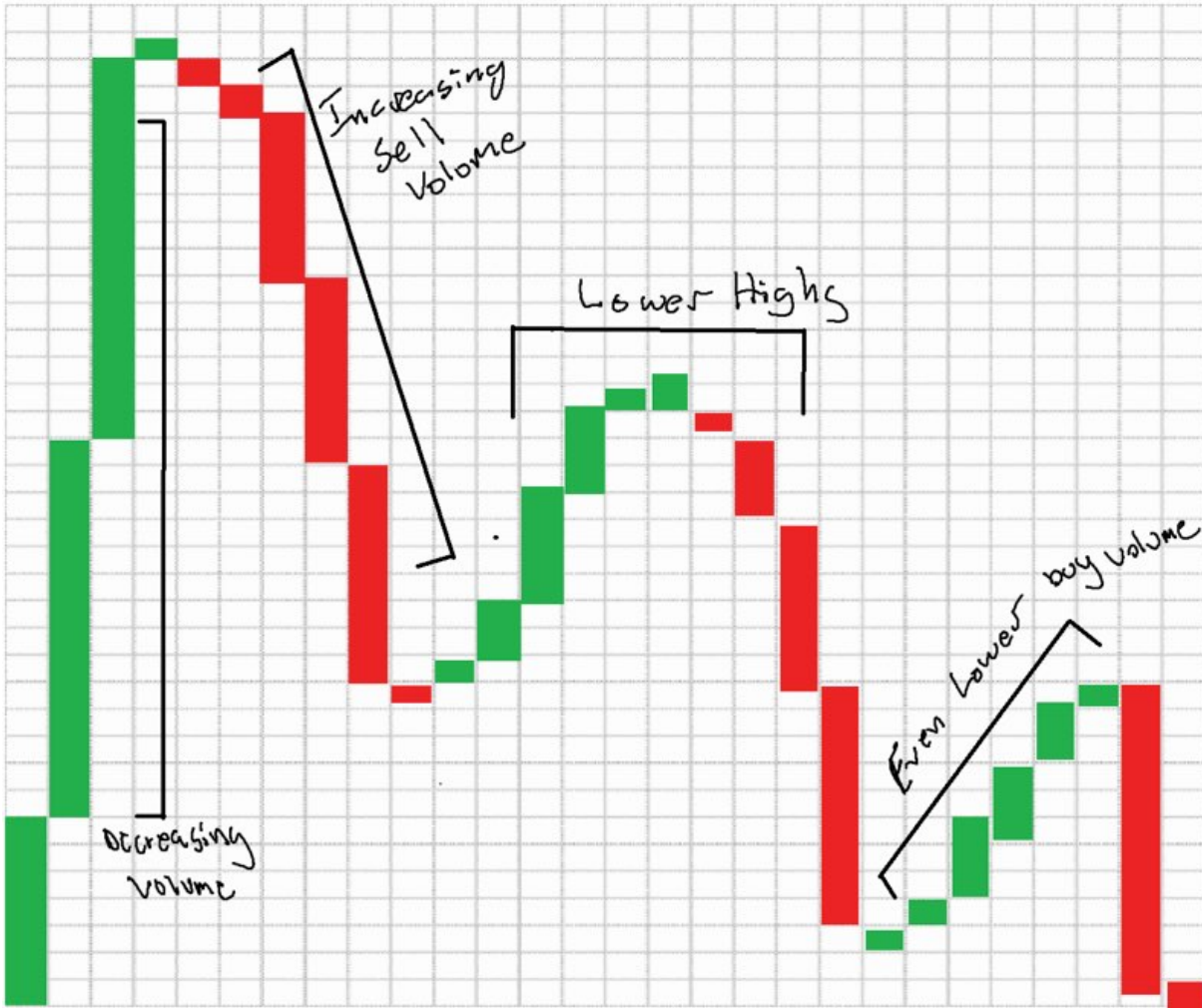


Expect many halts during this period.

PART B: THE PEAK

As all good things, even the Margin Call must come to an end at some point. So, how can this be identified? The first thing we will see is fewer halts and decreasing volume as we approach the peak. Some selling should be seen in here as holders attempt to time the peak. Large upwards movement, some selling, another upwards movement. After looking at VW (2008) and GME's small squeeze in January, I feel the breaking of the peak will be marked by a series of upward ascending dogi's. Think of this as little booster rockets easing our descent onto the moon. decreasing in volume as apes finally begin their moon landing. Then patterns of large sells and smaller ascending candles. Lower highs, and lower lows. This is the beginning of the end.

This is when an exit can start to be planned.



A period marked by decreasing volume, lower highs and lower lows. You will have time to confirm this, This is not the time to be impatient.



This is the first verifiable exit point at the apex of this wedge confirming a downtrend on the next candlestick. This is only the first of these patterns to play out.

Several of these patterns should form as we reach the peak **BE VERY CAREFUL HERE** as selling all of a position at the first sign of a wedge forming can reduce potential profits. Why well because this wedge that formed above could break up.



Notice how after Exit 1 the price broke upwards. This is why it is less profitable to exit an entire position all at once. It's much more beneficial to slowly back out of a position at several points so as to maximize profit.

This is very similar to Warden's exit strategy found in the God-Tier DD of this subreddit.

Why?

Because, he was also correct on how this should play out.

As this pattern continues eventually we will see larger and larger price decreases as each wedge breaks down and shorts are covered. This action will mark the beginning of the next phase.

PART C: CORRECTION

As the larger and larger price drops pick up steam, there will be more halts. Once these large sell offs are confirmed this is the point at which you

hope all your positions are closed. We are returning to earth so we can spend all the tendies we picked-up on that moon landing. The price will begin it's descent back to levels previously traded at and possibly lower. This could be the last dip-buy in GME's history, as If you are long GME as I am. This will present an opportunity to get back in on a company that I believe has a bright and profitable future.

Part IV: Conclusion

Well I hope that this DD helps to inform on the week ahead, and hopefully gives a better understanding into how the squeeze will play out on the charts. I also hope this helps other apes plan their own exit strategies. Nobody, can hold anybody's hand through this. This will have to be done on an individual basis and is up to you, entirely, to decide how best to accomplish your own exit.

There is **no guarantee** that this is how this will play out, this is simply a look into what I expect. There are a lot of variables at play. I believe that this is the most logical set of events that could occur. However, remember that the market is anything but logical.

Thank you all for reading this, if you have, I hope in some way I was able to shine a light on to what I expect to happen. See you all this week.

This is not Financial advice. The ideas and opinions expressed here are for educational and entertainment purposes only. Do not base your trading strategies on what I express here this information is only meant to present a possibility of a scenario and how I personally would navigate it. I would never presume to know your personal financial situation and hence can not advise to how it should be handled.

“I am not going to sell for a number that looks big to me. I am going to sell for a number that looks big to THEM.”

U/OUTHOUSEBACKSPLASH

WE ONLY GET ONE CHANCE

PUBLISHED MAY 26, 2021

U/THESHINSTER112



I AM NOT a financial advisor and this is not financial advise. Many of you apes are saying you plan to hold for numerous reasons; some apes want to be a philanthropist, while others for their loved ones. Those reasons will help strengthen your resolve. The real resolve to become diamond hand is to use common sense.

I need every retarded ape to drill in their brain basic math. TSLA had a short of 20%, a larger float than GME, a bunch of paper hand folks who

didn't even know about the SI or believe in the damn stock, and it went to 4.5k (Combine 5:1 split) a share.

GME has a short of 140% (That's the highest number it can be reported as. It's probably 777%+), a smaller float, and diamond handed folks. So even if you're a paper hand f**k, common sense dictate that you hold to at least 31.5k. That's basic math. Any number less than that, like 5k or 10k mathematically makes no sense. I did not even factor in the finra short change rule f**kery, how much lower the share amount GME has, or that institutions already own the float. **That's how ridiculously generous 31.5k a share is you retarded apes.** And because many of you are retarded, no, institutions can not on a whim sell all their shares. I don't know how I can make this more clear for you retards to understand.

And to assist with your resolve, back in late February, Finra changed how they reported short interest calculation. They no longer report short interest but short % of the float. What calculation are they using for the float? Are synthetic shares included in the float? They refused to let us know. That's how large the damn short is...

So hopefully I established basic sense into you. When and **BY THE TIME** it gets to 31.5k, **STAYS** at an uptrend price, and 5 days **HAVE PASSED**, even the largest liquidity short hedge funds would have been margin called, and **that's when the price stop mattering**. Since at that point, the short hedge funds no longer determine when they buy and the brokerage/clearing house takes over and buys at market price. If the damn clearing house goes bankrupt, then you wait until the DTCC takes over. It may take the DTCC a month before they take over, but they'll pay up. And finally, if the DTCC goes kaput, then you wait for the FED to print our damn money. That's why the floor is 20 million.

I need you to understand each hedge funds short position amount is different and each short hedge funds liquidity is different from one another. SHF get margin called at different price range.

THE MEMES THAT BROUGHT US TOGETHER

(YES, THERE ARE BUILDINGS WITH LIGHTS ON, YOU
DEGENERATE APES. AND MAYO.)

STONKS ONLY GO UP

U/RENSOLE



HEDGIES R FUCK

U/RENSOLE



THE ENTIRE MARKET. GME.

U/RENSELE



BEEN AWAY FOR THE PAST FEW MONTHS

GAMESTOP TWITTER ACCOUNT



GameStop 
@GameStop



Been away for the past few months. What did I miss?



2:00 PM · May 11, 2021 · Salesforce - Social Studio

PATHETIC

U/NOLZAD



APE NO KILL APE

U/RENSOLE



WE ALL MISS YOU

U/DAMOOO999



BRIEF CELEBRATION...OK, BACK TO ZEN.

U/TWENTY4ATE



THIS IS THE ENDGAME. AGAIN.

U/NOVWHISKEY



THE END IS NEAR

U/MOE420CUBS



THE RYAN COHEN TWEET WE
ARE ALL WAITING FOR

U/SILVINTOFF



Ryan Cohen ✓

@ryancohen



2:44 PM · May 25, 2021 · Twitter for MoonPhone

13,840 Retweets **1,589** Quote Tweets **58,072** Likes

STOP USING ROBINHOOD

U/CHMAN_PRIVÉ



THIS IS HOW IT STARTS

U/KEENFEED

Apes who hold GME but never
post nor comment anything



WHERE ARE MY EUROPOOR
APES?

U/GOTHFATHER12



**WHEN EVERY APE GETS A "VOTED" FLAIR
AND YOUR EUROPOOR BROKER WON'T LET YOU VOTE.**



imgflip.com



FLASHBACKS

U/KRTALVIS

January 2030

Me: heading to shop to buy
some chips.

Wife: don't forget to buy the dip!!



TRANSFERRING FROM
ROBINHOOD

U/BRRRRPOPOP



THIS IS THE WAY

U/KEENFEED

Bullish



Bearish



Apeish



LIGHTS IN BUILDINGS AT NIGHT

U/BRILLIANT-BOWL3877

SHITADEL
TOWER
Saturday Midnight



MARGIN CALL
PART DEUX

MORE LIGHTS

U/SEKOU_17



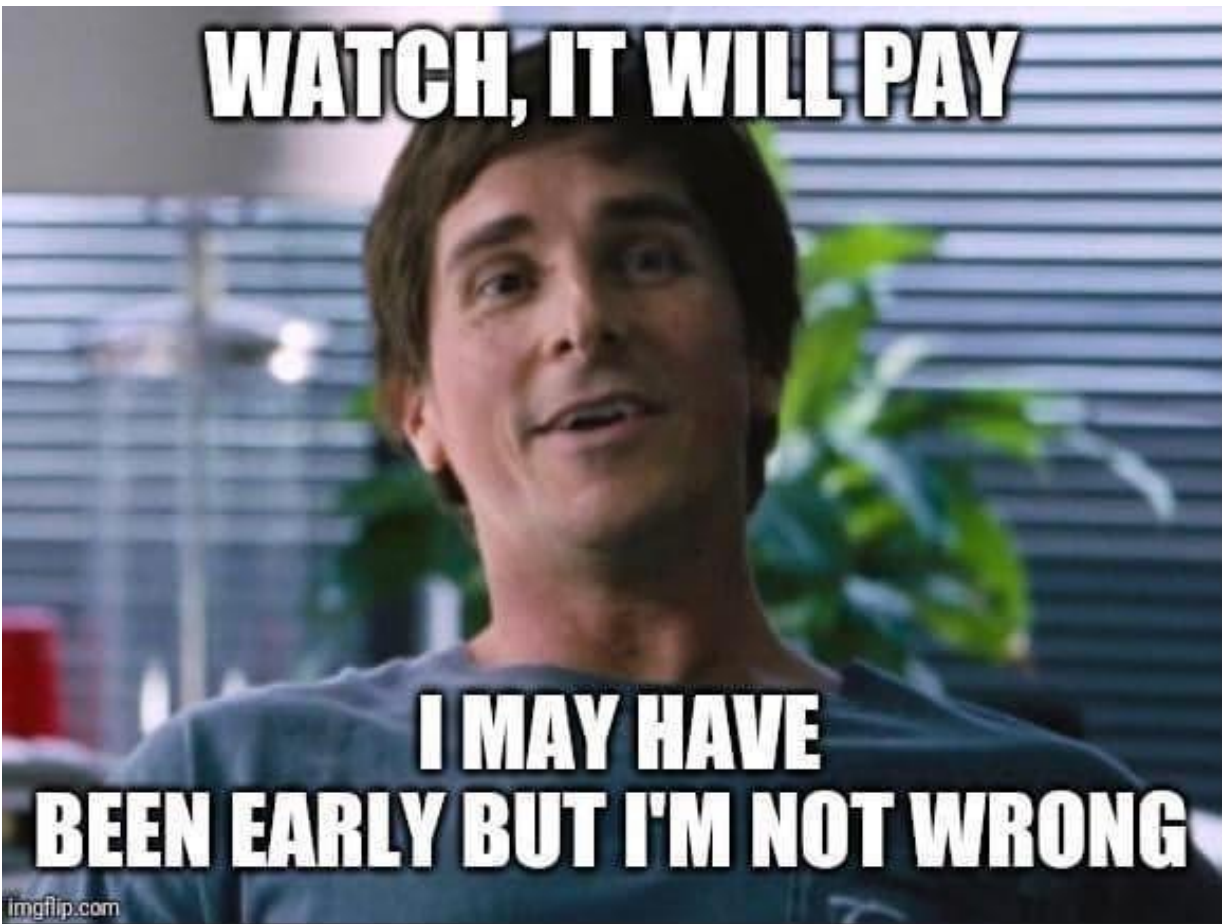
WUT DOING?

U/AJL949



IT WILL PAY

U/SNOOWALRUSES7854



OOPS. *MOASS* MY BAD

U/SHOTTASAN



*“OOPS
MOASS
MY
BAD”*

WHEN YOU CAN FINALLY PROXY
VOTE IN GERMANY

U/TAKTISCHERFETTSACK



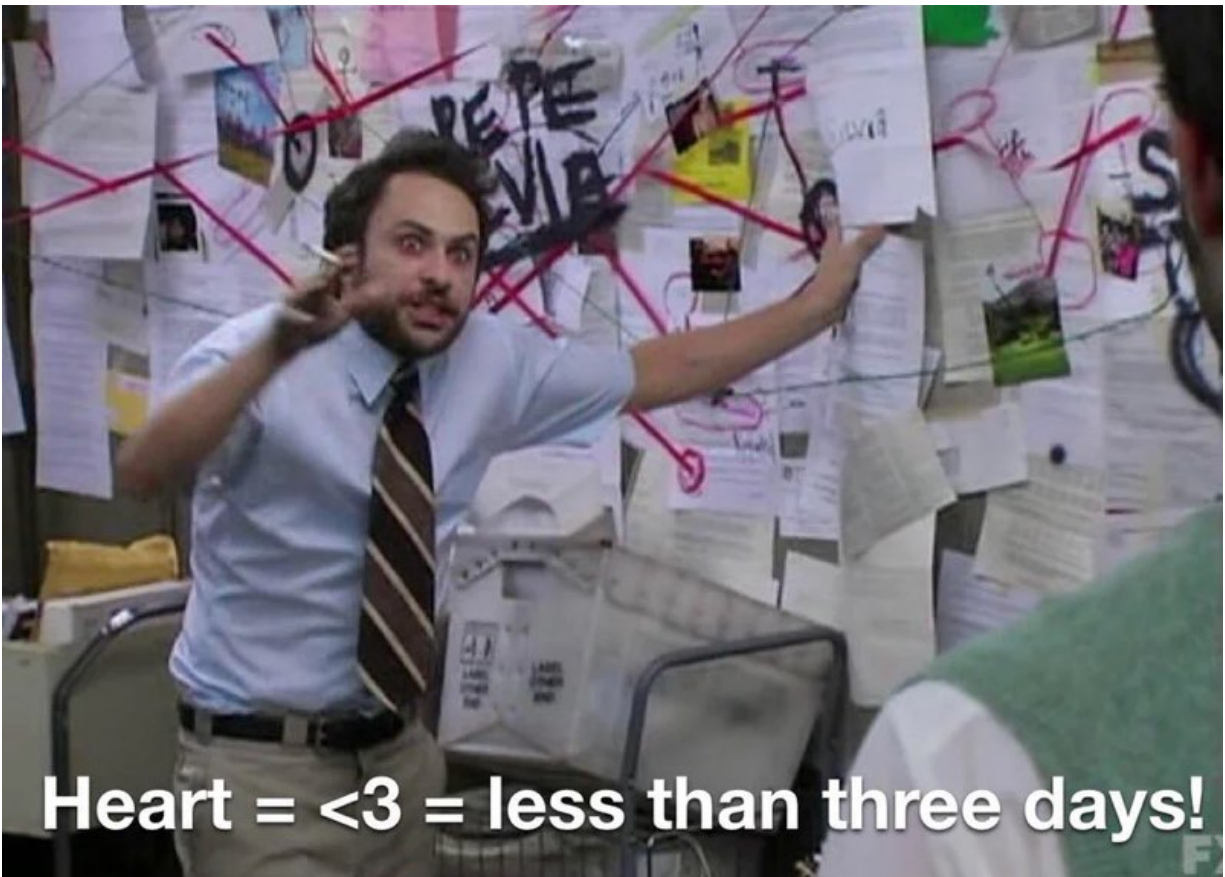
WHEN DD WRITERS DON'T ADD
A TL;DR

U/MULTIBLOUIS



CONFIRMATION BIAS
CONFIRMED

U/_GIBSON



Heart = <3 = less than three days!

MAYO HODLER

U/435F43F534



AMA

SUPERSTONK'S HONORED GUESTS & THEIR ESTEEMED
MESSAGES TO US APES

“Apes together strong.”

CAESAR (RISE OF THE PLANET OF THE APES)

AMA W/ DR. SUSANNE TRIMBATH

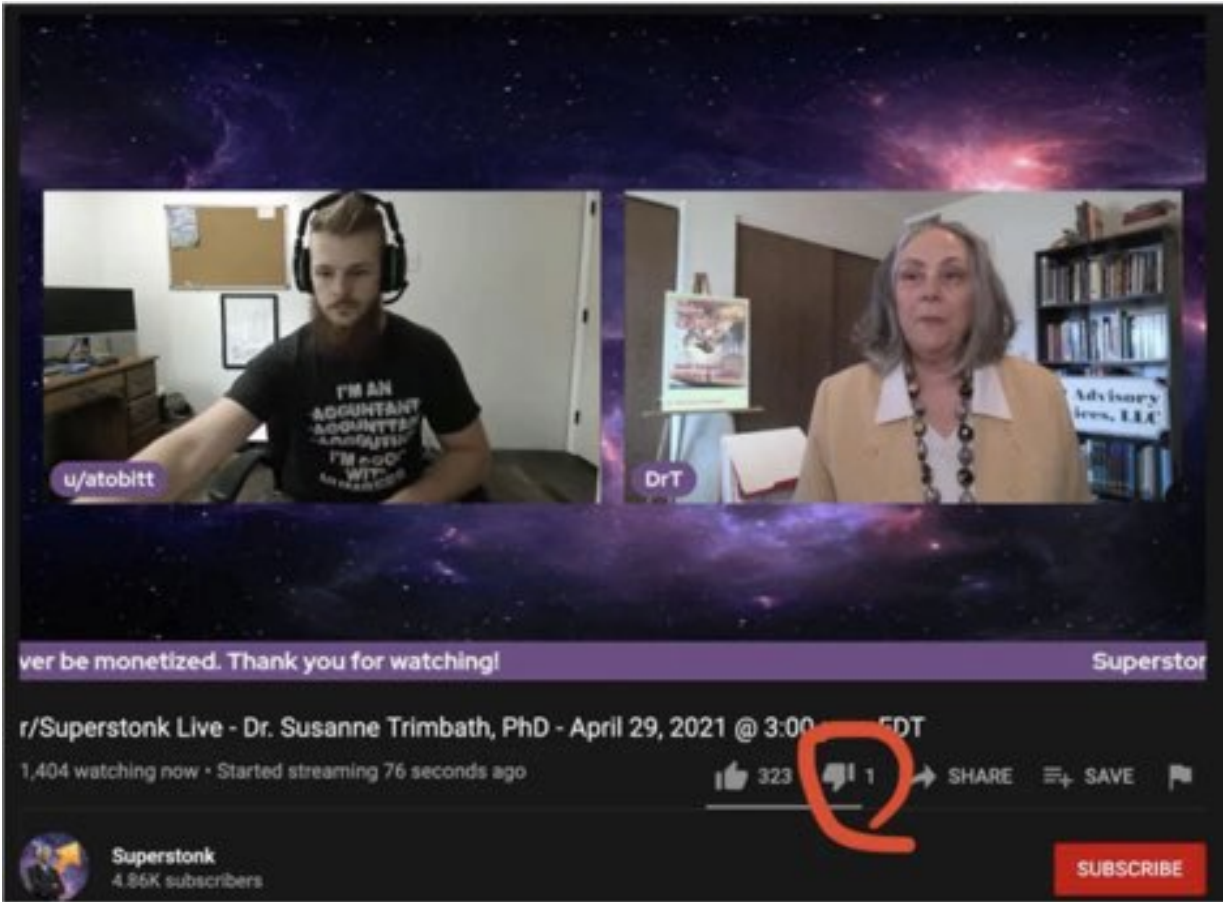
PUBLISHED MAY 1, 2021

U/BYE_TRIANGLE

FIRST OFF, I would like to say a massive **THANK YOU** to **Dr. T**. It was out of the kindness of her heart and her passion for justice that she decided to come to speak with us, *for free*, I might add. Dr. T is a busy woman, so it is an honor that she spent even an hour of her time with us. I for one, am really hoping that we get the opportunity to speak with her again because that was probably our most insightful AMA yet!

The following is the transcribed conversation between [u/atobitt](#) and Dr.T, accompanying it are summaries that break down the sections into more digestible pieces. [The video of the stream is also available on the r/superstonk official youtube channel if you cannot read.](#) Thank you for being such behaved Apes while Dr.T was here, you are amazing. ♡
♡

INTRODUCTION



Kenny G trying to short our AMA in less than 2 minutes in. 😊 credit:
u/stellarEVH

Atobitt:

Thank you everyone for joining us, this is our first [r/Superstonk](#) live AMA. AMA stands for Ask Me Anything

I'm here today with Dr. Susanne Trimboth, the author of several books, including what we'll be covering today, Naked, Short and Greedy: Wallstreet's Failure to Deliver

May I call you Dr. T?

Dr. T:

Yes, please.

Atobitt:

Great. How are you doing? Are you ready for this?

Dr. T:

Yes, I'm all set. I'm very excited.

Atobitt:

I feel like we are going to finally get this out. Finally get this in front of people that, honestly, keep asking "What's going on?" and you're here to provide answers.

Would you go ahead and walk through a brief intro of your background and expertise?

Dr. T:

Pretty much all my career has been in finance. I knew from an early age I wanted to study money, basically, and how money works.

I've worked with insurance companies, federal reserve banks, stock exchanges, clearing, settlement - that was my career through the time that I went to grad school in 1994 which is when I left the DTC in New York.

Did my PhD in economics at New York University and then went to the Milken Institute (Santa Monica, CA) where I did Capital Markets research for a couple of years before going out on my own. I then did independent research in finance and economics since 2003.

I do want to say that I've probably *forgotten* more than what most people will ever know about back-office operations and all the post-trade stuff.

I also worked in Russia to help them build trade clearing settlement systems when they shifted from communism to capitalism.

My expertise is post-trade, not trading or trading operations.

But there are a lot of other people with more expertise who can answer questions about hedge funds, dark pools, trading strategies, that kind of thing. That's not what I really know most about. I've taken an investment class in college, so I know enough about it. **My expertise mostly lies in everything that happens backstage at Wall Street.**

TL:DR □ **Summary:** Dr. T has experience across a wide spectrum of the financial markets, including knowledge globally. More specifically, her expertise lies in everything

that happens “backstage at Wall Street”.

Link to Dr. T's Full Bio: <https://www.gminsight.com/bio-susanne-trimbath>

HOUSE OF CARDS / THE EVERYTHING SHORT

Atobitt:

And that's what's so incredible about having you on here because a lot of people are just trying to figure out and get a look inside the DTC.

We've been talking and posting about what's going on, but having you here to actually help us explain that and to dive into the follow-up to [House](#)

[of Cards](#), which you generously spent time reviewing, as well as [The Everything Short](#).

A lot of people want to know, just high-level: How close were we? Are we trying to shout the same message?

Dr. T:

HoC is a lot more of what I know.

Everything Short - there's a lot of stuff in there that I'm not as experienced with. I offered you some comments on that, but I don't think I can be as helpful there.

On HoC, some things you caught on to.

For example:

DTC rule changes about not allowing issuers to say "I don't want to be in the depository".

Most people would have missed that because that really came about as a result of one issuer telling their shareholders to pull their certificates out of the system

So rather than leaving their shares with their broker, to get them registered in their own name.

That had been done on a small scale before.

But for this issuer, a lot of people/investors were organized, and pretty much everything came out.

At that point, the DTC said issuers can't request this.

Now, an individual can still ask to have their shares registered in their name.

Gamestop has a direct stock purchase program where you can buy your shares directly from them, I think the minimum purchase is \$25 for a one-time buy.

So you can still do it, but finding that example in HoC showed me:

**you've done a lot of background research;
you came up with a lot of things people missed**

There were a few problems with HoC in there.

The big problem for me is when you said Cede & Co is a company.

In fact, Cede & Co is a **nominee name**. Think of a Trustee/Custodian relationship.

All banks/brokers have a nominee name they use for securities registration.

Any shares registered with a nominee name signals to the issuer that those stocks are not held for the company, that they're actually held for someone else.

Trivia about Cede & Co. name origin:

short form of '**Central depository**'

They started out as a department at the NYSE

And when they needed to get a nominee name to hold securities for trade settlement, they used Cede & Co.

Atobitt:

Thank you for clearing that up and for the compliment.

I heard some theories from others but your version is like hearing the Gospel because it's coming from a credible source.

Dr. T:

Yes, "Central" because that's where all of the NYSE members could deposit shares/certificates there

And Cede & Co would hold it for them so they could use it for trade settlement because in the late 1960s there was a paperwork crisis on Wall Street.

They couldn't get shares transferred or re-registered from one name to the next when you sold securities, in time for the two-week settlement cycle.

So imagine as you're trying to go from T+5, T+3, T+2, how difficult it became.

TL:DR □ Summary:

Cede & Co is a nominee name, banks and brokers have custodians they use for securities registration, any shares registered with a nominee signals the stocks are being held for someone else.

Cede & co came about owing to a paper crisis as trades increased, and they became the nominee to hold a majority of securities.

THE BIG ISSUES

Atobitt:

I know you've drilled in a couple of really big points in your book about your personal feedback on some T+10 settlements

Our main focus:

There are these shares that are just kind of floating around, being borrowed and being lent and lent again. It creates this problem where nobody knows exactly what is going on or who owns what.

We just know there are more shares out there than the company originally issued

In a perfect world, how would a naked short sale be held in account/ kept accountable? How would that go in a perfect world?

Dr. T:

In a perfect world there would be no naked short selling. PERIOD. That's really an exception. In most Market Maker underwriting agreements, there's a little clause where the issuer agrees that the underwriter in the remarking agents can in fact sometimes sell more shares than they actually have in order to keep the market flowing, in order to meet demand.

In a perfect world, if I was an issuer I wouldn't agree to that

In a typical short sell situation:

The retail customer puts in an order to short sell the stock.

The broker finds somewhere to borrow it so they can make delivery.

They either pre-borrow or borrow at least within 2 days of executing the trade.

Borrowed shares are then delivered to the buyer, who then gets all the rights, including dividends and voting rights

Atobitt:

So the rights are being transferred right along with the shares that are being borrowed and that shares may be borrowed multiple times, correct?

Dr. T:

It can, it's not supposed to be, but it certainly can be. Because the buyer often doesn't know they are getting a borrowed share-- right?

There was a time, in the 70s, when broker friends, of mine would tell me they would not accept borrowed shares at settlement, because of the chance that they were borrowing a borrowed share. Basically, they would not be the buyer in a short sale.

This is where it starts to get into the 'not-so-perfect world'

Atobitt:

The perfect segue!

Dr. T:

In a not-so-perfect world... the short seller, even one who borrows, may or may not “mark the trade”. I say “mark the trade” that's old school. You actually used to have a piece of paper, you would write short on that piece of paper and say “I'm sell 100 shares of something-or-other

Atobitt:

Are there the short sale indicators that we are seeing on FINRA reports?
Ex - “Failure to mark as short sale..”

Dr. T:

Yeah, yeah, it used to be that you'd actually write it on paper and now it's electronic, so there is something in there. So, If the short seller knew that buyers would not accept borrowed shares, they might in fact “*forget*” to mark it short*,* right?

So there is no record of a short sell anywhere, not at the exchange level, and certainly not... there is no indication to the buyer that they are going to be receiving borrowed shares.

Atobitt:

Really quick, there, so I can understand; That is, in essence, a way for them to say “Okay, The system wouldn’t typically allow for someone to take a share that’s marked as short or marked as borrowed, and by excluding that, it doesn’t give the indicator and allows it to go through the system.”

Dr. T:

Right... the buyer is the one who wouldn’t allow it. It’s not that the system doesn’t allow it.

Atobitt:

But the buyer doesn’t know the difference?

Dr. T:

The buyer doesn’t know the difference. But, at the brokerage level, broker to broker, [the short sellers] know when they put that trade together, that they are selling short. If they don’t turn on the indicator, that’s where the violations come in. Especially, post Regsho, in the ‘04 period. That became a MAJOR issue, because the number of shares circulating was so much greater than the short sales.

So that’s one problem that occurs, the other one is that; you mark the sale short and you *pinky-promise* that you’re gonna deliver the shares... but then you... “Forgot” to borrow them, Didn’t borrow them, thought you could get them but then you couldn’t get them, and maybe someone promised they’d lend them to you and then at the last moment they didn’t.

So that’s another problem that occurs, right? Even if you marked it short, you may or may not be able to get the borrowed shares to deliver.

TL:DR □ **Summary:**

In a perfect world, there'd be no naked short selling.

In underwriting agreements, **MM or agents can sell *more* shares than they have to meet market demand.** When a share is borrowed, the rights of the share borrowed are also distributed with it

Brokers can know whether something purchased is borrowed if it is marked, but often **direct buyers (retail) don't know that they are buying short, borrowed shares.**

There have been **many cases of violations of brokers 'forgetting' to mark shares as short** just so they can open the short position, even if this later has a high likelihood of becoming FTD because shares without this designation are more likely to be bought by brokers.

BYRNE AND OVERSTOCK

Atobitt:

So on that point, I think it's a great time to segue into-- You spent a lot of time in your book, talking about Patrick Byrne and Overstock.

Dr. T:

Yeah.

Atobitt:

I think it speaks volumes... you were using words that I think were *very* generous, like “accidentally” or “*may not* have”, or “we left out something that we should have covered by sorry we forgot.”

Would you mind giving us an overview of what happened with Patrick and Overstock?

Dr. T:

Yeah, so that was really interesting... Patrick was very active, this crusader-- self-declared crusader against naked short selling.

So there is this group called the **North American Securities Administrators Association (NASAA)**. Every state has a securities admin, someone who takes care of the rules in their organization.

Well, I may get some dates and names wrong..

This whole thing was coming out, companies and investors were complaining at the state level regarding Naked Short Selling, stock loans, and all that.

They called a panel discussion in Washington DC at the end of 2005. I was one of the people on that panel.

I didn't know Patrick at the time but knew that there were people like him, investors and CEOs of companies, in the audience. I stunned them by presenting a report from the Securities Transfer Association that indicated that **of the 285 proxy vote cases examined** (votes at corporate annual meetings of shareholders), **all 285 have over-votes**

Over-vote is when there are more votes than shares available

And this happened in all cases, sometimes by a large amount

To be clear, the problem is a little better now, **only 85% of the test cases** had over-votes but it's far from fixed.

So, they were really shocked...

I put out a challenge to all the CEO's in the audience, and I said: After this seminar **buy 10k shares of your own company** and at that time, three

days later the broker is going to take money out of your account and will tell you that you have your shares.

But go ask them if you actually received your shares. Now, if **you or I went to a retail broker and asked that question, they would say “yes, it’s right here in your account”**

But if you’re a purchasing power or a corporate CEO, you have tighter connections and they will really dig into it to make sure.

Eventually, **his broker confirmed to him that he did not get the shares** and that multiple attempts to purchase the shares to replace what he didn’t get failed. **There were simply not shares available to meet his purchase.**

Atobitt:

You’re talking \$50 million worth of shares

Dr. T:

They’re happy to keep his money, but **they knew they didn’t have the shares for him.**

But **it took him two months**, as CEO of the company that he’s trying to buy shares from, took him **two months** to get his shares

It’s a prime example of how **retail brokers don’t know what’s going backstage**. Retail brokers know what’s going on in front of them, on the record, but not what’s going on backstage behind the scenes.

This got a lot of attention.

Bob Drummond from Bloomberg Magazine wrote a multi-page article called **[The Proxy Voting Charade](#)**, which was inspired by his attendance at that meeting in 2005 where I was a panelist, where there are people voting as shareholders in matters of corporate governance which are so important,

and yet their votes aren't counted because there are too many votes coming in

Atobitt:

Exactly and we're actually dealing with that right now with Gamestop - dealing with the proxy voting and Gamestop

And tying that back in there, we had a volume chart - before we got into the peak here before the run-up we were having upwards of 180 million shares traded per day

197 million was the peak there - we're talking about circulating the same stock four times

Dr. T:

In one day, their entire capital - so that number of shares outstanding, that's their capital statement, that's on their balance sheet, that's what they report to the Secretary of State in the state where they're incorporated about what their capitalization is like

And in 1 day... that's crazy

Atobitt:

That's incredible, a really good point.

TL:DR □ Summary:

This problem of naked shorting, and by extension, overvoting is not restricted to GME at all, in fact, it appears to be a major issue industry-wide.

Even the CEO of the company Overstock, purchasing their own stock, couldn't have their broker find the actual shares purchased, it took 2 months before they did.

The fact GME traded nearly 4x its float in 1 day is insane.

ETG LAWSUIT AND NAKED SHORTS

Atobitt:

And just a couple of other points on top of that:

That wasn't the only lawsuit that we're talking about here as well

In addition to Patrick, in 2006 lawsuits were filed against 11 prime brokers for allegedly doing the same thing, and according to your book, they were conspiring to do this.

Dr. T:

ETG filed a lawsuit think it was settled out of court

I don't think there's any public information about the resolution

This is a really important point though because we want to talk about 65 million shares that the company issued and yet 180-210 million shares outstanding

ETG's complaint:

their financial model was for shorting a particular stock included the fact that the shares were borrowed and would eventually have to close the short and replace them

if the prime brokers were giving their funds/trade orders to a group, and that group is not borrowing the shares to deliver, then that ruins their financial model.

Atobitt:

Can you segue from this into the Triumvirate Trouble, because I feel like that's kind of what you're touching on here?

So it's not just the naked short selling, but we have these other additional factors - can you please elaborate on that?

Dr. T:

The triumvirate of trouble is:

- **shorts (naked or otherwise);**
- **FTDs; and**
- **loans**

Even shorts covered by a borrowed share will increase the number of shares in circulation.

While that share is out on loan, there are actually two people claiming ownership, but only one person owns it and the other "kind of" owns it, like they have a marker and then eventually the shares will be delivered back to them and they'll have their ownership right"

So even a short covered by a loan is a problem

And when you throw in fails to deliver, which means that long or short, you just don't show up at settlement with shares, all of those add to the increase in "the Denominator"

I don't want to get too "math-y" on you but I noticed some highly educated and technical persons in your audience: so the denominator in the financial ratios is shares outstanding:

$\frac{1}{2}$ is bigger than $\frac{1}{3}$.

So as you increase the denominator you decrease the values.

That just throws all the financial ratios out the window.

Atobitt:

High level - are the incentives for these companies to Fail to Deliver instead of just covering their shorts like they're supposed to?

Dr. T:

That's a trade type question, but what I can say is up until recently there was no penalty for FTD.

It was only recently that the NSCC and others have started to put in penalties: there is flat fee penalty, per dollar penalty, daily interest penalties.

There was a paper done in the early 2000s by a researcher at the SEC that talked about **strategic fails to deliver**, i.e. they give me money and I give you nothing and I pay a little fee to whomever I failed to deliver to, in the meantime, I have your money so, for two months, Patrick's broker had use of his money that they could use freely do to as they wish for their own benefit and interest - free available capital.

This is incentive enough, having the cash of someone else, it's only a little fine you have to pay and they can earn enough to make the cash back and more so that it's worthwhile to pay the fine.

TL:DR □ Summary:

ETG filed a lawsuit that was settled outside of Court to keep things hush-hush, but it was based on their shares outstanding vastly exceeding their float.

You will likely never hear publicly about successful cases if settled.

Penalties have only recently been introduced for FTDs.

What's the incentive for them? Money. It's always money.

Before, they would take someone's cash via FTDs, to then make more cash and only get a slap on the wrist for doing so.

—

DTC COMPLAINT PROCESS

Atobitt:

Let's segue into DTC oversight incompetence and their involvement.

What did the DTC do when complaints were received?

Can you walk through how that management info system kept track of these issues?

Dr. T:

I worked in troubleshooting in DTC, dealt with all the operational-- everything that didn't balance in operations.

We'd send something to a transfer agent to have it re-registered in Cede & Co's name, from Merrill Lynch or whatever, and a month later it hasn't come back yet.

So that item appears on a list for the supervisors in the morning.

There's a similar activity in the vault - for example, they get a break list every morning, and it says "this is what is on the shelf and this is what we're supposed to have."

In other words, this is what the system says is on the shelf vs this is what we're supposed to have, and we need to figure out why there is a different settlement amount between the two numbers.

The only one who doesn't get this list is money, because on the money side if you don't deliver your money by 4 pm someone's on the phone calling you to get your money in, so that's a whole different issue.

In this scenario, we're just talking about shares on the lists.

So those lists, and I know from my work in troubleshooting those lists... Those lists are sorted by VALUE.

So we have aged fails, aged transfers, and they always come out by value and you always hit the big value items first.

[u/StonkU2](#) and I spoke about this as well: as the brokers continue to short, or naked short a stock, they continue selling more than buying to push the price down, and as they push the price down they can in fact keep dropping that item further down on the priority list for investigation at the DTCC because now it has a lower value.

TL:DR □ **Summary:**

DTC has a list of issues to rectify sorted by value alone.

By driving the price down, the short seller not only drives the price to the ground and makes money, but because investigations are dealt with on a value basis by the DTC, the further the price goes down, so does the priority level of the issue, in the DTC's books.

** Editor's note: Mind-blowing.*

NAKED SHORT ENDGAME

Atobitt:

So, you're intentionally lowering and reducing the priority of a stock.

Dr. T:

And I think a related question came up in the AMA that I read.

I can't remember who it was from but it was along the lines of "what happens when the company goes out" right?

So the End Game in naked shorting is that you **deny the issuer access to capital by pushing down the stock price**, so the only way they can raise capital was if they come out and issue new stock, so now you're getting bigger and bigger shares of equity for less and less money.

So if your stock price is up that's when you want to issue more equity because you're getting the interest and capital.

Atobitt:

Gamestop is taking advantage of that right now too -market price is high, it's a good time to make some cash.

Dr. T:

That's the time to do it because if they need capital if they want to raise capital, that's the way to do it.

By pushing the stock price down they are denying the issuer access to capital if the capital is really important -for example if you don't have money to expand your business, buy new equipment, capital purchases, eventually, they can drive the company out of business.

Once they do that, then all of the fails, shorts, loans-- everything is erased because the stock's declared worthless.

Technically, if you can't get a share transferred, re-registered from one name to another for two years then the DTC can declare the stock worthless.

At that point, they just archive the records and shred the certificates.

One of the AMA questions that came up is related to this - **there's so much damage done**, not just to the investors-- of course the investors suffer.

Atobitt:

Would you say about 7500 companies have been put in a coffin because of activity like this?

Dr T:

It's hard to say.

Atobitt:

I just remember something similar to that in the book
It's just mind-blowing that this is that systematic.

Dr. T:

There are companies that get started, fail, and go out of business. That does happen, so DTC has a procedure to do this.

But the idea of it - it's just very official.

If you can't make a transfer in two years, it's worthless, your broker shreds the certificates, and then that's the end game for that asset grab in particular.

TL:DR □ Summary:

Driving a stock price down restricts the availability of capital, which in turn assists in running the company out of existence as they can't issue to generate capital.

The ultimate goal of naked short sellers is to make the company worthless, at that point, every action they've taken to manipulate the stock price and hinder the DTC investigating disappears into shredders and archives. BRRRR.

—————

FTD'S, BANKS, SEC EXAMINERS

Atobitt:

Yeah... I mean that story to me, about having the option, in audit, and all these internal controls, where do you have the incentive/opportunity to cheat the system? *that is a red flag* on top of some of these points that you have.

In 2008 the banks that were the source of these FTDs began to see their *own* shares FTD and so to protect them the SEC stepped in **and stopped short sales against these securities but JUST the securities of those banks.**

Dr. T:

Exactly, and that was the ?? went to congress and said they're "Help me help me they're shorting my company now!" but, they're the perpetrators!

Atobitt:

It just sounds way too familiar with what happened with Robinhood not too long ago.

Dr. T:

And then on the other side of that coin is that, and I do need to mention this, in Europe and Asia when they stopped naked short selling they stopped it in *all* the stocks it wasn't just the banks in the US they only protected the banks.

That's a really big red flag, why stop it just for the banks when they were the ones causing most of it?

TL:DR □ **Summary:**

Evidence and history have shown that the SEC will step in to help the FTDs of the *banks*, but they historically will **not** help other stocks such as GME.

The evidence is that the SEC prevented naked short selling of the **bank** stocks and **no one else's**; whereas in Europe and Asia they protected *all* stocks from naked short selling.

Atobitt:

And so when a lot of these SEC examiners would come over to the DTC, people that are behind the scenes and outside of this we have this impression that these people are being parented. Like mom and dad are making sure the kids aren't breaking the law, but when they would come and see you, generally the first question out of their mouth was?

Dr. T:

What does DTC do?

Atobitt:

What does the DTC even do? And when you mention another point in here "it is easier to pass a FINRA exam in order to become a broker than it is to get your *barber's license*."

Dr. T:

In most states, yeah. Yeah.

Atobitt:

That is just *mind-blowing* to me.

Dr. T:

It's not that difficult to do. A lot of times a lot of people will get hired and trained on the job *whilst* they are passing their series 7 license.

So it's not, look they just have to know some fundamentals there are things like a certified financial analyst right, CFAs (*Atobitt agrees*) right because that's an official designation beyond I understand the mechanics of stock trading, it's I know something about financial analysis behind it.

Atobitt:

And to that point you were, I think you said 73% of the exam was basically them telling people which stocks to invest in as opposed to what the process of this is, it was like advising almost in that exam.

Dr. T:

Yeah and that FINRA exam there's, you can see some of the questions and sample questions, you know it's pretty 'accessible'.

Atobitt:

sigh unreal. So to kind of group this in, I feel this is a good time to bring this in, what we've done is taken a list of questions that were pertinent

to this conversation and I've grouped them into about 20 relevant questions like FTDs or regulation or compliance and oversight and as we're having this conversation I'm trickling these questions in.

And then afterward when we post the follow up which will be posted after this these people will be able to see these questions and shout those people out but we had a lot of questions on this with the regulation and I think a lot of people don't know that these people are SROs, Self Regulatory Organisations and they don't fall under the realm of things like the Dodd-Frank and some other regulatory acts

So, it is just overwhelming the things you have put in your book to address this, like the triumvirate of trouble but how this is allowed to be this pervasive and the system actually *allows these people to* fail to deliver which is something, as you mentioned, we need to raise the pitchforks about.

"Your pitchfork army
is here" --
u/atobbit 04/29/21



u/mortz232 Pitchfork Army is here

TL:DR □ **Summary:**

Historically SEC examiners would approach the DTC and just ask, what do you do? (these are supposed to be professional examiners keeping brokers in check)

Dr. T then clarifies a lot of these people (brokers) 'learn on the fly' and the qualifications they hold are less difficult to obtain than *a barber's license in most states*.

The fundamental understanding of brokers is therefore suspect.

COMMUNITY QUESTIONS

Dr. T:

Yeah, the pitchfork moment you have to find that point where you say enough is enough and I really need to do something.

Um, there was a question from, I just need to go back (*go for it! Ato*).

I don't really speak emoji *laughs* Is it auto-bit? Right? I don't know how to pronounce your handle I'm sorry.

Atobitt:

You're not the first! It's fine!

Dr. T:

[u/HappySheeple3](#) asked the question what can you do? I had a similar question from Rower like what can we do and so I need to go back and it was [NASAA.org](#)

They put together that, a panel discussion in Washington where you know a lot of conversations took place like Overstock and NYSE was there and they had to admit some of the things they did on the proxy so [NASAA.org](#) they have a button at the top of their homepage that says **contact your state securities administrator right, so they are the people who are the most interested in the complaints you have**

about corporate governance, and what's happening to the company in the state where you are so I did want to mention that.

And then just on the voting itself what do you do? Like you said right now GME is in proxy season? And then there's the story about Overstock in the book as well like what happened at their annual meeting when they got more votes in and they knew for a fact that members of Patricks' family did not receive their proxies and so were unable to vote.

There's a guy/website inspectors-of-election.com

Atobitt:

We'll link this down below.

Dr. T:

Yeah, you can, the company has to do this, the investors don't, the company hires an inspector of elections, so like Carl Hagberg, For example, who will actually go in and try to figure out like what if you get, in my view and this is Carls' view as well and he is much more experienced on that side of the business than I am, if you're an issuer and you got more votes in than you have shares outstanding you should **not accept** those elections results, you should stop and get this thing straightened out.

This will help to reveal evidence if there *is* naked shorting, FTDs can be revealed like that is, there are few things that bubble up there is a lot about FTD and naked shorting that you will never find about public information.

Atobitt:

Intentionally, I'm arguing, intentionally too.

Dr. T:

Yes, and even *issuers* have a hard time finding out exactly what is going on with *their own stock*, this is a **long-term** problem. But there a few things which bubble up and one of them is during the annual meeting when it comes to voting

Now after we raised this issue in 2005 there was Broadbridge, who processes a lot of this electronically, put in a service to the brokers, they can pay that if they report more shares to be voted, **THAN** they have held at DTC, then Broadbridge will tell them to ‘fix it’ *before* they tell the issuer

And that is probably how 15% of the overvotes down, right, so they went from 100% of the test cases (Leaglese edit: being over-voted) to only 85% of the test cases, because Broadbridge will tell DTC, of the 1,000,000 million shares, 100,000 are held by Goldman, Merrill etc. So Broadbridge goes to Goldman and says you have 100,000, who does the vote go to?

Goldman then says we have 200,000 or 150,000, Broadbridge will say sorry, you only have 100,000 so you need to fix this. Goldman then has a system where they have retail investors, within their accounts that they have more shares than actually existed.

Atobitt:

Gamestop is bouncing between 100-200%, institutional ownership is over 100%.

Dr. T:

A really important point is the institutions have to get up in arms about this, proxy voting charade, Bloomberg magazine has a lot of details about how anybody wants to understand that issue in more detail.

TL:DR □ Summary:

Actionable steps that could be taken include, visiting <https://www.nasaa.org/> and contacting their local securities administrator as *they* will pay attention, as her friend Patrick did. These are the people that want to know about this stuff.

Dr. T's position is that overvoting is a huge problem, and it is *not* solely confined to stocks such as GME. In fact, even now 85% of stocks are over-voted and that's because of the influence of a company who deals in trying to fix it, before, 100% of stocks in 200+ test cases were regularly overvoted.

Where a stock is over-voted, this provides *proof* the stock is naked short sold and/or has a high number of FTDs. A problem prevalent throughout the industry.

AUDIOBOOK - NAKED, SHORT, AND GREEDY

Atobitt:

By the way, you have a huge demand for an audiobook right now too. Maybe we can talk a bit more about that offline?

Dr. T:

So, I just wanted to say I have talked with the publisher and he is in London so he is, in contact with the Royal National Institute for the Blind, and that's not an audible book, for commercial purposes, but we are trying to make it available for those who are sight-impaired.

Atobitt:

You heard it here first, so got that in the works, that is incredible, that is excellent.

Would you mind if we went ahead and transitioned into looking at the evidence? So we're trying to lay out the groundwork of what has happened here we have these shares that are just rehypothecated to oblivion.

We have the DTC that is not really... doing a whole lot to kind of, or any sort of agency that is in charge of, they're more incentivized to keep the problem going and we're trying to blow the lid off of it but looking at the evidence going forward I am going to be writing a lot of the stuff we talk about here in HOC 2.

You mentioned a bunch of stuff in the book about a bunch of these numbers that I'd like to go over at a high level and we can discuss what the implications of some of those might be.

TL:DR □ **Summary:**

Dr. T and Atobitt think it is a great idea to make this information available to apes who are sight-impaired, and the mods of [r/Superstonk](#) think so too.

Atobitt prepares to dig into the evidence to support the position.

THE EVIDENCE

Atobitt:

So, right there at the top more than $\frac{1}{3}$ of companies receive more votes than shares that are outstanding.

That is direct evidence of what we are talking about here. Now I want to really drill into the FTDs.

The 'open positions due' to the NSCC, and these are quotes from your book, 3.4 billion open positions due to the NSCC, open position

to *buy* participants with the NSCC was 2.45 billion, that results in open total fails 5.8 billion in 2005 or?

Dr. T:

2000? or something like that.

Atobitt:

2005 or 2007 or something? Something like that and from that, I pulled the same report 2019-2020, 2020's total and they've thrown this euphemism on there now it is no longer fails it is 'open positions for which a trade guarantee is applied'.

Dr. T:

Right, there is only that when there is a fail, as otherwise, it's just due next week or...

Atobitt:

Would you be surprised to know that your \$5bn figure in 2005, basically pre-financial crises figure of 08, has turned into a \$183bn figure?

Dr. T:

Not really, but keep in mind part of that is there are more issues being traded in, there are... there are more types of issues since 2005-2006 NSCC has added ETFs, mutual funds, they've got some bonds through there so there is more activity, more numbers to settle that's certainly true so that's

why when you use those figures in HOC or everything short, to put a denominator on there.

Atobitt:

There's that distinction, yes.

Dr. T:

It's a multiple something, a fraction of something, so when I look at the \$183bn open positions, I want to go look at the Clearing Fund, because if that \$183bn doesn't show up, it's the Clearing Fund that NSCC would draw on to cover that.

So that's, for me, that's the denominator. Like I said a multiple or fraction, in the 03, 04, 05 if there were 40x if the FTDs were 40x the Clearing Fund if those fails really fail there is no way ...

Atobitt:

It'd be game over, *game over*.

TL:DR □ Summary:

The direct evidence of naked shorting exists and remains today in that over 1/3 of companies receive more votes than are actually outstanding.

FTDs have been classified in a new way, 'open positions for which a trade guarantee is applied' and on Atobitt pulling the same report Dr. T did at the time of her book, the problem has risen from a \$4bn problem to a *\$183bn issue*.

Dr. T explains she is not surprised the problem has grown to this extent, owing to the advent of ETFs, Mutual Funds, and increased trading, etc...

Dr. T warns all apes that you need context, like a denominator (her example, the Clearing Fund) in order to contextualize and understand your DD and appreciate the bigger picture.

GET OUT OF JAIL FREE

Atobitt:

We're gonna talk a little bit more about these DTC proposals that have come out, I really wanna pick your brain on those.

Yeah, that jump from to \$184 billion was up \$40bn alone from 2019, to your point about the Clearing Fund. Another point you illustrated in your book, was keeping the ratio or the volume of stock that's being traded on the NYSE, and as a comparison showing, we have a volume increase for a period between '99 to '03 and '03 to '06, 3 years to 3 years, the volume of **total** trades increased by about 29%, *for the same time frame, a 95% in FTD*

Dr. T:

So, I never met a number I didn't like. Let me get a bit more math-y with you, so when reporters would go to DTC and say hey, why is the volume the value of fails gone from \$5bn to \$183bn?

"We do more trades." "Trade values are rising." Bought as a percentage of transactions, processes still are a fraction of 1% but what I'm looking at is what is that change across time?

So, if trade volume is the deal so fails are going up, then the change in trade volume should parallel this somehow, but it's just not there

Atobitt:

It's just not there. To the point that you just brought up about that clearing fund, to the people that have been following my posts and your book talked about FTDs jumping like 1000% or 100% I also noticed these liabilities and assets going up, Citadel was somebody hard not to ignore in Citadel Has No Clothes, I don't think you actually reviewed that, but the point I'm trying to make is that asset side, or liabilities side has jumped 100% the assets are held by the DTC who are supposed to cover those.

Also looking at the Clearing Fund balance of the NSCC, we have another 100% jump so in 2019 we had a Clearing Fund balance of \$4bn but the 2015 Clearing Fund balance is just under \$13bn and there was a 119% jump from 2019-2020 alone.

So we talked about the amount being held to cover these shorts, and they say well we will have fewer failures if we just have a bigger deposit account.

Dr. T:

Well, there's a relationship between the two now right so in, so in the comment leading up to the 2008 financial crisis, um I um, made the points in several places that what we just talked about, the Clearing Fund was a fraction of the fails right, that the risk in the system was enormous, to know that was, you know, because that's, you know they are too big to fail, status, right?

Okay so after that.

Atobitt:

The get-out-of-jail free card right?

Dr. T:

Right, so probably in, I've forgotten the year as I said, so probably 09 2010, something like that, prior to that there was no calculation for the Clearing Fund that included fails.

So it was a big foreign activity, the more trades you did, the bigger your end-of-day settlement, the more you had to put into your fund. That's how the participants all put in different amounts based on what their activity is.

TL:DR □ Summary:

In 2005, FTDs and naked short selling resulted in a (*relatively if you read on*) small \$4bn problem. Now, the problem sits at \$183bn, with a jump of over \$40bn from just 2019-2020 *alone*.

Whilst stocks traded from 1999 to today's date have increased by 23%, ***failures to deliver have grown by 95%***.

Dr.T is not surprised owing to the increase in trades, ETFs, and mutual funds, and notwithstanding this, the number of trades and the Clearing Fund didn't rise at the same rate as the FTDs as the potential loss.

Atobitt's theory is they just want to have more cash on account to cover the fails, and Dr. T clarifies that the Clearing Fund just is not enough as it wasn't in the 2008 financial crisis.

Overall, Dr.T and Atobitt agree the players think they have 'too big to fail' status to obtain a get-out-of-jail-free card.

Dr.T also states the Clearing Fund used to be based on your activity in the market, but the recent changes do not reflect that.

—————

PUTTING THE *FAIL* IN FAILURE TO DELIVER

Dr.T:

The fails were not calculated in there until *after* the financial crises and then finally at that point it was included in there so as the fails rise, now the Clearing Fund should be going up with it and coming down with it.

I think it (*edit: the Clearing Fund*) is still short, I don't think I'm, it's definitely not bigger than the fails

It's not as far apart but again you have to look at this across time like what are the changes and then one thing that as I read HOC and Everything Short; you're looking at those financial statements that's where all the good stuff is

Atobitt:

Yeah.

Dr.T:

That's what if you want information about those NSCC fails, that's where it is.

Atobitt:

One sentence can change your entire interpretation of what you just read on the previous page.

Dr.T:

Right, exactly and then the other thing is that DTCC and all of its subsidiaries are self-regulatory organizations which means they are regulated by the SEC.

Therefore, all of their rule changes, price increases, everything that they do has to be submitted to the SEC subject to public review, open for comment, I haven't worked DTC since 1993 and the way I keep my knowledge updated is by watching their rule changes and watching, I mean.

I look at their financial statements, they have continued to put less and less of what you really wanted to know and you know that reminds me of that old Paul Simon song, you know Make a New Plan Stan.

As soon as you shine a light on something that you see that's not right the cockroaches run from the kitchen, right?

Atobitt:

Right.... Right.

Dr. T:

So, you talk about rehypothecation, the problem is really resubmit, reprice, right? And each time a failure occurs, it gets resubmitted for the next day's settlement as opposed to being *called out*.

And if it were called out you could start to really see those numbers come down.

TL:DR □ **Summary:** Fails to deliver were not properly calculated until *after* the 2008 crisis. Dr. T expected the Clearing Fund to rise when failures were introduced, but she still feels it is *too short* (ironic no?).

The DTCC and its subsidiaries are *self-regulated* and are therefore only beholden to the SEC and public review (hence rule changes anyone?)

When the rule changes occur, the cockroaches appear.

If fails and naked shorts were called out in the open, Dr. T predicts the numbers of both would drastically decrease.

NEW RULES, AND HOW WE MAKE A DIFFERENCE

Atobitt:

I want to jump into recent proposals with DTC, we can spend a couple of minutes talking about this and what the implications are

003 filing - instead of doing this monthly reconciliation we'll do it daily to make sure that you're not getting too out of hand.

Dr. T:

That's a minor technical point.

Because every participant receives:

- their settlement statement, an early one and then a final one;
- a position report and I say report because I'm old-school and it used to be paper, but now they go online and get one terminally [electronically?].

When they become DTC members they agree that they are responsible every day for letting DTC and NSCC know if something is off.

And, if DTC or NSCC think something is off, they have 3 days to fix it.

Once a month or quarter they have to physically sign a paper to say "yes we really looked at it."

To say it went from monthly to daily is a technical correction because they were always responsible to do it daily.

Atobitt:

801 ruling? The one that says if we find out your funds are not as up to date as it needs to be we can require you to update that deposit within one hour.

Dr. T:

Someone on the AMA asked a question-- if Reddit users are making a difference.

I think this [801] is clear evidence that it is.

When you're really calling attention to a problem and you're starting to see rule changes coming out from DTC and subsidiaries, that's evidence of an impact.

Because they're looking at it and saying:

“You know what? Maybe we need to check this fails balance more often because once a month wasn't enough, maybe we should do this every day because look at Gamestop-- not only the dollar value but also the number of shares exploded.”

Their risk can become—can rapidly grow very quickly.

One other thing I want to mention is the [CSDR \(Central Securities Depository Regulations\), regulations in Europe.](#)

If you look at the website and search “CSD regulation”, you'll find this information on their website:

- This regulation was supposed to go in 2019
- Then delayed it to 2020
- Then the pandemic hit and it's 2021, so they pushed it back to 2022.

Basically, it says:

- YOU MAY NOT FAIL.
 - If you fail, it's mandatory that the buyer can go into the market, get the shares, replace what you failed to deliver FTD and charge you the difference.
-

TL:DR □ **Summary:**

Dr. T thinks that the difference apes are making is clear when you look at the DTCC and its subsidiaries.

We actually have them taking action, to combat the issues we are talking about.

Making rules changes acknowledges the problem, and acknowledgment is the first step to solving it.

HOW THE EURO-APES SAVE THE DAY

Atobitt:

Which is what the rule removed back in the day-- where they removed that mandatory buy-in rule within the US, correct?

Dr. T:

No, it was always voluntary in the US.

Atobitt:

Oh, good to know.

Dr. T:

There were some circumstances where this rule was mandatory.

But they're going to make this mandatory in Europe: yes if the buy-in fails the depository will reverse the trade.

That's putting pressure on all the DTCC members in all categories because if they have to comply in Europe, they pretty much have to comply here too.

Atobitt:

Yea, it's hard to maintain two separate books there.

Dr. T:

Right-- watching this much more closely, there's so much more going on.

TL:DR □ Summary:

Dr.T also speculated that legislation in the EU has the potential to be a driving force for further systemic change.

The reason the EU legislation may be a driving force is that they seek to pass legislation to force buy-ins for failures to deliver.

If it takes effect in Europe, it could ripple across the pond.

—————

FOR NOW, IT'S GOODBYE

Dr. T:

I'm just so grateful for the encouragement that I've received from the [r/Superstonk](#) people.

I mean, it's just been-- it's what keeps me going.

Atobitt:

I'm glad to hear you say that.

Dr. T:

Not the outcomes, because the "what can we do next" is always hard. Because it's very specific. And it's not just one thing that can be fixed that's going to create the BRAND NEW WORLD.

There are lots and lots of things that need to be changed, and each time you call attention to one problem, you know the dark pools arise.

So there's always this phantom [---]

Atobitt:

The big picture is beautiful.

Dr. T:

—hide it away, right?

So we can talk about doing another AMA.

Atobitt:

I was actually going to ask you—it's a really good transition.

We could go through some solutions, but honestly, if we have some opportunity to do this again.

I wanted to wrap up my end of this by saying I'm sorry you were never able to get to this level. But now we have a quarter of a million people that are starting to beg and demand answers. And that pitchfork army that you wanted to desperately is here. And my question to you is: would you be open to working, at your own time, and being able to review different posts that might be submitted to you?

We could work on House of Cards 2 and really start to get this stuff ironed out and get the people the tools that they need in order to get this stuff pushed in and get this taken care of.

Dr. T:

Yeah, and [u/StonkU2](#) have a way to send docs to me and point me to the DDs and the god-level DDs?

Atobitt:

Due Diligence.

Dr. T:

Due Diligence, deep dives.

Atobitt:

Yup. You learn.

Dr. T:

I have trouble, I'm learning—yes I'm definitely beginning to read hieroglyphics. And just going on the site and finding things out.

It's a bit confusing but anyway—Yes I'm happy to do that as time allows. And also you know there's quite a lot of information in Naked Short and Greedy, thank you for mentioning that. But the other book, Lessons Not Learned.

Atobitt:

I also have that too. Looking forward to reading that one.

Dr. T:

So that's for the techies right. If you're a technical analyst, if you want to look at laws, rules, regulations, the history of how many times have we, you know, bailed out banks and brokers. All that's in there (Lessons not Learned). But Naked Short and Greedy is a narrative, so I wanted to write and establish more storytelling. But if you want that deeper dive, the other book would be helpful to people.

Atobitt:

I'm going to keep you open. I'm going to be in contact with you to do that.

Dr. T:

You do that, yea.

Atobitt:

Oh by the way, FYI you've officially been dubbed the "Jane Goodall" of the ape troop now.

Thank you very much.

Dr. T:

Someone called me "Queen Kong" of the Apes.

Atobitt:

Get used to it—you're gonna have a lot of names like that.

So Dr. T, thank you again so much. I mean, wow, we just blew through that. That was a lot of info in an hour. I appreciate your time.

Dr. T:

That's why the book is so thick.

Atobitt:

Well, I appreciate you so much. Thank you very much. And thank you everyone for tuning in. Look forward to the follow-up coming out—shouldn't be too long and we'll be in touch, have a great day.

Dr. T:

Thanks, you too. Bye-bye.

**THANK YOU
QUEEN KONG!**



**THE AMA WAS INCREDIBLE.
YOU HAVE OUR ATTENTION.**

credit: u/Crazy-Ad-7869

One final thank you here at the end, this one goes out to all the mods that helped put this together: https://www.reddit.com/r/Superstonk/comments/n1kjaa/official_mod_appreciation_video_for_dr_t_aka/

“No precise target. Just up.”

U/DEEPFUCKINGVALUE WHEN ASKED BY U/NACLIAMSI
ABOUT HIS TARGET

AMA W/ DAVID LAUER

PUBLISHED MAY 8, 2021

U/BYE_TRIANGLE

BRAVO, Bravo, Amazing work!

An enormous thank you to both of our wonderful AMA participants. We cannot fully express our gratitude for taking the time to do this. So again, thank you!

 [u/dlauer](#) and [u/Jsmar18](#) 

Today's stream marks the second [r/SuperStonk](#) LIVE AMA, and what an AMA it was... WOW. With these AMAs we have a few goals:

1. To get more eyes on this situation and the blatant corruption within.
2. To have relevant experts look through our findings with a critical eye, in turn helping us refine our theories.
3. To get guidance from those who have relevant expertise while providing educational content to help bring more wrinkles to our brains.
4. To help legitimize this community. Dispelling the falsehood that we are "Dumb Money"

It is becoming more and more clear that we are making real progress towards change. Not only did Dr.T say this, but Dave Lauer did as well. Our power is in keeping the popular attention towards the issues that we are seeing in our markets. So, if you haven't already, reach out to your

members of Congress explaining the issues, reach out to your local NASAA representative, reach out to the SEC, even writing DD helps...

Just make your voice heard in whatever way you know how. Also, to that point, **ensure that you participate in the Proxy Vote** if you want GameStop to hear your voice.

■ Don't touch that remote! ■ Stay tuned for our Live AMA **next week**. On Wednesday, (May 12 at 4 PM EDT) We will be hosting a renowned Proxy Shareholder rights expert, recommended by Dr.T herself, Carl Hagberg! More details to follow soon.

INTRO - DAVE LAUER'S BACKGROUND

Jack:

Welcome, everyone. So we have our second AMA today, I'm [u/Jsmar18](#), but you can call me Jack. I'm here with Dave Lauer, who has some seriously impressive, wide-reaching knowledge. So let's welcome him to the stream.

Dave Lauer:

Hi.

Jack:

Thanks for joining us today. So we will be covering a really wide range of topics based on some of the questions that have been submitted. So,

we've got everything from the High-Frequency Trading, Dark Pools Payment for order flow, and more. We have an action-packed hour, so, grab a cup of tea. Settle yourself in, and get going. To start off, people aren't going to know your experiences, can you just give us a rundown of your history in the US financial markets and some of your history as well. (?)

Dave Lauer:

Sure, Jack, thanks and thanks to everyone for tuning in. It's very exciting that there's interest and attention in this space where there usually isn't that much.

So, my career was primarily technology-focused. I worked at a startup in New York, building extremely high-performance data routing systems, called Middleware systems.

It turned out at the time, around '05 to '09, the firms that were most interested in that kind of technology, were these firms called "High-Frequency Trading" firms. Not many people have heard of them, and it was also a pretty interesting time of transition for US markets as reg NMS was adopted and then implemented.

After doing that for a few years, I saw what was going on on the HFT side of things and said, "*Geez These guys are making a lot of money.*" So I got the opportunity to join one of those firms-- you might have heard of them, a *small* trading firm out in Chicago called **Citadel**. A friend of mine was going there to start a new trading desk and asked me to come with them. I did.

I moved from New York to Chicago with my wife, and after less than a year at Citadel, (without getting into the details) as a trading desk, we left. We went to another HFT firm called **Allston trading**. Which was actually a smaller firm, and I worked there for almost two years. Then, I left, as I've mentioned before, in 2011, which was a year after the flash crash.

After trying to get involved in making markets better, not really succeeding. So, I had really intended on leaving finance at that point, almost exactly 10 years ago. I didn't like the industry.

I built a storytelling website called CowBird.com, which is still online, with a friend of mine. On the site, I told the story of why I left high-frequency trading, someone from NPR heard it and asked me to come on this program called Marketplace.

So I did that and it was pretty cool. Suddenly, people were really interested in talking to me; like the Senate, the SEC, and some guys in New York who were starting a new stock exchange. I kind of got sucked back in, through no real intention on my part. I found that I could do things on the other side, and maybe help institutions with better exchange design or better regulation and legislative design. Then I started also working for asset managers, so for the last 10 years, until about two years ago, I really just consulted and worked on my own.

I worked with IEX in the earliest days when the exchange was being designed and built as an ATS. I worked doing quantitative analysis for asset managers looking at how their brokers were using reporter routing algorithms to navigate this incredibly complex market structure.

I learned of the term market structure which I hadn't known before, which was apparently what I knew, is a very niche space to study.

I've sort of seen all sorts of different parts of the market ecosystem from high frequency to exchanges, to large broker-dealers, to institutional asset managers, helping them with the best execution.

I've learned a lot about retail and how that pipeline works. And I've worked with regulators and Congress to help them understand better how modern electronic markets work. For the last couple of years, I've really focused on artificial intelligence which was more of an interest of mine, and really not specifically in finance but sometimes

TL:DR □ Summary:

Dave Lauer has an incredible amount of experience when it comes to HFT systems having spent many years building them, then many years operating them, it is safe to say he is an expert.

Dave no longer sees these systems as beneficial for the markets, seeing firsthand what damage they can cause.

Following his time in-and-around High-Frequency Trading, Dave went on to try and step away from the industry, only to get “sucked back in” a soon after.

Now, Dave Lauer works towards trying to improve the markets, even going on to talk about having a seat on the FINRA Market Regulation Committee

“OPENED MY EYES”

Jack:

That's interesting, that you left mainly based on ethical reasons.

What about your ethics actually made you decide to leave after the flash crashes?

Dave Lauer:

Well, I went into high-frequency with maybe a naive romantic notion:

This is how you can make markets work, this is the lubricant on the gears of capitalism.

If you're a believer in capitalism, which I was, and to a certain extent still am, you believe in that type of philosophy. It felt that this was a somewhat noble pursuit and was also very lucrative so it worked really well in that way.

The flash crash kind of opened my eyes to this idea that maybe the speed of technology and the incentives in the markets were making things a bit more fragile, rather than more stable and resilient. It seemed like when

things worked really well when they worked well but when they're put under stress they really fall apart.

I found that kind of disturbing...

A little bit after the flash crash, the CEO of the firm came out and he asked for anyone who had any ideas regarding new regulations or thoughts on the markets. He said “we're going to be getting involved, you're gonna have to lobby and do this, so let me know if you have any ideas”

I went to him with this whole thing I had written up. Saying, “here are the things I think we should change about markets, and even though it might affect our profitability in the short term, in the long run, it's best for markets and therefore, best for the firm”... **he literally laughed me out of his office...** It's not a joke... I think that was when I realized that it just wasn't for me.

FINRA

Jack:

It's really interesting... So, I noticed you're currently on FINRA's market regulation committee, is that right?

Dave Lauer:

Yeah.

Jack:

So, I'm interested in-- y'know, we know a bit about the SEC. They've been very tight-lipped in regards to the GME incident and all the other

meme stocks, but **what kind of role does the FINRA Market regulation committee actually play, in an advisory capacity, for the market?**

Dave Lauer:

So, it is an advisory committee, it's not like it has any actual authority per se. There are some things that have to go through the committee before they can be proposed for public rulemaking.

It's just an opportunity to be in front of the people at FINRA, who are policing markets, who regulate markets, who deal with enforcement, who are studying markets.

I like it as an experience, I think it's quite fascinating, and the way the committee is structured, there are industry members who are broker-dealers so FINRA is an organization that is funded by the broker-dealers and regulates broker-dealers. **That's all FINRA does**, it does not regulate managers or anyone else just the broker-dealers.

You have industry members and then non-industry, and I'm considered non-industry or independent. We meet three times a year, generally, we talk about new potential rulemaking concerns from the FINRA staff that they want to get our opinion on.

If there are things happening, you can be sure that those things will come up. It's confidential what happens at the committee, so I can't talk specifically...

But the last couple of meetings have been *pretty interesting* 😊😊

I am not one to hold back or even be guarded about what I say because I don't care. It doesn't really affect me. I don't make or lose money in any way from anything that happens in there, so I usually just tell them what I'm thinking.

You can see that there are other members of the committee, the industry members or broker-dealers (whose names you would recognize), they

generally feel very differently from me and it can lead to some, some *good conversation*.

Jack:

No surprise there...

So, one of the actual purposes of the committee is advising on the short sales, as well as trading practices. It might not be your area of expertise, but I think we'd be interested as a community, to understand,

What is your actual view on the GME situation as a whole? Maybe when it took off in late January...

Dave Lauer:

Yeah, Jack, like I was saying to you just earlier: I actually went on TV on the BBC to talk about the Gamestop situation, which was the first time I've been on live TV and the first time I had been on TV in quite a while... and If I'm on TV you know things are going weird or wrong. It's not like people call me up when things are going well.

GameStop has been fascinating from the perspective of the sort of traditional parts of the industry, which I tend to be tapped into. I've talked to lots of asset managers, I talked to other market structure experts and aficionados. It's been really incredible to see it.

At first, it seemed like it was just some kind of crazy retail blip, but, I think, over the last year since the pandemic started, we really started to see this structural change in markets with increased retail participation. I think in many ways it is a very good thing.

But in some ways, I'm very concerned. I'm very concerned about the way that these apps are structured, the way that they incentivize overtrading, I think that's a big problem.

I think people who have not seen a market crash, have no sort of understanding of what that can be like.

To clarify, I am not trying to comment in any way, on what the value of Gamestop is, I have no idea. If I had thought I did, I've been proven wrong time and again**. ** That's not what I know. I am not a fundamental analyst or even a technical analyst or anything like that.

In terms of the way that the markets have handled it, it's been very interesting to see some of the changes that have taken place.

I do think that-- you mentioned short selling, and I think that short selling is a huge concern in markets now. I believe that short selling is important for well-functioning markets. **But predatory short selling or Naked Shorting is a huge concern.**

One thing I didn't mention in my intro, I've been doing some analysis of market manipulation using public market data.

There's no doubt that we see really significant manipulation in different stocks at different times, and I can't get into detail but some of the theorized reasons behind it are definitely around naked shorting, or the idea that shares are being re-hypothecated and re-hypothecated, over and over again, lent out and lent out to create far more available shares in the market than the actual float. This is why you can see numbers where you have more than 100% short interest in certain names.

I'm very concerned about FTDs, and ways of manipulating FTD statistics. **I think that there is something to some of the posts that I've seen on Reddit, that have looked at the options market and tried to understand whether that is a way of covering up fails.** It's actually an analysis that I'm very interested in and may look into myself.

TLDR □ Summary:

Concerns over naked shorting are not just isolated to GME, there are concerns of this across many stocks.

Lending credence to our theories over the manipulation of the Short Interest Data through the options market.

Dave subtly mentions that through his research of public data he has seen significant manipulation in different stocks. Could not elaborate further though.

SEC

Dave Lauer:

I really do think that these are concerns that regulators care about as well.

I don't want to make it out that regulators are just not paying any attention, but, it can also be overwhelming when you look at the level of technology and data and complexity to try and regulate these kinds of markets.

Jack:

Yeah, that's interesting. At least from my perspective, it feels like the SEC, (from a regulatory perspective) is moving kind of slow in the past decade. When it comes to their response to high-frequency trading or dark pools... they have a lag, in terms of when something becomes popular and when they take action into it.

The influx of retail in 2020 during the pandemic, and then an even larger influx at the beginning of 2021-- **do you think the SEC was actually ready for this to happen?** Can we expect any material changes in the future that would be in response to retail? Something to help put us an equal platform, of sorts.

feet. **They're a government regulator and they move extremely slowly and it's been extremely frustrating for me.**

When I testified before Congress nine years ago, I set out what I felt were extremely non-controversial ideas for improving markets and increasing transparency. I presented them to the SEC, that same year, and most of them didn't get done.

One of my ideas took six or seven years to get in place, stuff that nobody would really have disagreed with, in terms of transparency. So, it's just the nature of things, it's very frustrating.

But I think that there are some promising signs:

Gary Gensler coming in as chair of the FCC is promising. He seems to be enforcement-minded, we'll have to see. We've sort of been here before.

The level of popular attention is incredibly important,

If there's something that people can take away from this, it's how can you make a difference or get involved. If you keep attention on these issues, and you keep the SEC and your members of congress aware of your interest. That's the kind of thing that could make them move quicker, and they do respond when there's attention on issues and especially popular attention.

TLDR □ Summary:

Government regulators move at a snail's pace. This isn't because they are corrupt necessarily, but rather this is the way of things with regards to the bureaucracy of government.

Gary Gensler coming in as chair is promising, as he seems to be regulation-minded which is exactly what we need right now.

The way to make this stuff move quicker is to keep the spotlight on it. Keep doing what we are doing.

THE RACE TO ZERO LATENCY

Jack:

Let's move on to one of the more popular topics, which you talk about, And that is high-frequency trading.

So, back in 2012 in a statement to the SEC roundtable on technology, you basically stated that technology has moved so quickly that most market participants have not been able to keep up.

Moving into 2021 do you still have that same reception, or is it changed?

Dave Lauer:

Yeah, I think so... perhaps even more so. I don't think most people understand what the impact of technology on markets has been. **It has increased complexity, dramatically.**

I think, because, you have rules and regulations that were for a different era, and most of the current rules and regulations were really set up before electronic trading was as pervasive as it is today.

So, I think that regulators have really struggled to keep up. And even when they've been able to get on top of issues, they've generally done it from a very simplistic perspective, a very linear way of thinking

When you're regulating complex systems and complex markets you need to understand complexity theory and non-linear theory, that's not something that regulators understand.

You often see attempts of top-down regulation versus trying to shift incentives, bottom-up and then let the market kind of play out. So I think that the current way that retail trading works-- which is that it all goes to a

wholesaler such as Citadel or virtue, that all of that volume is internalized. is an example of something that existed before technology. It probably made sense at that point, but technology has moved along so much that still having that system in place doesn't make nearly as much sense at this point.

Because of that, I think it's leading to worse outcomes for the entire market. By keeping that kind of volume off-exchange.

Jack:

I think one of the important topics surrounds volatility as a whole and how High-Frequency Trading has kind of contributed to that.

The SEC, recognizes that, since the mid-2000s, we've witnessed average trade sizes drop, the market has been fragmented further, and this is all accompanied by a rise in volatility.

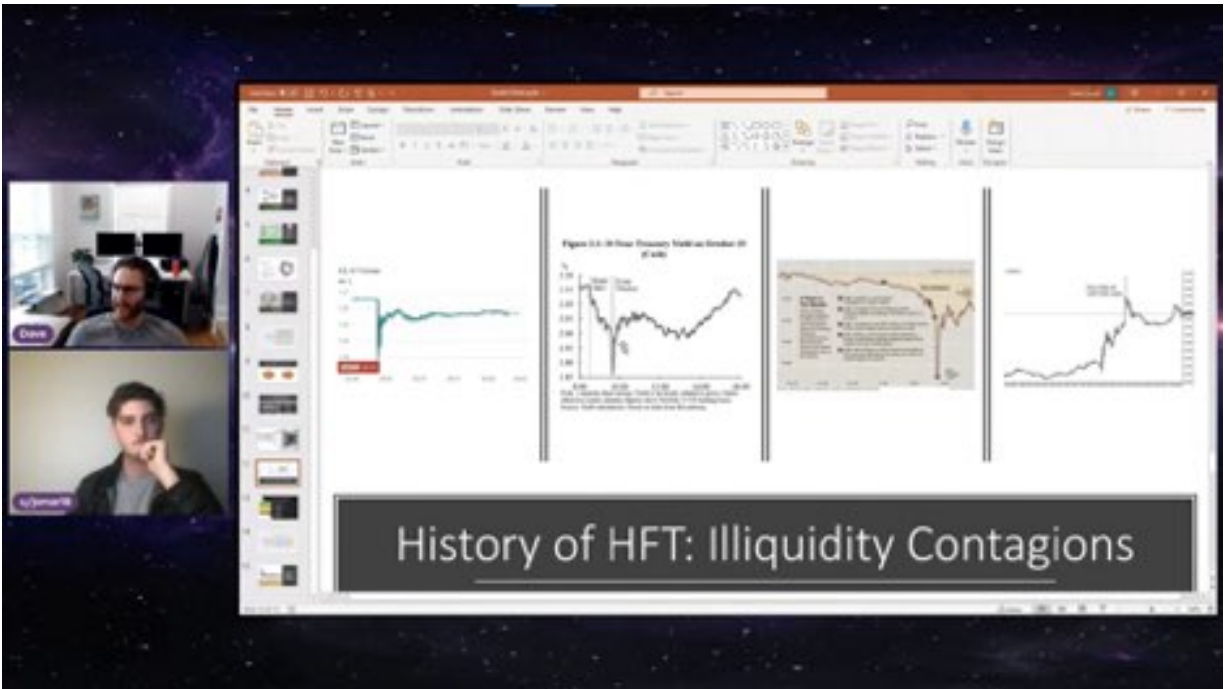
So from 2010 to 2013. It was 40% higher in terms of volatility compared to 2004 to 2006. That pretty easily correlates with the increase in high-frequency trading.

So my question is, on the volatility front, **does high-frequency trading promote volatility? And if so, how does it actually promote that volatility?**

Dave Lauer:

You can find studies that go both ways, you will find people that can cite studies that show that it has not increased volatility, and you can find the other side. Often, **that can depend on your definition of volatility**, first of all.

I think that high-frequency trading in many ways can exacerbate extreme moves. Here, I'll show one slide. I've got some things, that from time to time might make sense for me to show, let me throw this one up.



So, here, this is, sort of, the history of High Frequency Trading. It focuses on what are called illiquidity contagions or flash crashes. You can see that these are four dramatic events:

- The Cable Crash
- Here, the Treasury yield crash in, I think, October '05
- The flash crash, obviously, 2010
- And another, a Euro response.

You see these in certain isolated incidents throughout the years, but then you see them happening to individual names even more frequently.

When we talk about... “**Are regulators up to the challenge?**” The response to the flash crash, and to other sorts of these illiquidity contagions were to Institute ‘limit up, limit down’ rules similar to the futures market. My concern with that has always been that it's more of like a band-aid you're treating the symptom rather than the cause.

So these things get a little complex, there's a lot going on when you think of the way that markets function, And the way that markets have evolved to need or to incentivize high-speed trading, and, and to really create this “Race to Zero Latency”

Latency requirements and competition over latency have increased over the last fifteen years, in terms of high-frequency trading that’s really since like 2005.

Which was actually when I started in the industry, *not taking any blame for that*. **What happens when you only have 10 microseconds** for your software to make a decision on whether it wants to place an order in the market or cancel an order in the market. **You don't have a lot of time for complex logic or even risk checks.**

What happens is the markets and the trading strategies that are profitable start to look more and more like each other. It's called **self-similarity**.

When that happens, you crowd out other trading strategies, and that's part of the problem as well with off-exchange trading. When trading happens in an internalization system, or in a dark pool, It has to have traded between the national best bid and offer (NBBO).

TLDR □ Summary:

The markets still employ archaic principles that made sense years ago, but now simply hold us back from having the best outcomes that we could achieve.

High-frequency trading in many ways can exacerbate extreme moves

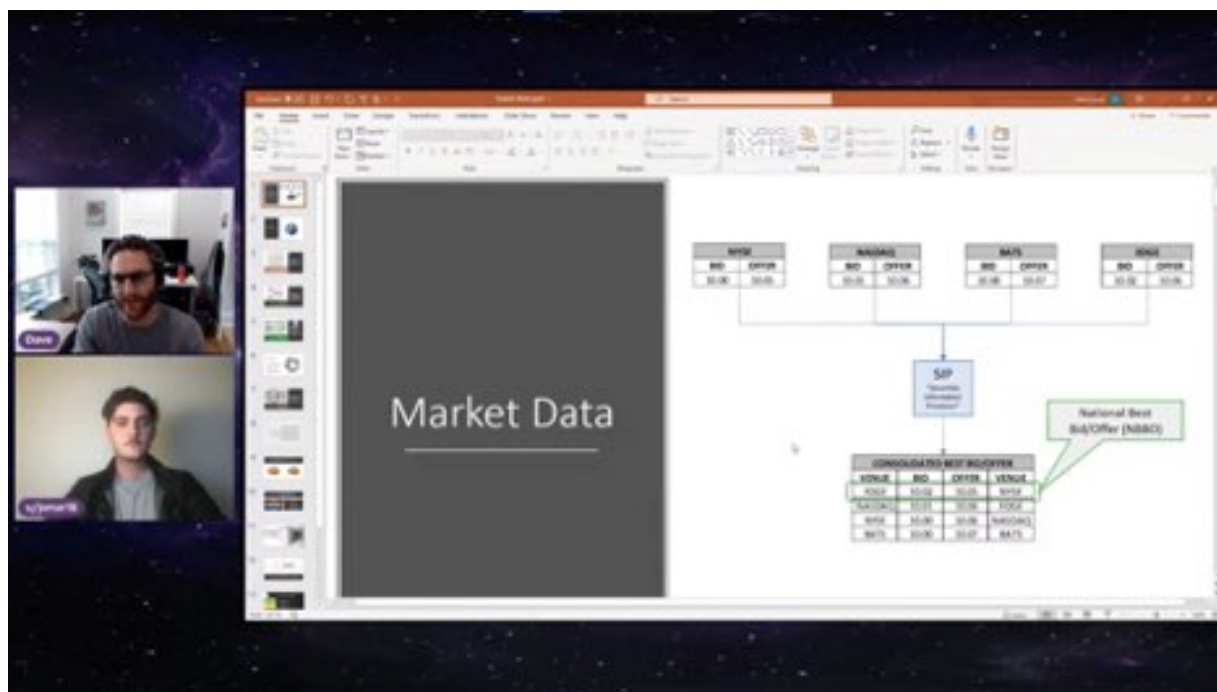
Latency requirements and competition over latency has increased over the last fifteen years - we are talking microseconds for transactions

—————

NATIONAL BEST BID/ OFFER (NBBO)

Dave Lauer:

Someone had asked on one of the threads, “**what's the national best bid and offer?**”



This is just a quick diagram that shows quotes in the market. Here we've got NYSE, Nasdaq, BATS, and Edge, and each of them has different bids and offers

The security information processor is the market data system for the industry. It aggregates all that up. If it says ‘well the best bid is on edge, the best offer on NYSE so the NBBO is ‘02 by ‘05.

That's the CIP is the public data feed exchanges, exchanges also have private data feeds. These are faster, show more information, and high-frequency firms all consume it.

What happens here is that there are *lit exchanges*:

- NASDAQ
- NYSE

- BATS
- IEX

These are lit exchanges, and that's what a market is, that's where you get price discovery. *what's something worth.*

What something is worth is important to that company because that's where they can raise money-- valuations mean something and they're important, right? **That's what public markets are supposed to do, figure out what something is worth.**

When you have these lit exchanges, providing a mechanism for price discovery, but then in dark pools and off-exchange trading, you're trading within the NBBO you are free-riding off that lit quote. You're taking advantage of it.

In Canada, in the UK, in Australia, this kind of setup where trades go to someone like Citadel or Virtu is illegal.

That they don't allow it to happen because **it can damage the lit market.**

It can disincentivize market makers. That's in fact what I think we're seeing, market makers that are disincentivized to post orders or post *aggressive* orders because they know if I post the best bid well then Citadel or Virtue is just going to execute an order based on my price, and I'm not going to get to see it, so why should I improve the bid, Right?

So that pushes people out of markets. It incentivizes speed, or it incentivizes having captive order flow like Citadel or Virtue you have with all of this retail order flow.

I think it's very problematic and it leads to **self-similarity**. And **that does make markets more fragile** because we incentivize speed and we incentivize captive order flow, and it leads to exchanges, being the very last destination.

TLDR □ Summary:

Markets are designed to help us figure out what something is worth monetarily, and the NBBO helps with that price discovery.

Lit exchanges (NASDAQ, NYSE, IEX) are where you get price discovery (what is the stock worth)

Dark pools / off-exchange trading (NBBO) just ride off the lit quote but don't affect it

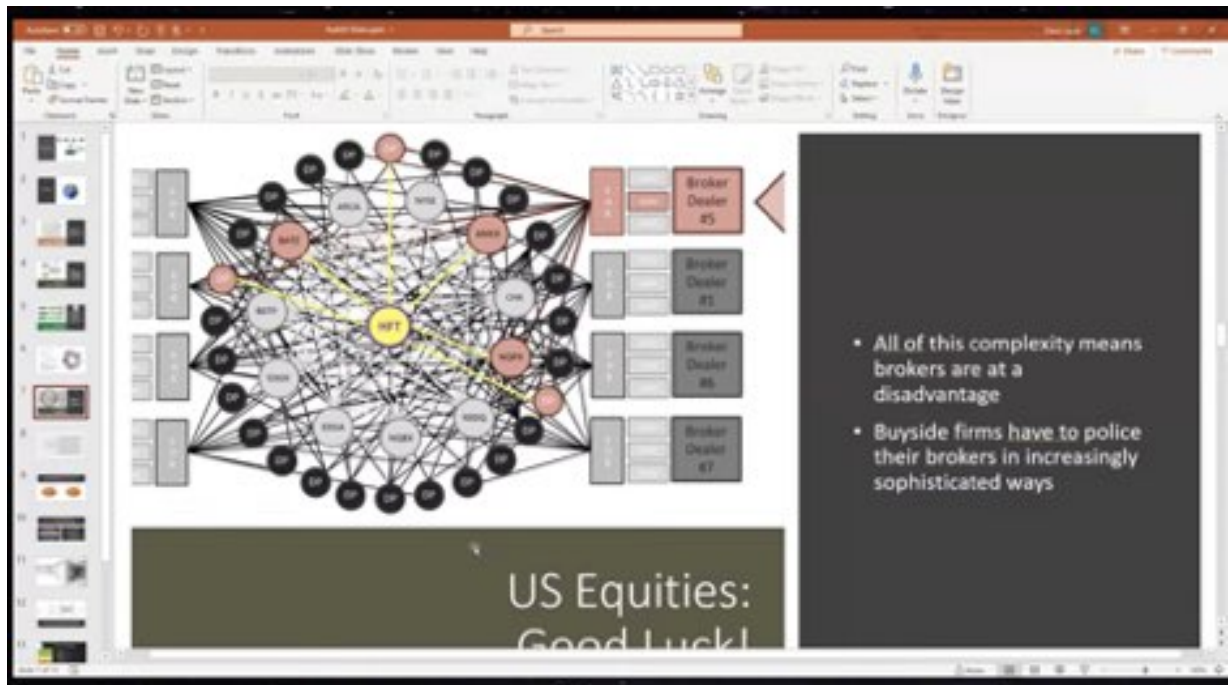
In Canada, in the UK, in Australia, this kind of setup where trades go to someone like Citadel or Virtu is illegal because it can **DAMAGE THE MARKET**

—

THE WEB

Dave Lauer:

So here's another example. This is what markets look like:



It's nothing like what people have traditionally thought markets look like right?

You can imagine that when a **broker-dealer gets an order**, they're going to be **sending that order to all of these dark pools** at all of these different places, **And the last place they send that order is to an exchange**, because the exchanges are ended up being the most expensive, and the fewest orders get there.

They end up being called “Toxic Venues” or “Toxic Exhaust Venues” this is what our exchanges have turned into.

That is very problematic.

Our markets exist for two reasons: They exist for price discovery and they exist for capital formation, and it means that we've really messed up the price discovery mechanism.

Jack:

You touched on an interesting point, you say it's more expensive to actually go direct to the exchange, relative to going to a dark-pools.

Wouldn't it be in the NYSE's best interest to actually incentivize going directly to their exchange, instead of being routed through a dark pool?

Dave:

It would... If the NYSE wasn't wrapped up in a prisoner's dilemma.

To briefly get into game theory. Basically, there is a regulation in US markets, called the access fee cap.

It says that you cannot charge someone more than 30 mils per share, to buy or sell something on an exchange.

30 mils per share means 30 cents per 100 share so that is a regulatorily imposed access fee cap, it's **essentially regulatory price fixing**.

It was put in place when Reg NMS was, which was finally passed in '05 and implemented in '07

It was basically *'we see charging 30 cents per 100 so that's going to be the new cap'* and it has not been adjusted, since then.

What that has led to is every exchange competing over rebates. They want to pay people (other firms) as much as they can to post orders on the exchange.

They'll get very close to that access fee cap with their rebates, which means that the access fees that they charge for liquidity taking orders. you receive a rebate on most exchanges, if you post an order, and you pay a fee If you take liquidity.

So every exchange charged this 30 mils per 100. Now you as I think Reddit has learned IEX is not one of those. IEX is what is called a 'Take-Take' Venue. 8 cents per 100 shares on either side.

Whereas, NYSE, NASDAQ, etc. the big market share exchanges, are **Maker-Takers**.

That is, you get paid a rebate to provide liquidity and you get charged a fee to take liquidity. The exchanges have struggled to reduce costs, because if they reduce the fees that they charge they also have to reduce the rebates that they pay. As long as another exchange is willing to pay a very high rebate, keeping their access fee cap higher, **it's the prisoner's dilemma**.

This is not like a controversial thing, everyone has recognized this problem.

There have been attempts to implement a pilot for example. *The Trading Fee--* or *The Access Fee Pilot*, which then the exchanges turn around and they challenge in court.

They have actually sued the SEC for trying to change this, because the SEC wasn't going to apply it to payment for order flow. All of these issues are completely entangled. This is... a complex system

You can't simply pull on a string in one part of the system without understanding that there are going to be unintended consequences that ripple through the rest of the system.

Jack:

An example of the rebates... the NYSE has a program called Supplemental Liquidity Providers.

Is that what you're talking about?

Dave Lauer:

Yeah, that's right, exactly.

TLDR □ Summary:

The market is an incredibly complicated, interconnected web of different exchanges

It's more expensive to actually go direct to the exchange, relative to going to a dark-pool. Labeling exchanges "Toxic Venues"

This is due to access fees:

A fee cap of 30 cents per 100 shares was implemented in 2007

This has led to exchanges competing over rebates

However IEX does not charge this, they charge only 8 cents per 100 shares on either side (buy and sell)

Access fee cap hasn't changed is forever, leading to exchanges fighting over 'rebates'

SHOCKING, RAMPANT MANIPULATION

Jack:

We'll move on to some of the more manipulative practices that high-frequency trading is associated with.

In the early days of the GME saga, post-January squeeze, there was a lot of talk about what Reddit calls “**Short Ladder Attacks**”, essentially it is our way of describing the stock's price being manipulated down slowly with low volume, essentially mimicking organic price movement.

We came to this conclusion through observing level two, order book data, of some really bizarre block trading.

Lots being traded back and forth, below bid/ask prices.

So to me, that sounds eerily similar to **wash-trading**. I know it's illegal, but **is it feasible that these methods still exist, and are being used to actively manipulate markets?**

Dave Lauer:

Yes. Without a doubt. It is unfortunate.

Like I told you before, I've been starting to look at market data, what you call “Level Two order books”, you can get the historical depth of book market data which is:

- every single order
- trade
- order modification

...in the market. I've used it to work with institutional asset managers to help them understand what their transaction costs are for example, but recently **we started to look at it, and look for market manipulation... it's there, and it's sort of *shockingly* rampant.**

I cannot say a ton about that, but what I have seen is not good...

It's surprising because regulators are supposed to be looking for this kind of thing, but their systems struggle with the amount of data, the complexity of the data, the timestamp issues, these have all issues for a while.

FINRA has gotten better and better. I think that if manipulation is taking place and it's obvious like you've described it, **they'll find it...**

You just tend **not to see the repercussions of it**, right?

like it's not always an action that gets publicized, it can often be just a fine that gets lumped in with other fines because those same firms did a bunch of other things.

TL:DR □ **Summary:**

Price manipulation through 'short ladder attacks' or wash-trading is still being actively used and it is RAMPANT.

The sheer volume of data on a daily basis helps hide these tactics.

SPOOFING AND LAYERING

Dave:

I think that spoofing and layering in markets is a big problem.

I can say that just from the experience of constantly looking at market data for those patterns and seeing them relatively regularly.

Jack:

Can you please expand on spoofing and layering for those that don't understand what those are?

Dave:

Sure. So, you were talking about looking at the level two order book which is, as I explained before, the best bid, and the best offer.

The bid is the highest price someone's willing to pay for something, the best offer is the lowest price someone's willing to sell it for, and that's the spread between the bid and offer.

The trades will happen, but above that offer, you can have at each price level a certain amount of volume that someone is willing to transact so as that price gets higher, you can imagine more and more people are willing to sell and as the price gets lower, more and more people are willing to buy. That's what makes an order book.

Dave:

So what spoofing is, so you can know, the way a high-frequency trading system is calculating a micro price for example is the *attempt*.

So say if the high-frequency system says, OK, I think that GME is worth \$180 right now, and it's being bid at \$179.80; I can say well I'm gonna improve that bid right as I think it's worth \$180.

So I'm going to put a bid out there at \$179.85 because I want people to sell it to me, and I want to buy because I think it's going to go up to \$180.

And I think it's going to happen very quickly so I'm only going to have to hold that inventory for a few minutes before it ticks up a couple of ticks, and as it does I'm gonna have my offers in there at \$180 and as it ticks up it's just going to lay off into that, and I'm going to end up flat because most HFT systems **want to be flat and they do not want to take on inventory**, they are **operating over very tight time horizons, milliseconds seconds, maybe even minutes but that's a very long time**.

Jack:

Yeah.

Dave:

Now, if I know that okay that's how an HFT system works and I know it calculates a \$180 micro price (because it looked at all the bids in the market), and it seems there are a lot more bids than offers; I can put some bids in there that are not at the best bid so I don't have as much risk of being executed on these orders, *but I could put a huge number of shares a couple of price levels down and create the appearance of demand.*

That's going to make these automated systems think there is demand, so they're going to move up but what I'm really trying to do is actually sell, so I'm trying to push the price up into my sell orders as a manipulator or a spoofer. So that's what the spoofing is; layering is relatively similar.

TL:DR □ Summary:

An 'order book' is essentially a collection of the highest prices someone will pay to buy, and the lowest prices someone will sell for security.

Depending on volume, if the price rises, more will sell and if it lowers, more will buy.

'Spoofing' starts when an HFT speculates the price will rise above the current 'lit' price.

The speculation is that this price rise will happen very quickly, and HFT trading systems *rarely* hold onto inventory even for minutes, but more commonly milliseconds.

To sum up, where an HFT strategy determines the price will increase, 'spoofing' is the act of creating artificial 'demand' to essentially *trick* these HFT systems into thinking there is demand and they will then buy a stock en masse.

This in turn drives up the price as the other HFT take the artificial demand as a buy signal, to the point the spoofers sell price is reached, which allows them to sell at a favorable price for a profit. (*Writer's edit: Even the bots can be manipulated*)

THE BROKEN PART FALLACY

Jack:

Okay and correct me if I'm wrong but are those mechanics basically some of the reasons for the flash crashes that we've seen in recent history?

Dave:

Yeah, I mean I know the reports that come out have talked about some of these manipulative practices being responsible for some of the flash crashes, but that's not something that I sign on to.

I'm more of the belief that these are complex systems. It's kind of a fallacy to just assign a broken part. So when a plane crashes, and they say, oh, this part of the wing failed, that's why the plane crashed. Right?

So in the flash crash, they said oh this guy was spoofing markets, and that's why the market crashed. **But that's not how nonlinear systems work. That's how linear systems work.**

A causes B causes C, but in nonlinear systems, that's not how it works, there are, it's an emergent property of a self-organized system I mean I you can go down a rabbit hole with, with this kind of systems theory and complexity theory, but I've written a bit about it but I think that assigning that sort of A causes B is not correct because you're gonna have the exact same conditions happen another time and you won't have a flash crash,

because that's how nonlinear systems work you can't quite explain it in the same sort of framework that we're used to.

There's **the reason that the spoofing had that effect was because of years of regulation that have removed diversity from the markets and led to a latency race and that have fragmented markets** across multiple exchanges

It's sort of environmental and regulatory and legislative and then there's also potentially a precipitating event, which is somewhat spoofing, but that's not necessarily the cause.

TL:DR □ **Summary:**

Non-linear systems are not easily explained. Just because $1+1 = 2$ is simple for apes to understand does not mean that this is the case for HFT systems.

Complex, Non-linear systems as designed and described by Dave, ultimately are incredibly sensitive, and any number of factors can lead to flash crashes, not just manipulation, but this too isn't out of the question.

Boiled down, not even regulators can predict the impact that changes on these systems may have, and history shows that it can be extreme.

FLASH CRASHES

Jack:

Yeah, I found that interesting because, on several occasions, within GME, we've seen similar events that could be described as a flash crash, or worse, one that hasn't happened in March happened within 30 minutes, so we had nearly dropped from 345 to 173 with a volume of 72,000, or within a 30-minute gap. We also saw gap downs in price and all these are very, what I perceive as reflective of HFT manipulating the price.

Dave:

So it doesn't have to be manipulative, when we think illiquidity contagions or flash crashes are like the things you've described sometimes it's just them pulling out.

Right? So, **if 90% of the quotes in the market are from HFT firms some sometimes as high as 99%, and suddenly the volatility increases, or they take on too much inventory, and they need to stop trading, which is a lot of what happened during the flash crash proper in 2010, they'll just stop quoting, and as soon as they stop quoting suddenly that liquidity just starts disappearing,** and other systems, key on that and then they start pulling out and it's this positive feedback loop.

So, I mean maybe. I'm not dismissing the possibility of manipulation because I see manipulation in markets, but sometimes it's also just sort of this feedback loop that gets away from itself.

TL:DR □ **Summary:**

Jack mentions to Dave that GME has seen many events that could be considered a 'flash crash, *such as the March fall in price from \$345 to \$173***. **

Dave clarifies that crashes such as this may not be *inherently* manipulative, in that algos are just trading as designed. When 90-99% of the liquidity of a stock is provided by HFT systems; in the event of an increase in liquidity occurs or when HFT's determine they hold too much inventory, they may be programmed to 'pull out' which can cause a snowball effect on other systems and crash the price.

Notwithstanding the above, Dave does not discount that manipulation is an impossibility at all, but thinks it is important to recognize HFT systems can act on a positive feedback loop as described.

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ORDER TYPES, NOT SO SIMPLE

Jack:

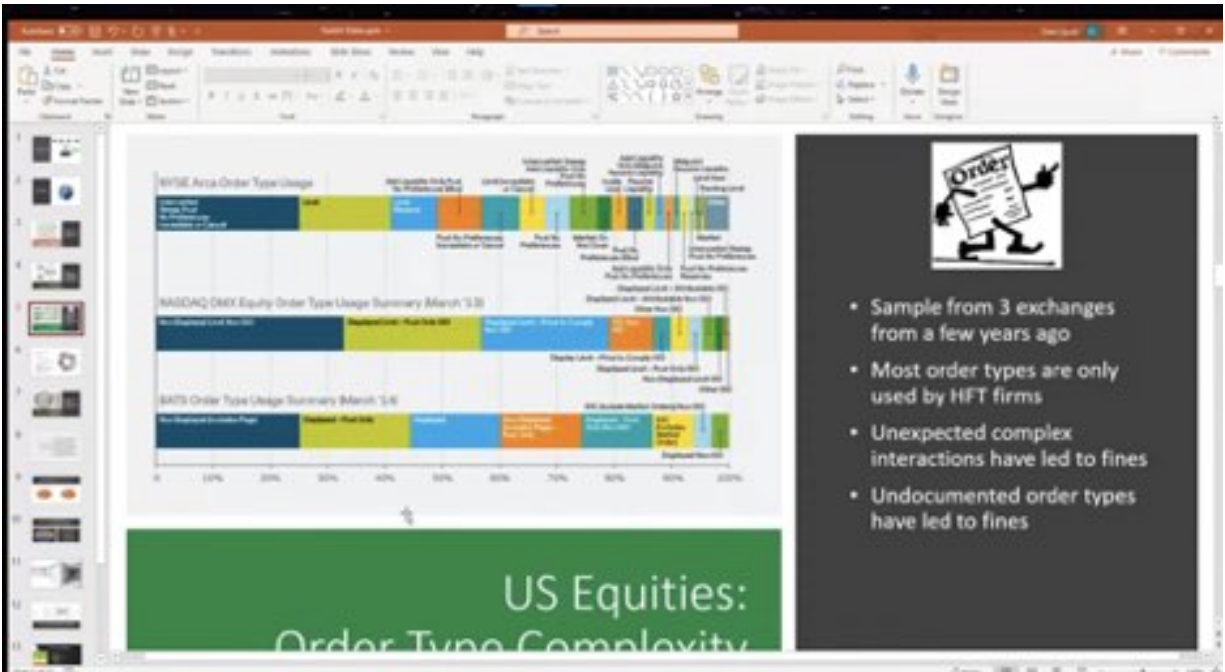
Interesting.

Let's talk about order types, so personally, I've written a bit about order types before and basic market structure and the Wall Street Code which was a documentary that you're a part of the mentioned earlier, started to peel back some of these layers in regards to order types and HFT traders getting certain advantages over others.

I'm particularly interested in the conflict of interest between exchanges and the non-retail side, and how there isn't any equality there. Why not provide retail with the exact same options as they do non-retail? Can I get your thoughts on that?

Dave Lauer:

So if you want to put this slide up I've thrown up an illustration from 2015 of the various order types that were available at NYSE Arca, NASDAQ, and BATS.



So you can see, kind of how crazy this is right? As I said on Reddit, it's not Limit and Market. I was actually trying to post this picture but I couldn't quite get it to work in the comments.

So, here's an:

- “Add Liquidity Only Midpoint Passive Liquidity” order
- You've got an “Inter-Market Sweep Post No Preference” order
- “Display Limited Attributable Non-ISO”
- “Inter-Market Sweep Post No Preference, Immediate or Cancel”

I mean, these are very complex order types. Most of them are many of them are often dictated by the biggest customers of the exchanges, which are those HFT firms

And it's not just retail that doesn't make use of them. Often, large broker dealers trading for institutional firms don't make use of them the way they should.

That has started to change.

Do you know what an “Add Liquidity Only Post No Preference, Blind Order” would do? Because, **not even NASDAQ knew what it would do**, NASDAQ got fined because they had some crazy complex order type that was messing with the priority in a way that they had not even imagined.

That was discovered, and self-reported but it's like... **That is complex things have gotten.**

So yes, the order types do advantage certain firms. and there's no way around it. Part of that is again because of regulatory conditions like reg NMS, which has forced exchanges to connect to each other, and to provide the functionality to route to each other. Or to bypass that routing with these ISO orders because reg NMS said that if there's a price in the market, on a protected quote, that is better than the one on the exchange your sending the order to, you have to go take that price on the other exchange.

It's led to a huge amount of complexity.

I think things would be a bit **better if the market were simplified.** I think the market markets would be better with **fewer exchanges, non complex order types.**

I don't know if much of this complexity is as beneficial as the costs of the complexity.

You'll never get access to that for most retail brokers because most retail brokers are not sending orders to exchanges, sometimes they'll, they will send limit orders to exchanges, but they'll send it generally to whatever exchange will pay them. The highest rebate.

You need to use a broker who would provide access to certain to these types of order types.

So the only one I'm familiar with is Interactive Brokers, versus some of the other retail brokerage platforms. I haven't used a ton of the active trader platforms on the other discount brokers... So, maybe they do, maybe they don't.

Many of them, for example won't even route to IEX,

Which if you're posted on IEX with a delimit order or a delimit midpoint peg, you're getting similar functionality to what HFTs get.

But of course, I am biased, I worked with the guys at IEX. I know them, I have owned equity in it, But I did so because I believed in it. I thought it was a good solution to the problem.

TL:DR □ **Summary:**

The markets are becoming so over complicated with all these different types of orders, that not even the exchanges can keep up.

NASDAQ has been fined in the past for not being able to keep up and understand the orders on their exchange.

PAYMENT FOR ORDER FLOW

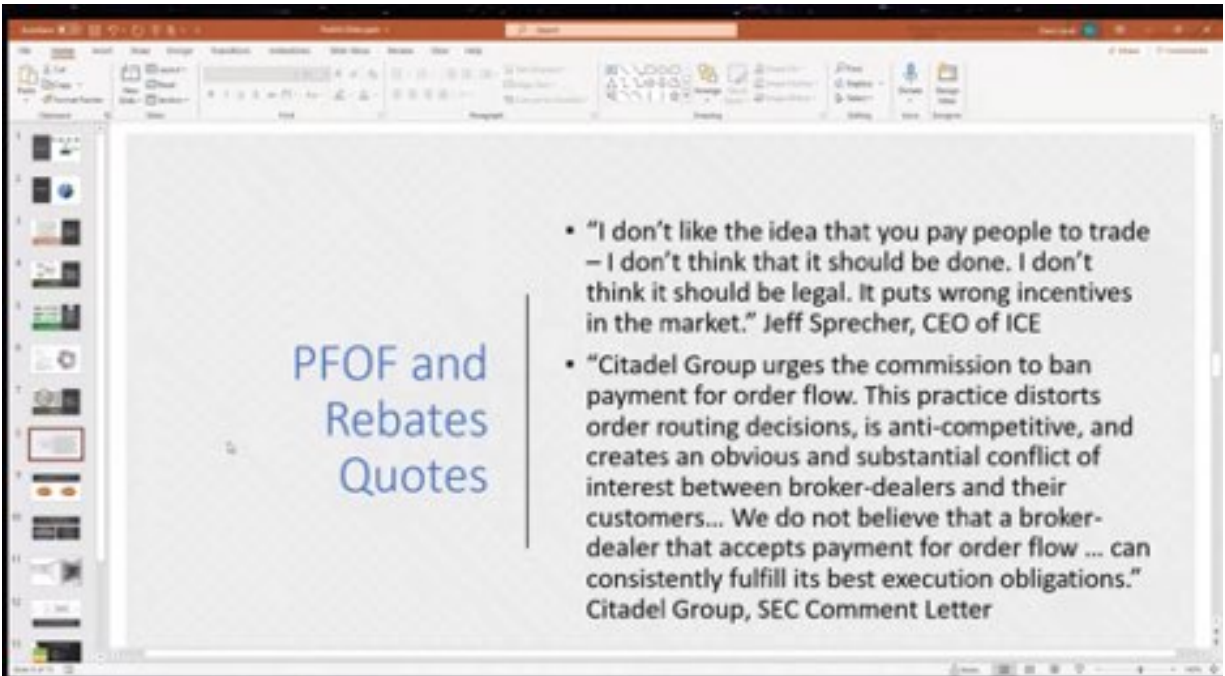
Jack:

That's a good transition into the Payment For Order Flow (PFOF) side of things. So, it's no secret that RobinHood has kind of been popularized in this space, especially given their disclosures to customers last year getting started getting fined 65 million or so, but actually not quite understand

What are some of the negatives that come out of that from the retail side? Also the impact on the market as a whole, due to PFOF?

Dave Lauer:

Yeah, so let me show you a couple of quotes here.



Reading from screenshot

These are obviously statements made before Citadel engaged in payment for order flow or before Jeff Sprecher, I think opened an IV. That was more recent than he bought it.

I think the payment for order flow and the internalization of retail orders is terrible for markets, and the thing about **retail order flow is it's referred to as "uninformed"**, that doesn't mean that you don't know where GME is gonna go in six months or a year. You might have the best fundamental analysis in a long time-horizon. You are not informed about what is going to happen in the next 50 milliseconds.

When you think of uninformed order flow it means, what is about to happen in the market as far as a high-frequency trading firm is concerned. And at that time-horizon is measured in milliseconds... maybe seconds. because of that **retail order flow is what market makers want to trade against, It's very profitable to trade against it.**

That's why these market makers pay the retail brokers for it because they want to get that order flow.

An interesting paper just came out that showed that the impact on markets is significant. That when you take that profitable order flow and you don't let it get to exchanges and interact with other orders on the exchange, you **can be affecting the spread by as much as 25%**, maybe more, but, but at least what they could quantify they saw that spreads would tighten by 25% if that order flow made it to markets, and then, everyone benefits.

So we, we think, and I know, Reddit here thinks retail is active day traders trading through a discount broker, but I usually like to say that in fact, retail is the wealth of the nation or the wealth of the world it is mostly concentrated in mutual funds and pension plans. So you might have a small trading account that you're playing with, but your retirement. Some people, I mean, I know some of you have it locked up in GME**. **

But for some people it's, it's in a mutual fund in an IRA or something, or 401k like that. And, and, to me, those are the refund to the ship, access to trade against retail orders on the exchange, like the rest of the world does.

I think that this is an area that's going to get a lot of attention. Some bills are being unveiled in Congress that could completely change this I very much support. And I think that I am in favor of competition. So like I said, there are many times where I am a capitalist I believe in intelligent capitalism and well-regulated capitalism but capitalism nonetheless. I believe in open competition for order flow Get the orders on the exchange and let every hundred of market makers should be able to compete over that order flow, not just the developer.

TL:DR □ **Summary:**

PFOF is more trouble than it's worth.

It has been shown that PFOF can be affecting the spread at much at 25%

It is very profitable for a large firm to trade against/ ahead retail orders. I am speculating here, but this is likely why this is such an important fight for Citadel. We,

the customer, are actually the product, just like with social media

DARK POOLS, INTERNALIZERS

Dave Lauer:

Along the lines of internalization and dark pools, I know that has been an area of a lot of questions on Reddit.

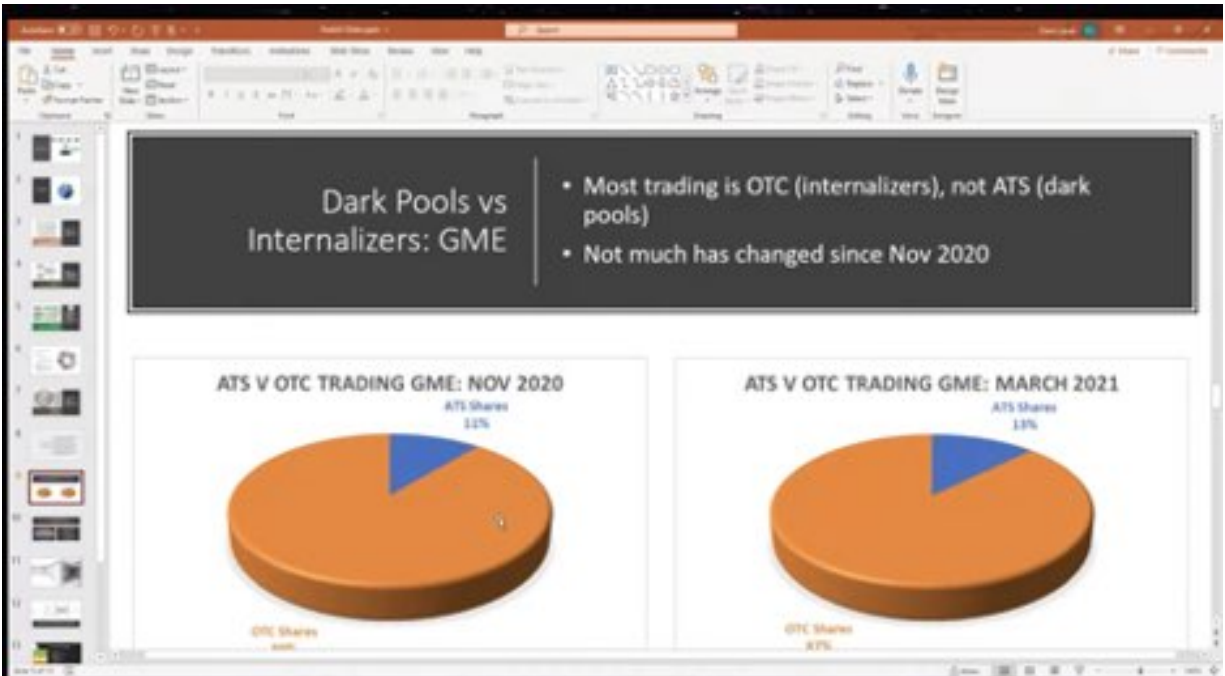
This morning, actually I put a couple of charts together that I wanted to show.

So, just to divert briefly. I want to talk about dark pools versus internalizers.

These are two different things.

And you can see that FINRA has an excellent website, [the OTC transparency website](#) and you can see on the website:

- ATS (Alternative Trading Systems): those are dark pools; versus
- OTC (Over the Counter): those are internalized.



So here is GME last November (2020). a certain percentage is getting executed on exchange and a certain percentage is getting executed off-exchange--

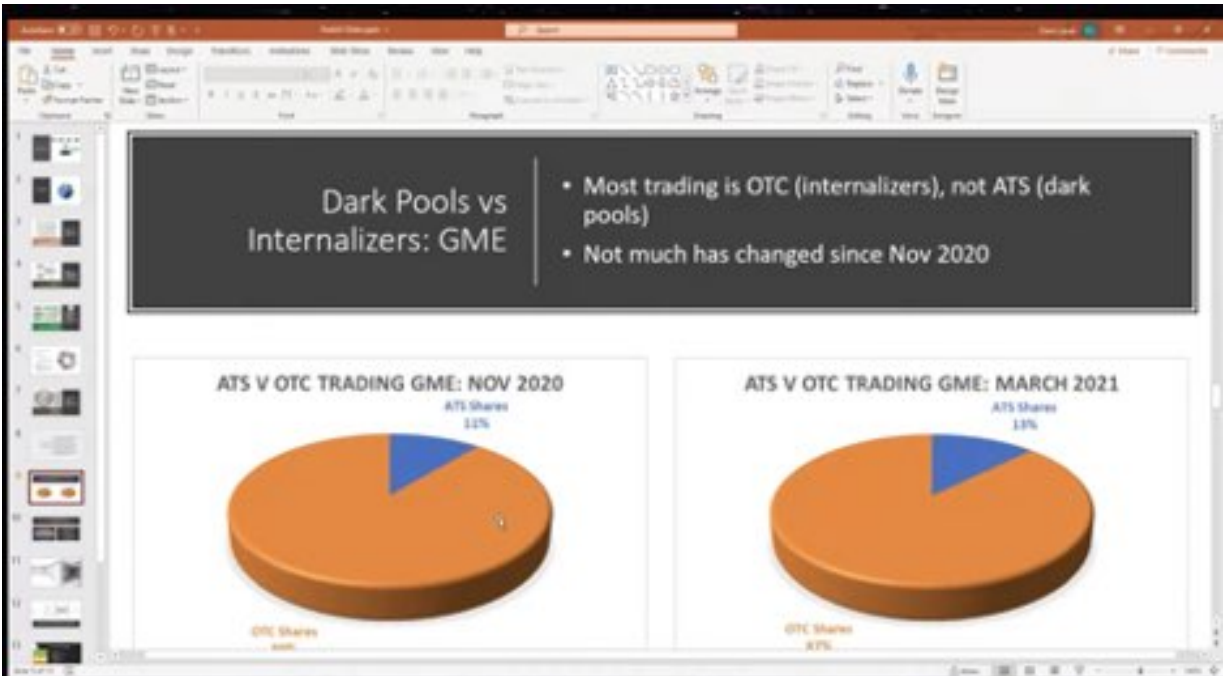
Of the off-exchange volume, 89% of it in November was OTC (think Citadel).

Versus March (2021), 87%.

So not much change since 2020.

Most GME volume is getting executed through retail channels and is being executed on the OTC market.

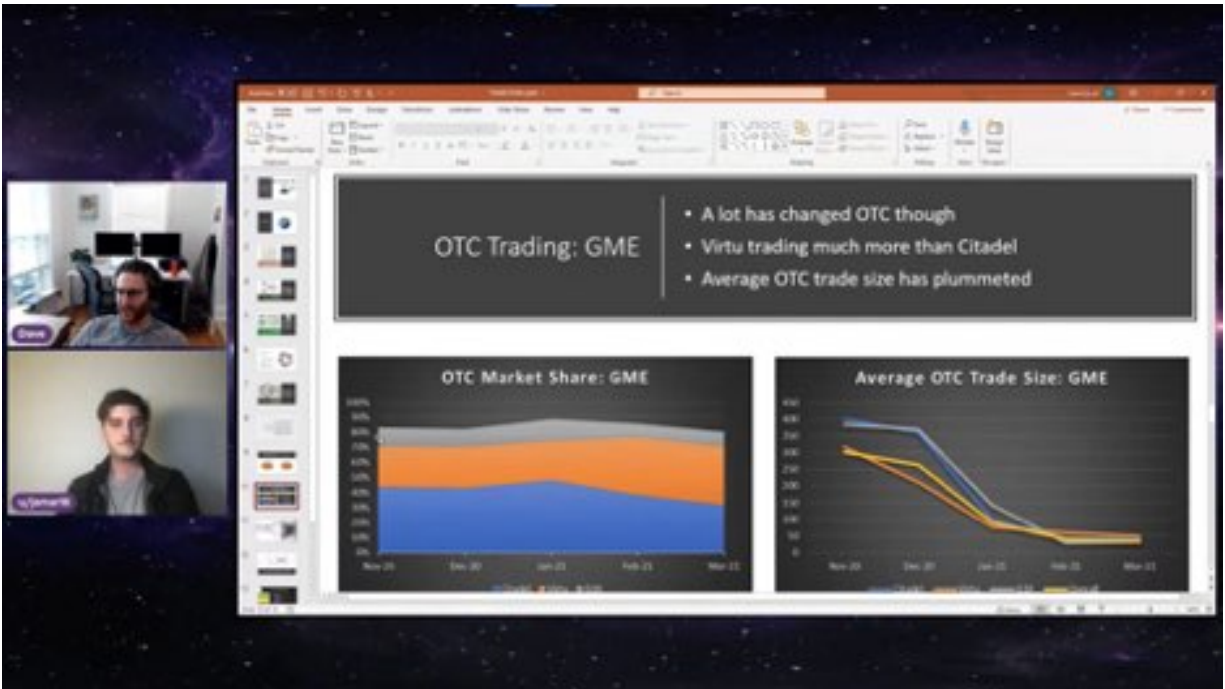
So when you think “dark pools”, the thing about, and where one of the confusion might lie, is when a trade executes off-exchange either OTC or in the ATS, it is still printed to the tape to what's called the trade reporting facility.



So now if we go back quickly to ATS versus OTC.

What I wanted to show was even though nothing has changed much in terms of where the trading is taking place, even a little less OTC but that's probably just normal statistical noise.

What *has changed* is who's trading on the OTC market.



So in November, it was predominantly Citadel with a little Virtu and an even little more G1X

This is market share, you can see that accounts for almost 85% of all OTC trading, and the rest is a bunch of smaller internalizers

And then it peaked for Citadel in January

But what we've seen since then is actually Citadel's market share in GME has dropped significantly and so has G1X, and Virtu has really taken over

At the same time, the average trade size that's being executed OTC has *plummeted*.

This was honestly really astonishing to me.

I guess this is probably the Robin Hood effect or the retail effect.

But you can see in December, the average trade size for Citadel was relatively high, it was around 350 shares and for Virtu it was around 200, and a little over 250 overall.

And since then in January, I mean, these, these *dropped to under like 40 shares average trade size***.** That was really shocking to me. Part of

that has been the price increase, absolutely.

But at the same time like an average trade size of **40 shares is extremely small**. I don't know what to make of it necessarily but I thought it was an interesting sort of data point to highlight. I just wanted to show that.

Jack:

So for Citadel, it's been decreasing since January. Does that suggest that they're also increasing in off-exchange?

Dave Lauer:

No, so this is: how much are they trading off-exchange, but this is just OTC, not ATF-- not dark pool. But I don't think Citadel is a material part of the ATS trading in GME.

I looked at it briefly and I saw a lot of it was Interactive Brokers so when they internalize they're printing on an ATS, not OTC, and they invite other firms to come into the ATS.

That's one of the differences when you're trading or printing OTC versus plugging ATSs.

Other firms can trade in a dark pool, whereas OTC they're not.

Jack:

That's interesting. I think a lot of DD that we talk about, talks about **dark pools actually suppressing retail buy pressure on a stock's price. What's your view on that?**

Dave Lauer:

Yeah, **I'm not sure of the mechanism for how that would work**, because like I said, even if you're trading in a dark pool that trade is printing to the tape.

I think that if you can-- I mean, technically you can't know that there are offers on the dark pool. That's why it's called Dark-- that's the whole thing.

So, if there's this wall of offers at 180, you're getting all these orders coming in on your retail channel and you want to keep it from going over 180 for whatever reason--

I'm not sure of the mechanism that you would use to print that off-exchange.

I think from that perspective, I am sorry to say, I didn't find that analysis to be compelling, and I could be wrong, but I think: **you don't need the dark pools in that equation you can:**

- **layer orders in the market;**
- internalize it,

because when you're internalizing orders you're internalizing them within the NBBO which you don't necessarily control.

But if you want to control it, you have to do that on the lit market, not in the dark pool.

The dark pool, legally, can only execute within the NBBO.

Jack:

I think where a lot of us come from, in terms of implying that assumption that it doesn't actually affect or does suppress retail blood pressure through routing through code is that I think a lot of the research

suggests that large mutual funds will place their orders on dark pools to avoid say increasing the price or decreasing necessarily.

I think that's kind of where that came from, but they have that restriction of executing within the NBBO, it doesn't really have that, is that right?

Dave Lauer:

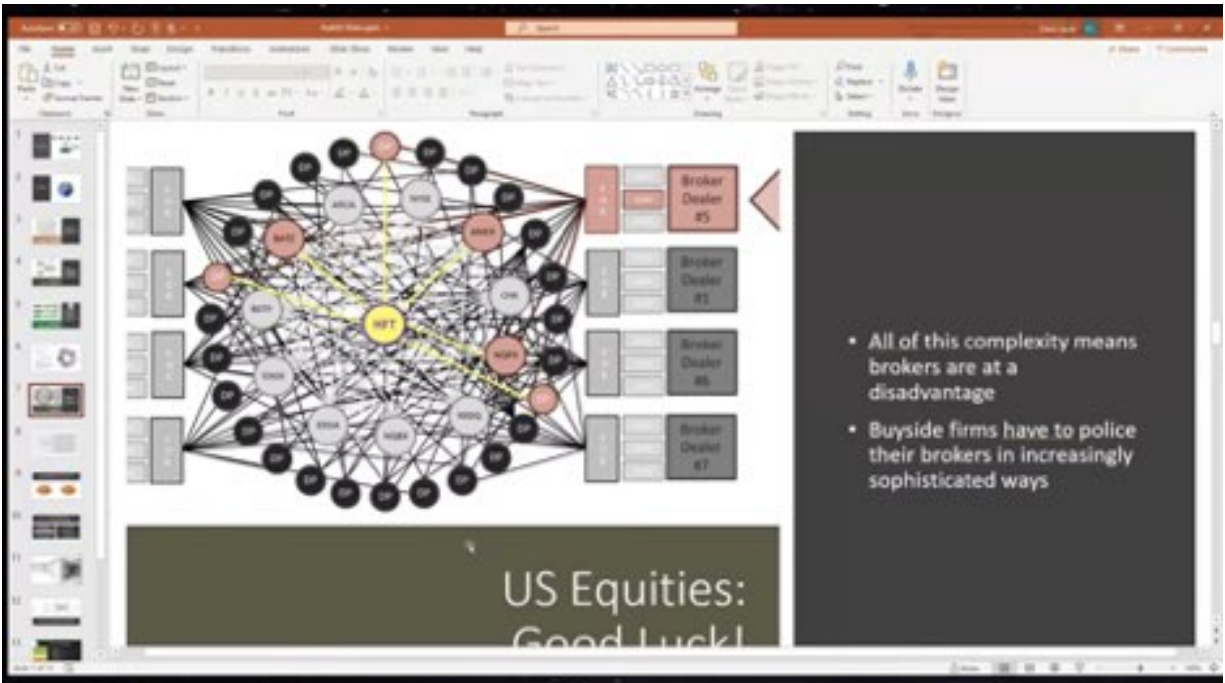
No, it does and it's absolutely true that institutions use dark pools.

If I want to buy a million shares of GME. it would be a big mistake if I just hit the market with a million shares, right?

I'm going to really, I'm going to exhaust all of the standing offers that price is going to go crazy.

That's not getting the best execution.

Instead, if I want to buy a million shares first I'm probably going to send maybe half a million to one broker half million to the other, they're going to take that half a million and sit them in their dark pools, so that nobody knows they're there but if sellers come along, then they're going to hit my bids and I'm going to start buying little by little and then those brokers are also going to algorithmically be routing them all over they might be pinging Citadel and pinging Virtu and others.



This slide shows you the complexity of the market, right?

This is what I'm doing, I am trying to navigate this complexity, to get the best price that I can while leaking the least amount of information possible.

If I were just to post that giant order on the lit exchange, that's complete information leakage. So that's a very good and reasonable use of dark pools. But again, you cannot trade outside of the NBBO. That is the rule in US markets - Rule 611 I think.

It's the backstop for best execution is what's generally referred to as. You cannot get outside of the protected quote.

Jack:

I think that's a good takeaway. Well, I look forward to some of the DD that comes out of that comment, I'm sure.

Dave Lauer:

And I'll be happy to read some of the posts and if there are specific questions.

I'm always interested in learning more, I mean if there's a mechanism by which someone thinks they've figured out how they can suppress the price through dark pools, I'd be really interested in that, because it would directly impact some of the analysis that I do.

IEX

Jack:

So, one last question I want to end on is, where does IEX fit into this?

So from our perspective, a lot of the features that were built on IEX were built to benefit more of the mutual fund side of things.

And then I've seen recent talk about retail coming along.

Could you help describe some of the positives at IEX works for retail?

Dave Lauer:

Yeah, so for retail, you can get mid-point executions on IEX. It's free for retail trade on IEX. They've really tried to do what they can to incentivize the retail brokers to come to them.

It doesn't mean that they are, because there are really fundamental conflicts of interest at work in markets in terms of **payment for order flow** and other issues.

You can tell your brokers, and you should tell your brokers, if you want to trade on IEX, and that they should route to IEX

When Flash Boys came out, it created a real uproar, and it helped to a certain extent but then it died away. Maybe now this is the second wave of it.

Look, I wouldn't have gotten involved with IEX if I didn't believe what they're doing.

I'm not involved in any way with them anymore, other than that, I still have some shares leftover. I don't want to *not* disclose my biases, I mean I sit on the board of Equitoss in Canada which also has a speed bump and it also is designed for investors not high-speed trading firms.

So I believe that is a model that can work and can protect investors.

I've seen one of the questions: What was the original design goal of IEX?

And the philosophy was actually relatively simple:

- **the exchange should always be faster than the fastest participants, the exchange should always know what the price is in the market.**
- **if that price is changing, the exchange should know about it before, the highest speed participants know.**

And the reason really came down to pegged order types.

If firms are faster than the exchange, they can take advantage of pegged order types, and they can pick off stale orders for a relatively low-risk arbitrage.

Whereas, if the exchange is faster than its fastest participants, that repricing for peg order types will always happen before those high-speed firms can adapt and pick off stale order types.

So that was why the 350-microsecond speed bump was put in place because that seemed like a good time for the exchange to be able to receive

market data from all the other exchanges, update its price, and shift before other firms could come in and pick off stale prices.

I think that kind of protection is valuable, I think execution quality in IEX is very high, and we've seen the same thing in Canada with Equitas Neo.

I'm a believer in the model. **I'm a believer in the idea that you shouldn't offer rebates to attract liquidity and IEX does not do that.**

I believe that if you believe those things, then supporting IEX is worthwhile and that you can go to your brokers and you can give them instructions.

And brokers, according to FINRA rules 5310 (I think), have to abide by those instructions. Not all brokers will, they'll say we're not connected or we don't do that but if they start hearing from a lot of people that can help to change things.

TL:DR □ **Summary:**

IEX has a lot of functionality that can make for a better retail trading experience.

If IEX is something that you are interested in trading on, then contact your broker and let them know

WHAT CAN WE DO?

Dave Lauer:

There have been questions about **what can we do** and to me this is one of those things that we can do.

Another thing is you can just continue to make your voice heard, **you can file comment letters with the SEC or FINRA, that's an excellent way to get involved**, they do read them and **they do listen to well thought out comments, or well-researched comments.**

You can contact your members of Congress because these bills that are going to come up are going to be controversial and they need to hear that there are people out there that support them, for good reasons.

You can make use of the SEC and Office of the Investor Advocate who is there to advocate on your behalf and is often focused on institutional investors but would probably like to hear more from retail.

And Gary Gensler I think in his testimony before Congress is going to say that they're requesting public input on some of these exact issues.

So I think getting involved like that is just an *excellent thing*.

It's great to have more involvement and more perspectives in this market structure debate, versus most of the people that are involved generally work for the high-frequency firms, the exchanges, the broker-dealers

There are very few of us out there who are not beholden to one of those types of firms and who are making money, actively, off of the current market structure.

TL:DR □ **Summary:**

MAKE YOUR VOICE HEARD

Reach out to the SEC, members of Congress, FINRA

—————

FINAL QUESTION AND GOODBYE

Jack:

The last question, I swear, and then we'll wrap up.

So you just mentioned that the rule is to uphold the NBBO. But what happens when they don't, is it actually possible that they don't uphold that rule?

Dave Lauer:

So, yes, there is a percentage of trading that does take place outside the NBBO.

That can happen if the size at the NBBO is not enough to satisfy the order size.

So yeah, I shouldn't say that it never happens, it does happen under those conditions.

But generally speaking, it does not happen outside of those conditions

So maybe what you're thinking: If you see a dark pool print, and it's like off the NBBO, there is a reporting deadline, I think it was shortened to 10 seconds, which means that I can trade at this price, and now prices have shifted, I have 10 seconds to report to the tape so the problem is sometimes the trading feeds from the dark pools is not always aligned with the quote feed from the exchanges.

It can look sometimes like there are prints that are happening outside of the NBBO but that didn't actually take place.

It is a pretty serious thing.

I know that FINRA gives report cards to firms measuring their Rule 611 performance, and they are always looking to see if you are trading outside the NBBO, and when it's a very small percentage of the time that happens, and when it does, there's usually a reason behind it.

Jack:

And is it only a fine associated with it, or is it in most cases a slap on the wrist, telling them “make sure this doesn’t happen”?

Dave Lauer:

Well, I mean, most fines are unfortunately just slaps on the wrist.

That’s sort of the corruption inherent in the system, the Revolving Door which we haven’t even touched on, and kind of is the source of most of these problems.

But yeah I mean fines on Wall Street are generally nothing compared to the damage that they've caused, and most of the time is just seeing that the cost of doing business.

And I think we just see that over and over again in every way, whether it's the great financial crisis or the mortgage crisis, to test execution violations.

These kinds of issues, and even their best execution is hard to enforce.

I heard the quote from a regulator that trying to enforce the best execution is like trying to nail jello to a wall.

It's something that they really struggle with and it's a shame because you have so much data now that from a data science perspective it should actually be easier but you need a different level of sophistication to analyze that kind of data.

I think regulators have struggled with it

So that's my soapbox of: increase the fines and send people to jail and I think you would see dramatic changes in behavior.

As long as it's just the cost of doing business and not, not speaking specifically to trades outside the NBBO, because again I don't think that happens much.

But generally speaking, when firms are fined it doesn't recognize the damage or it often doesn't disgorge profits to the extent that it should.

Jack:

We've seen in South Korea where we've seen 100 percent naked shorters come through *[Luri: can someone confirm with Jack what he's saying here? I can't quite catch it]*

Dave Lauer:

Year, great idea. I very much love what they're doing there and I think it's a real problem here and I would really like to see those kinds of little changes in the US.

Jack:

Well, we'll leave it at that and give it a wrap here. So thank you so much for joining us, Dave.

And thanks to all the viewers for coming around and spending time with us.

Dave Lauer:

Thanks for having me, I appreciate it. I loved it.
People care about this, it's fun to talk about it.

PHEW That was an action-packed AMA... ending right at 69 minutes (Good Job [u/jsmar18](#)). I hope that you guys are finding these AMA transcript/summaries helpful, they are a lot of work to put together but it feels worth it.

**Soon may the Tendieman come
To send our rocket into the Sun.
One day when the trading is done
We'll take our gains and go.**

CHRIS WILSON

AMA W/ CARL HAGBERG

PUBLISHED MAY 15, 2021

U/BYE_TRIANGLE

HELLO APES! We are back to bring you another transcript/summary!

Since these take a gargantuan amount of work, and there are two AMA's this week I chose to focus on just one AMA to provide a transcript for. Given the incoming proxy vote and the importance of everyone being informed about our rights with regards to this matter, I felt that Carl Hagberg's AMA was more pressing.

That being said, **Lucy Komisar is an absolute SUPERSTAR**, and I do not want to suggest that her AMA isn't going to be a bombshell. Komisar has an absolutely amazing background. Furthermore, she is one of the only journalists actually understanding and covering our story well, [see this article](#).

With that out of the way...

Carl Hagberg, you are awesome! I wish we had more time so you could have expanded more on some of your topics! This was an incredible AMA. There are so many moments in here that just get me so **HYPED**. This AMA was eye-opening in so many ways. Though, I believe the most important message to take from this, is that **we are the catalyst...**

That's right Apes, you and me... and the friends we have made along the way.

We are about to catalyze the collapse of this entire charade. For once the short sellers aren't going to be able to get away without repercussions... The only way out was for GameStop to go bust... and we all know that ain't happenin'. In this AMA Carl explains that the vote count is hugely important here. This is how we truly *Stop this Game*.

INTRODUCTIONS

Ato:

Hello, hello, hello. Welcome to our third live-streamed, Superstock AMA,

We are so excited, I am excited-- Well, I'm stoked. I know, he's probably very excited as well let me tell you about it.

We have Carl Hagberg, who was referred to multiple times through Dr.T's book, joining us here today.

I pulled this from one of his comment letters to the SEC in 2018.

Carl has nearly 50 years of hands-on experience as a manager of transfer agency, proxy distribution, tabulation, solicitation, and proxy adjudication services. He has also served as an Inspector of Elections at literally hundreds and hundreds of shareholder meetings, including hundreds of proxy contests and numerous other situations. Many of these situations resulted in differences of less than 1% between approvals & disapprovals.

Over the past 25 years, Carl has built and managed a team that now consists of approximately 40 expert Inspectors of Elections who, collectively, have acted at well over 20,000 shareholder meetings

So we are talking to **Dr.T's number one, go-to guy when it comes to shareholder rights and corporate governance.**

So he has agreed to take time out of the day and talk with us about all of his experience, as much as we can cram into a 40-minute session. and explain how this is going on today and we'll talk about some examples for that.

So let's bring Carl on and give him some time to kind of speak to his own credentials. Car, How are you doing today?

Carl:

I'm doing great! Greetings everyone!

I'm happy to be here and I, as I told [u/Atobitt](#), I don't recall anyone ever describing me as a **retail shareholder rights advocate**, but you know what, I guess I've been advocating for retail investors for 60+ years and I'm still trying to do it.

I'm a great believer in the power of individual investors. I have to say I'm a pretty good example of someone who's been successful at investing his own money and so, I wish more and more people would pay attention to us so maybe we can get that going.

Ato:

I think we're kind of preaching the same song there, that's what we're aiming to do.

I believe very much in this movement. Just the fact that we've been able to kind of start documenting this stuff for the past five, six months and then and then put it together into a community that is eager to get more information, has been incredible. I can't remember the last time somebody

was interested this much in something finance-related or audit-related. It's unreal.

TL:DR □ Summary:

Ato and Carl share greetings, Carl explains the sheer length of time he has supported retail investor's rights, especially given he too is a retail investor.

Carl has an astonishing amount of time in this field, starting when he was just 16 years old, Carl has over 60 years of experience.

Carl now mainly focuses on managing a team of about 40 Inspectors of Election.

This is Dr.T's Go-To guy when it comes to matters relating to corporate elections, and shareholder's rights.

ROBBER BARONS

Ato:

So, you are very much appreciated, we appreciate you coming here and giving your background on that.

So, if you want to go ahead and take just a couple of minutes to talk about what are some of the biggest problems that you're seeing right now, or throughout your career? Kind of, walk through the timeline of where this all started.

Carl:

That'd be great. I think we follow along in my career and my experience in shareholder voting and shareholders being denied votes or being

somehow done out of their voting rights. The whole story of *short selling*, and of *naked short selling* and how that can deprive people of their whole investment.

I'll kind of take you along on my experiences along the way. So let me start way back in the beginning, **I started in this industry, when I was 16** I was a college dropout.

I eventually got my master's and my BA, but all paid for by my employer, which was nice, but at the time, I was too young for college so off I went to the stock transfer department of Manufacturers Trust Company.

it was before they merged even with the Hanover bank, and we were a transfer agent, and we were Trust Company, and so **I was in a unit that was in charge of keeping the books were publicly traded companies both their stocks and their bonds**, and in those days, virtually all of the major transfer agents were trust companies, and there was a reason behind that. There have been a lot of scandalous and ruinous things that had been done when companies were left to keep their own books. Okay? And so, the first rule of being in a trust division was the customer came first and, and we owed our duty, first and foremost, to our customers who were public companies and their stockholders, but the second rule was the debits and the credits, always had to be equal,

In the *bad* old days, about half of the 20th century. When we had the **robber barons, when they needed some extra money, they would print up some new stock certificates and sell them into the market**, but instead of putting the money into the companies, they would keep it for themselves, which is why they would call them Robber Barons.

But then, the SEC was formed and said *we have to stop doing this, we have to make sure that the debits equal the credits* unless you made a public offering and told people what you were selling and how much you wanted

to get for it, and then made sure that the money was plowed back into the enterprise itself.

So that's what we did is it as a Trust Company. In those days, as well, 70% of all shares in US companies were owned by individual investors, (editor's note: WOW) - most of them were rich by the way.



TL:DR □ Summary:

Carl explains that he was a 'college dropout' but worked his way towards a masters' degree paid for by his employers.

Too young for college, Carl made his way to the Manufacturer's Trust Company, where he excelled with his knowledge of long division.

Carl states at that time, most companies that dealt with stocks and bonds were 'trust companies' i.e. a specific company that acts as a fiduciary, trustee or agent of trusts and agencies.

This was the case owing to companies doing... *questionable* things with their own books when left to do it themselves.

Carl lays out two rules for Trust Companies:

- **1. Customers and stockholders come first.**
 - **2. Debits and Credits *MUST* be equal.**
-

Why? In the time of the 'Robber Barons', "*...when they needed some extra money, they would print up some new stock certificates and sell them into the market*" Sounds like naked-short sellers are just the new Robber Barons

Finally, a trust company's purpose was to ensure money gained from issued shares was put back into the company, and at that time, retail owned *70%* of stocks.

THE PAPERWORK CRISIS - A BIG MESS

Carl:

It wasn't like a mass democracy. But suddenly, share ownership got democratized.

Somewhere in about the late 50s, early 60s Merrill Lynch had a big campaign "*own your share in America*".

Millions and millions of people took up this idea, and started to buy shares in American companies and started to do very well because, as we know, when there are lots of eager buyers *that makes prices go up*, so everyone started to do quite well.

And then, around 1958 or 59. We had what was called the **Paperwork Crisis**.

The stock exchanges had to shut down early, they closed every Wednesday when normally they would have been open. *They couldn't keep up with all the paperwork*, in those days there were no computers. They didn't even have handheld calculators until about the late 70s

So anyway, we were working around the clock mandatory overtime working Saturday Sundays to try to keep up with the paperwork and a number of brokerage firms failed because they couldn't balance their books and they couldn't keep track of the money that they couldn't collect money that was due them

So it was a big mess.

So in the next little phase of my career, **I was present at the birth of the Depository Trust Company**. I had been sort of seconded over by my company to what was called BASIC, the Banking and Securities Industry Committee.

Walter Wriston was there, chairman of JPMorgan Chase, and the Bankers Trust and of the stock exchanges, because they realized, if they couldn't get control of this paperwork mess, the Fed would take them over the way they run the market for Treasury securities

So, they are pulled out of a very profitable business, they said we've got to straighten this thing out.

So, five other colleagues and I, realized that we were the 'leg' men, who would go and take surveys and talk to people and try to work on solutions and then write position papers and argue them out.

The banks and brokers, basically hated each other and they didn't really want to do business with each other, but they had to. So that was that.

Pretty quickly-- Within a matter of two years, the paperwork crisis got solved, the volumes were still high. By having a securities depository, and computers (which were brand new). They enabled people to cope with all of this paperwork and substitute bookkeeping, you know accounting entries for paper. And so it was quite a success.

TL:DR □ Summary:

At some point, share ownership became democratized (i.e. made accessible) to everyone, likely pushed by Merrill Lynch campaigns, and stonks went up with the increase in volume.

Problem? Paperwork crisis. Put simply, shares were traded by paper and the stock exchanges literally could *not keep up***. They didn't even have handheld calculators, much less computers, so brokerage firms failed** *en masse***. As Carl puts it? It was a big mess.**

In order to solve the 'paper crisis', Carl and 'leg men' like him went out, took surveys, and tried to find solutions.

The above together with the advent of computing, and the birth of the securities depository, resolved the crisis within 2 years. (Thanks Carl!)

THE GOOD, THE BAD, AND THE UGLY

Carl:

Throughout that whole time, I had always been involved in shareholder meetings, I started going when I was 16 or 17.

It was because I knew long division, since all they had were those mechanical handheld calculators that weighed about 80 pounds, and you know, made *a lot* of noise, interrupting the meeting. But, since I could do long division they let me come, so I've been going to shareholder meetings since I was a kid. You see the good, bad, and the ugly. **One of my greatest lessons was when you saw a management that was really really good. Consider investing****.**

When you see management, the CEO was a stinker, that he wasn't nice to his staff, that the staff didn't really like him... (and believe me, I saw plenty) If you have *that* stock, sell it quickly, but anyway let's keep going.

Ato:

Yeah, that's a really good point, the number of people that are able to own shares and have influence over a company through this shareholder, into the lending of shares and buying of shares.... The prevalence of that speaks volumes to our situation, so getting that direct experience is awesome.

Carl:

There had always been some short-sellers as long as I can remember that had been short-sellers, and most of them were opportunists, you know, and they were literally vulture capitalists. They would move in on companies that were sort of weak and then try to drive them down to zero.

You know, so they could sell while there was still some life in them, and then buy them back... or not even have to buy them back.

TL:DR □ **Summary:**

Through this wealth of experience, Carl saw the good, bad, and the ugly in boardrooms, and learned to invest where he saw good.

Carl clarifies the issue of short-sellers, or *vulture capitalists* is an issue long faced in the industry.

Carl:

So, there was only some of this, but it was never a major thing until sometime in the 90s

Shortly after, I left the bank, Chemical Bank, and so I stayed there a year. I then deployed my tin parachute to go off on my own.

I started a business where I consulted with companies mainly about their retail ownership programs because it costs a lot of money to have retail holders, in those days especially, everything was paper-based.

Then I published a newsletter, where I would try to sniff out problems within the industry that needed that work, and I still do. Then, I started my inspector of election business, but back then it was on a small scale.

Now, it's a lot bigger, because as we've discovered there's a lot of Hanky Panky going on out there!

Okay, so that's what I did. About that very same time, I started getting calls from clients from colleagues from other transfer agents saying

There's something radically wrong here. We had our shareholder meeting, and we have a million shares outstanding, and we got votes of a million and a half shares**. What is going on?*

Well, what indeed?

It was because of short selling, you don't even have to have naked short selling.

I'll try to explain in very simple terms how this actually happens, that you have a meeting, and there are 50% more votes than there are shares outstanding, and if you subtract the ones that are held by the management and by long term mutual funds. It's really more like three times the number of shares that are held by real people!

Ato:

The float.

Carl:

Yup, the float, That's right.

So we were trying to get to the bottom of this, and we were trying to figure out,

Well, how do you stop this? , but more important for the given meeting, *How do you reconcile this?*

Well, the fact of the matter is, even when you're not 'naked' when you borrow the shares and say okay I've set some shares aside, the Lender He keeps his vote, he's still the owner, okay? He's only lent them.

It's like if I lent you a shovel, I'm still the owner.

And... I still get my voting rights. Meanwhile, if a short-seller actually *sells*... Well, the law of economics says that you cannot have a seller, without a buyer.

So, the short seller sells, then the buyer also gets ownership too! On another set of books.

And so what has happened-- well, you say, *Alright, I'm going to repay you the loan.* Where you now have to go into the market to buy the shares and close the deal... You've got, what are known as, Phantom Shares.

So, when you have an excess of sellers, as we've seen in GameStop stock, and, you have a finite universe of buyers, the **debits don't equal the credits anymore.** Okay.

Sometimes the votes are two-and-a-half or three times than the shares that are officially outstanding.

This is a very bad thing.

TL:DR □ Summary:

Carl explains when he was a young boy (not in Bulgaria) he had been a part of shareholder meetings and can spot a good and bad CEO.

Carl goes on to explain that the issue of short selling has been going on for years and years, such that even good companies having even a 'bad year' could be shorted out of existence.

Carl then used his position and experience to create his own company and many clients were then asking, how is it possible 150% of my shares have voted?

How? Short selling and *naked* short selling.

Carl explains that even in non 'naked' short-selling situations, both the lender and buyer have voting rights, which leads to an increase above the total percentage of stockholders voting in an AGM.

When the sellers vastly outweigh the buyers, you have people trading in 'phantom shares' such that the sellers and buyers *do not match* the total stock, or float as we all well know.

INFINITE LIQUIDITY CHEAT CODE

Carl:

Sometimes (and people are doing this quite often) they're doing this with malice and forethought. They're looking to drive the company down to zero. Or they can short sell at \$50 And they drive the price down to \$1 or \$2.

When you have unfettered securities lending, okay, and people can just keep lending to you and you can keep doing more deals and sending more shares to buyers, you've diluted the voting power and you've diluted the apparent liquidity for the stock,

Because what you have is infinite liquidity. You can just keep borrowing more, and you can borrow against what you borrowed.

Ato:

I just want to, kind of, drill that home. That is the *exact* thing we are seeing right now.

The situation where the attempt (and what we'll talk about this in a little bit) is, for an institution, to short sell a company into oblivion and trigger

this criticism or unfavorable position amongst retail owners, to then *abandon* their position, take the loss to where these eventually get completely closed out. So, they don't have that obligation as they do now, where you have so many shareholders that are still holding through all these time periods it's just drying up the volume and the liquidity that is being traded daily right now.

Carl:

Right. And so around that time when this was so *clearly* out of control-- I have to hand it to the then CEO of overstock.com. That's how I met Dr. T and how I met West Christian**(who will be on next week if I am not mistaken(Editor's Note: He's not mistaken))** who's a prominent, highly successful lawyer, in this field.

We were all outraged and it's like wait a minute, how can this possibly be going on. And by the way, there's another element here too, is the short seller-- sometimes they actually have this belief that the company is just a bag of feathers, you know what I mean?

But sometimes, they just exercise their First Amendment rights and spread rumors, and then when you see the stock prices go down, the rumors seem to be **true**, and people act as if they are true and that's how stocks get to **zero**.

So, Overstock and Wes really were... I don't know what the right thing is... (editor's note: *pathfinders*) let's just say it was an important inflection point to say, *this can't go on here, this is just not right, it's not just it's not legal, it's not ethical,*

TL:DR □ **Summary:**

Unfettered securities lending is a very problematic thing. A system such as this allows for what can essentially be described as “Infinite Liquidity” meaning

they can just *borrow again, and again, what was already borrowed before***.**

Further to the last point, these problematic securities lending practices lead to dilution of not only the value of the securities in question but also their voting power as well.

Ato reflects that borrowing against borrowing (read: hypothecation) is exactly what is going on with GME right now.

Carl agrees and goes on to state the then CEO of Overstock and Wes Christian led the way in exposing this behavior.

Carl then goes on to state that sometimes short-sellers *genuinely believe* a company will go bust, but other times, rumors would spread which, taken together with a fall in stock price, would *seem true***,** even if it wasn't.**

Carl, Ato and the mods agree such behavior is unethical and illegal.

SUPPLY AND DEMAND, OUT THE WINDOW

Carl:

I personally knew many companies that folded, not just because their share price dropped. but when it dropped they couldn't borrow any money, and then they could certainly couldn't sell any more stock and their credit rating was ruined,

Before you know it, **good businesses literally have to fold**, they just went bankrupt. They couldn't fund their businesses anymore.

So, the SEC started to pay a little bit of attention. But I must tell you, this is back in 2000, in the early 2000s mid-2000s, and from that time till now, they have a terrible, terrible, terrible record here.

So, they did pass a regulation, Reg SHO, and it actually put a bandaid over things, then the market started to simmer down... a little bit anyway. I think mainly for other reasons, but they put this band-aid over, and it kind of quieted down for a bit.

Okay, then lo and behold, came the financial crash of 2008/ 2009, when we saw short-sellers *again*, reaping **tremendous** profits. And then guess what! There *were* instances where many of these firms were destined for failure, but they were being pushed down the drain, twice as fast by everyone giving up on them and selling, and selling short.

So the SEC kind of woke up again, and said, Oh, maybe we need to look again, I have this little thing, it'll take only a minute to read it. They published this big thing here, and it was a **Report of the Office of Inspector General of the Office of Audit of the SEC**, And so here is what that here's what it said in the middle *and they made 11 recommendations* by the way. So, toward the middle it says:

As we have stated on several prior occasions, (which is an understatement). We are concerned about the negative effect that failures to deliver may have on markets and shareholders. In addition, issuers and investors have repeatedly expressed concerns about failures to deliver in connection with manipulative, " Naked" short selling. To the extent that fails to deliver might be part of manipulative Naked short selling, which could be used as a tool to drive down a company's stock price such fails to deliver may undermine the confidence of investors,

which by the way, the understatement of the year,

unwanted reputational damage caused by fails-to-deliver might have an adverse impact on the securities price.

Oh? Don't you read the newspapers? (/s)

Well, anyway so that's what they put out. So then they included 11 recommendations for the SEC to consider. Basically, it was to try to detect things early, get complaints early they were mainly ignoring them, and then follow up on the complaints.

Well, lo and behold, after all of this, only one of the 11 recommendations was adopted.

Almost all over the next few years, almost all of the temporary regulations they had put into effect around the time of financial crisis ('08), they'd all lapsed too.

And Dr.T, who saw this with her own eyes, she saw the effect that was happening in the business world was businesses were adopting new audit standards and they called them *Risk Based Standards*, and it was you judge the risk by the dollar amounts, that's outstanding.

Well that's not really a bad idea... except... as Dr.T said, when the stocks keep falling, falling, falling, they're like problem 1 million on your list of problems.

You decide which problems need attention by the size of the outstanding share value, and so they weren't cutting the mustard and no one was paying any attention.

So, we went along... until the latest round that we're seeing now, where GameStop stock (and there were probably three or four other companies), where people were selling shares, and they were what I call Phantom Shares outstanding, and Phantom votes.

Except... those, those phantom votes work really well, that is, if you were lucky enough to get your vote cast. So, that continued along until pretty recently-- actually, through until the present.

So let's see, what's wrong with naked short selling? I hope I kind of made this clear, **they create an economic dislocation**, *to put it kindly*. and they basically by providing unlimited liquidity, **they basically take the most basic law of supply and demand, and they throw it out the window.**

Because now suddenly supply of shares is unlimited, and demand is kind of sketchy... *especially* if you're spreading rumors that might be kind of sketchy too. (Editor's note: Sound Familiar?)

So, that is the biggest problem with this, and the Phantom shares themselves.

Everyone kind of knows, y'know? You go to the supermarket, you don't have to count the carrots in the apples to know what's in demand and what's not and what looks like a good product and what doesn't. But, when you have this many more shares floating out there, it distorts the market.

The other thing is... Well... this is basically it; until the trade is settled by delivering the security so that that can be canceled so that the debits equal the credits, you're going to have this continue.

TL:DR □ Summary:

Carl explains that the issues raised here were noticed by the SEC and have been for some time, *except they have a terrible track record of doing anything about it**.***

Not even *their own report*, which detailed actionable steps *from their Office of Audit* was followed and put into practice. Oh, except 1 of 11**.**

What's worse is that temporary regulations, like bandaids on a leaky pipe, fell off and nothing concrete was ever put in place to prevent this from happening.

Further, these issues and problems never truly saw the light of day as the *investigations were based on dollar values***. What does short selling do? *** Decreases the price and therefore, so decreases the chances of investigation and notice**.***

Allowing naked short selling throws the laws of supply and demand out the window.

The only way Carl sees the problem can be resolved is to have debits and credits equal to one another, or this will just keep continuing.

—————

WHOSE VOTE IS IT ANYWAY

Carl:

let's just say, both the lender and the buyer end up having voting rights, right. And so there are a couple of problems. One is, no one knows this, most of the time unless their custodial bank or broker goes to vote over 100% And most of the time, no one ever goes over 100 in a good year 70% Of all the shares. Maybe 80% will be voted 20% will never get voted, so unless you go over that 100% number at a particular bank or a particular broker, no one is ever the wiser. Okay, then more of these votes have been cast.

There was a famous incident that was one of the most contested mergers of all times, it was the HP Compaq thing, and institutional investors who were dead set against this merger they thought it was a horrible deal, which I believe turned out to be discussed discovered that because they had lent their shares their vote didn't count in, and in fact, the people who borrow the shares their vote carried the day.

And so it wasn't economically right it wasn't morally right, But that's what was happening. Okay. And then, so sometimes, of course, they have to somehow come up with the right numbers. And so they go back to the banks and brokers and say well look you voted a million and you only have 500,000 Please set up straight. And so this reconciliation takes place in a dark room somewhere. No one ever explains how they did it, and they're not obliged to explain, but somehow, in the end, it comes right.

TL:DR □ Summary:

Carl explains that it is very rare that votes ever exceed 100%, so often the issue of short/naked short selling rarely comes up. Wonder what happens when it does?

Carl then explains a famous merger happened on the basis that those who lent their shares became unable to vote on the basis they lent their shares and in fact, *those they lent succeeded in making a horrible deal**.***

Carl then goes on to explain somehow, when this does happen, it gets 'straightened out' and no one understands how.

MONSTER MONEY

Ato:

So we've got about 10 minutes. I'm loving the information that you're throwing out but I do want to tie some of this into some of the things that we're talking about here. I know I can sit here and I can listen to what you're saying, all day, finding that common ground where we understand that this position this is happening right you're explaining it this is happening and how we're leading it to today where you and I both talked on the phone last week talking about that current position in Gamestop and having, you know 140% flow versus being mathematically impossible to kind of escape that

Carl:

Exactly right and that the reconciliation takes place unbeknownst or unscrutinized by any regulatory authority or anybody at all.

And then comes the last part, and this should be close to the heart of Gamestop owners, and that is that institutional investors, by the way, big pension funds or big mutual funds, **make monster money, enormous amounts of money by lending shares** to the people who want to sell short.

So, let's say I have a brokerage account, if I have signed a margin agreement-- I signed to allow my account to be a margin account. They can lend my shares to anybody, make money, unbeknownst to me, I lose my vote because the disclosure is really very, very poor. I hear that some

Gamestop owners have been finding... *Where's my proxy?! Where's my annual report?!*

Now, they got canceled out. because they happen to have a margin account. *Regardless* of the fact that they may not have had a penny in margin loans, but they had signed an agreement that allows the bank or broker to vote and to lend their shares.

They don't even get a penny of compensation. So, the agent is making millions and millions of dollars, individual investors who are in the dark about this, they're not even discovering it. Most times you don't know you didn't get a vote.

Now with Gamestop because the imbalance is so big, people are asking *where's my vote* and if you have a margin account you often don't get a vote, or, no, *you missed the day you missed the magic day you don't get a vote*. And so that is one of the worst,

Now I have my very last of the worst. And I was very happy to see that the interim SEC chair woman, Alison Heron Lee

She was the interim Chair, and she's still an SEC Commissioner.

While Gensler hadn't been confirmed yet, the instructed staff to look into mutual fund voting because mutual funds are often like non-voting, or they're giving the vote to somebody who's voting against their very own positions. **And mutual funds, many of them, are deciding that shareholder votes do indeed have value.**

Whether they're economic proposals or social proposals or environmental proposals, your vote on these proposals has a value of its own.

And companies that are good citizens, create more value than companies who are scoundrels. So now, Alison Herron Lee, God bless her, she said,

We need to study, we need greater disclosure as to what mutual funds are doing with their shares, are they lending them to third parties who are voting, in many cases against the positions that they uphold?

TL:DR □ Summary:

Carl explains that the game for institutions and mutual funds is to make millions by lending shares out any which way you can, including allowing retail investors to enter agreements to allow them to do so without providing much obvious notice.

Carl:

By the way, these mutual funds are fiduciaries, as I was back in my days as a banker, and our duty is to our clients, to the shareholders. Okay, and not to the almighty dollar. Those are the issues that I think are in front of us now.

I'm really pleased to see so many Gamestop owners are stepping up and asking hard questions,

And I'm sure that, based on the numbers I've been hearing, that come to their meeting, there's going to be significant, over-voting.

That is unless people spend hours and hours ahead of time in their dark, back offices trying to reconcile this before the day of the meeting. /s

Ato:

I mean... wow... okay, so I have, I have a lot there I want to address with you.

TL:DR □ Summary:

Carl explains that the game for institutions and mutual funds is to make millions by lending shares out any which way you can. Including, allowing retail investors to enter agreements without being super to allow them to do so without providing much in the way of *obvious* notice.

MATHEMATICAL IMPOSSIBILITIES

Ato:

One of the biggest things, I think, are the numbers that you were talking about they're the things that are evidence of naked short selling.

Dr.T was mentioning in her AMA, one of these places that you can kind of see the evidence of naked short selling, bubble up is in the shareholder meeting.

Which you've talked about, I mean, obviously this is a pervasive issue.

I'd like to kind of start walking through some of those numbers that we sent to you for review and then talk about some of the effects of this upcoming vote and the significance of *potentially* being the first company in a very long time (if not ever) to have this vote where you're seeing, potentially hundreds of percentages above what was possible.

On that note, because we have about eight minutes Are you okay going a little bit over?

Carl:

Yeah, that's fine!

Ato:

Okay, good. Thanks, I appreciate everything that you just talked about, I really do. I don't want to have to cut off the rest of this.

I have people who are wanting to know-- institutional shareholders, international shareholders... we've got questions. for them people that are having issues finding their control numbers, for example.

I know Dr. T was stressing the issue, the importance of that for being able to get their voice out. So yeah, if you don't mind, that would be great if we could take a few extra minutes.

So let's do that!

You point out in your 2019 comment letter to the SEC, where you're talking about these huge implications and how pervasive this issue is, and one thing that stands out to me was this concept of over-voting.

What you just described. Not just through *naked* short selling, but through short selling, and so that has kind of led up to this position where we're at today.

We have the run-up 2019 along with the narrative people are able to spin through media, like you talked about-- *that GameStop is the next blockbuster*, so to speak

So there was this huge downward pressure on GameStop for years, and even in 2019 this was a heavily shorted stock, and a lot of people caught on to that.

And so the run-up in the beginning of 2021, when we got into January, was where we started to see this tremendous share volume coming out. The biggest red flag, I think, for most people in this subreddit, was the total reported shares outstanding.

At the end of 2020, including restricted shares, (those internal shares that are being held by insiders) was about 69 million shares.

And so when we see a period of 17 days, from January 13th through the 5th of February, where average daily trading volume is 88 million, and the peak during that was 197 million, totaling 1.5 billion shares exchanged over 17 days. **Does that not scream naked short selling to you?**

Carl:

Oh, absolutely. It's mathematically impossible for this to happen, except for the fact that it's not just the "Naked" part that is important to focus on... it's important to focus on short selling, itself. When you allow people to keep reselling these imaginary shares to make these loans, y'know?

If I lend you a shovel, you've got my shovel, but I lend you stock, you don't just have my stock, you have a voting right. And you get a credit somewhere, but you don't really have my stock, you know what I mean?

So, in other words, it's mathematically impossible to have trading volumes like this.

What it's done, it's pumped in this infinite supply of shares that can get bought by somebody, you know, albeit at lower prices, so yes, this is a problem in itself. There's no way around it, it's not a mystery. Okay, the numbers are clear, they are what they are.

So I think the real thing will be, **what happens when the meeting convenes?** And... *It could be* that people are feverishly working in their backrooms, to try to cook the books.

Trying to deprive enough people of voting their shares that you won't see them anymore. So... that could be one thing...

So we'll see what happens when the Annual Meeting convenes.

If there aren't more votes present than there are shares, I'll eat my hat.

It's almost impossible to fix this, even in the darkest of dark back rooms. So that's, that's probably problem number one. The other thing I would say, as I, as I alluded to this is getting, thanks to retail investors, it's getting attention.

TL:DR □ Summary:

The vote count is the missing piece of this puzzle as of now.

Carl essentially confirms that it seems mathematically impossible that the shorts have covered.

He goes on to stress how difficult it would be for the bad actors in this situation, to reconcile the votes prior to the meeting.

WE NEED A GOOD PLUMBER

Carl:

So there have been some hearings. I was really happy with what Allison Lee did, and **I'm very encouraged by Gary Gensler, he is a man with tremendous integrity, not to say that our former commissioners didn't have integrity, but Gensler gets it. He's got a mathematical mind, he understands systems.**

For all these 40 years that I've been writing about this, people have kept their heads in the sand and they've been willfully blind or willfully unwilling to dig into what they call *proxy plumbing*.

I always thought plumbing is a good thing, but for 40 years, plumbing for us has been a bad thing. It hasn't been so good. It's had a lot of “smelly overflows”, so to speak. So, I do think that there's some momentum, now, at the FCC, and from the public, and even in Congress a little bit.

And so hopefully we'll see some progress made on this.

Ato:

I know that you were talking about Gensler pushing for a lot of this reformation back in 2008 as well, so he's been championing this cause for quite some time.

That encouraged me when I heard him in that committee meeting, just recently. It seemed like he was nailing these on the head, and the difference between what we've had, versus what we need... is that action.

Carl:

Yeah.

Ato:

And so, it's getting to where **this community is growing so big, that we are just a handshake away from Gary Gensler.** I mean we have the data we have the numbers, this is what the people are wanting, are these answers.

We're putting forth the evidence that this is happening, we have the experts like you, and Dr. T, that are in the field and Wes Christian.

So, I'm glad to see that you're excited about it because I really do think that this is the time for change.

Carl:

Right! Let's hope so. As I say, it's time, **we need a good plumber, we never had a good plumber.**



Thanks for this u/pinkcatsonacid

Most of our regulators, in my opinion, they are the regulated, they're made up of the very people who are being regulated, the ones who are making billions of dollars in these deals.

You can imagine, I tried to explain to them... They shut their ears. they're willfully deaf, dumb, and blind to all this. So we need somebody who says,

I think this problem has become big enough that you can't ignore it, let's talk about the elephant in the room. You can't ignore this elephant anymore

The SEC knew this was wrong in 2009 when the inspector general told them, but they did nothing about it... fortunately, for them, markets got a little quiet and that went away, but then it comes back, and that's the way it will be.

So in any event... So, I had asked you, make sure that I get my point across, which is; ***how do we solve this. We need to figure out how to solve this.***

The first thing is, there needs to be a pre-reconciliation. People should never get a proxy unless they are holders in due course, and people who are not, should not be getting proxy materials. But it needs to be a valid--legitimate reconciliation, and that's very hard to do.

when you sell the same *banana* 158 billion times, and you only have 72 million bananas... reconciling This is not an easy thing to do.

Ato:

Bananas.. Hahaha.

Carl:

So in order to really solve anything... It's sort of after the fact, you know, you clean up you throw something over it

The next thing though that can and should be done **is to force lenders to recall their shares before the Annual Meeting record date comes along.**

That's where the mutual funds and the big pension funds come in... They really do have a fiduciary duty to recall their shares so they can vote on it themselves. There are no two ways about that.

So, that would help, big time. Although again, the numbers are so big, it's like *hmmm, I got to start a year in advance to get my shares back.*

The other thing is, I feel that brokers should be prohibited from lending shares that belong to individual investors, without better disclosure. Full disclosure would be,

oh I can lend your shares and I can make a lot of money doing it anytime I want. And by the way, I owe you nothing, and you can't protest.

This is not ethical-- it's not correct. People need to be told no, you cannot be doing this.

Maybe, if somebody is stupid enough to say,
yes, okay I'll let you do this, take my shares, take my votes, take the money and give me none...

... Well, God bless.

But, if you make decent disclosure mandatory, I don't think this will be lasting very long. But, **bear in mind this is a multi billion dollar source of revenue to banks and brokers and custodians and middlemen... and to the mutual funds themselves.**

Okay, so the next thing, and Dr. T said this as well, and I think this is what's going to happen in the Eurozone.

That is to say, we'll give you up to five days. You're supposed to settle your debts, settle your accounts where the debits and credits end up equal within two days of the trade.

Well, all right, we'll cut a little slack but within five days of the trade. If there was short interest, it needs to be bought in period, so that the debits equal the credits, and the votes equal shares outstanding.

That's the only real solution... otherwise, people will continue the game for another 60 years.

So... Maybe I am looking at the world through rose-colored glasses... but **people like Gamestop holders should keep on doing what they're doing, realize that votes have value.**

They had real value. This was a stock that was fast going down to tubes until they said,

No, I don't believe all these things and I don't think this is a company that is going down or should be going down the tubes,

But, they need to raise their voices, they need to speak up to the regulators. And, They absolutely need, especially this year, to try to cast their votes. and when they don't cast their votes, ask their intermediary, and then publish the crazy stories that they get back as to why they're not entitled to vote.

They paid their money and they're on the books as stockholders. Why did they not get their vote? **And if you keep going like that. I think we will force a solution**

TL:DR □ Summary:

Carl states he is hopeful that we will see change with Gary Gensler taking the lead. Going on to say we need a so-called “Plumber” for this system, someone to do some real work on this messy system.

Carl touches on a similar topic to what Dr.T was talking about, with regards to legislation being worked on in the “Eurozone” that could really bring forth material change.

Voting and being outspoken is the best way to force a solution here, and if you cannot vote, find out why from your broker, because as a shareholder, who has entrusted your money with this company, **IT IS YOUR RIGHT.**

FOREIGN VOTING

Ato:

Can I ask one more question?

Carl:

Of course!

Ato:

So, several foreign investors, non-US investors, are holding potentially millions of shares here. They're receiving excuses from their brokers like you were saying,

you just have no involvement, or we don't have the voting rights for you.

So how can they go about this? Is there something where they can tell their brokers, *I know I have voting rights* and fight this? or how can we help them?

Carl:

This is a very difficult thing to do. Historically, foreign investors never really voted their shares. Individual shareholder ownership was almost unheard of in a lot of Europe, you know unless they were an oligarch, a multi Millionaire, or Billionaire, It wasn't something that the average person was doing.

Even when they did, they're typically getting their proxy materials in English... I got emails from people in Swedish and my Swedish isn't good enough to read it anymore and so... there is also the language barrier to consider. **So there's a problem facing foreign investors.**

I say they need to go public. They need to get an answer from their broker or their financial intermediary in writing,

But, this is actually much harder, to be honest with you, than it would be for US citizens. What we barely understand here, over there, they just don't understand it. You know it's just not something that's percolated down, to where you can even have a conversation with somebody.

Ato:

I am seeing, and I think a lot of people on the subreddit are seeing this. Things are starting to change. We have posts on Reddit being translated into German, (Editor's note: More than just German) it's definitely a transition. I think we're at a point where we are seeing that involvement.

The sense of comfort, I've had with it, up to this point is, to treat everything equally. So if we had a percentage of people that were domestic that were voting, we still had a percentage, back then, that people that were non-domestic that weren't voting.

So, as the pie on the left has grown the pie on the right has grown, we should still see a prevalent issue with the domestic vote. The ability for these people overseas to be able to go public with that will help, I think it's essential.

TL:DR □ Summary:

This is one of the more difficult matters to address, solely due to the fact that foreign investors usually don't vote, or don't care to vote in corporate elections across the pond.

Despite the difficulties, remember, VOTING IS YOUR RIGHT. If you are investing your hard-earned money in a company, you're damn right you deserve a vote.

If you are a Euro-Ape and your broker is being sketchy about letting you vote, you must do everything you can to speak up and speak out.

ADVICE FOR GAMESTOP**Carl:**

You know you made a very, very good point here, that we didn't focus on enough. I want to say two things and then I'm going to quit.

One is, **if you own shares, you're the owner, you have rights. You need to assert them, and failure to do that is really, you're not doing right by yourself.**

The second thing, and you've just touched on this, **the power of social media. I've been writing these letters and they're all posted on the SEC website and nobody's ever reading them and no one's ever responding to them, but social media doesn't go away, it can only grow. I think I was to be optimistic. That would be the source of my optimism.**

When you say *oh, we're putting the proxy statements in German, or whatever* so people can read them. These are revolutionary developments. **So I end up feeling optimistic at the end of the day.**

Ato:

Thank you for that response Carl

If you don't mind, I have one final question for you, and I appreciate you going over time.

I'm just blown away by your experience. I know people on this sub, we have so many people, turning out to ask you questions continuously. You'll probably still have referrals for answering questions even after this, I would fully expect that.

But, anyway, **for the executives at GameStop that may be watching, what are some actions that they can take that are the best fit for them in terms of protecting investor rights and shareholder rights? If and when they start to see this blown-up issue of over-voting occur, what are some of the best things they can do to put the boot down?**

Carl:

What they need to do is pay attention. They need to pay careful attention to the voting reports that come in.

The first thing I'd looked at when I heard about this was, *who was the lucky company that was going to be the proxy tabulator*. I was afraid that it was somebody in, you know, out of Mongolia who was going to be counting these votes but they have a very good tabulator, and a lot of these votes are going through well-automated systems.

They also need to hire a good inspector. I'm sure they have, but they need to have a good inspector of election who won't be fooled. An inspector who will work like a *demon* to make sure that the reconciliation is appropriate. Except... piercing that veil is really still next to impossible to do.

So, I would say the management, pay attention to the election. Respect your stockholders, read the mail and emails from people who feel they've been disenfranchised, and hopefully, they'll realize that yes, many people are being disenfranchised...

And who are they? They're their best customers, you know, their best friends.

So, that's an injustice in itself. That we're letting hedge fund managers, speculators, and gamblers, run away with our electoral system, at the expense of our customers and our boosters that the people who keep us alive as a company, so I say, they gotta toughen up

Ato:

I got one final question for you, sorry, hold you up for a minute.

I know you and I talked about this, shorts covering. The can, perpetually getting kicked down the road but, long story short, shorts have to cover?

Carl:

Not really, some of them never covered because there wasn't a market, the stock got delisted, going under a dollar... and so they never covered, *they just walked away... laughing.*

So no, unfortunately.

And that's probably a good place to end. This is what happens if you don't have a well-regulated system. **You get a bunch of criminals, pushing down the price of a stock, until it goes to zero, and laughing all the way to the bank.**

So, the evil-doers go away with money and the loyal stockholders, get ripped off.

Unfortunately, I think a lot of stockholders were frightened out of the market and sold their shares at a loss so what has been the gain, have they held on. **So, this is really a classic example of how unjust and how untenable, these practices are.**

Ato:

Well, I am optimistic about the number of people that have held and have continued holding, even with the pressure that's being put on them today. So, we'll see what happens with this voter turnout, but **I really do think that it's going to be a crucial point and the most consequential event that we've had so far.**

Carl:

Well, do stay in touch. If you have questions, send them to me and I will try my best to answer them. I hope I did pretty good.

It's cocktail time, here in sunny Florida. So, goodbye everyone. Thank you so much!

TL:DR □ Summary:

Carl's advice to the heads at GameStop:

PAY VERY CLOSE ATTENTION TO THE VOTE REPORTS

Read the Mail and Email from the stockholders, pay attention to those that feel disenfranchised

Hire an especially diligent inspector of elections

"TOUGHEN UP"

In past circumstances, predatory short sellers have gotten away with this game-- pushing the stock price to the point of being delisted so they don't have to ever reconcile their massive dump of phantom shares.

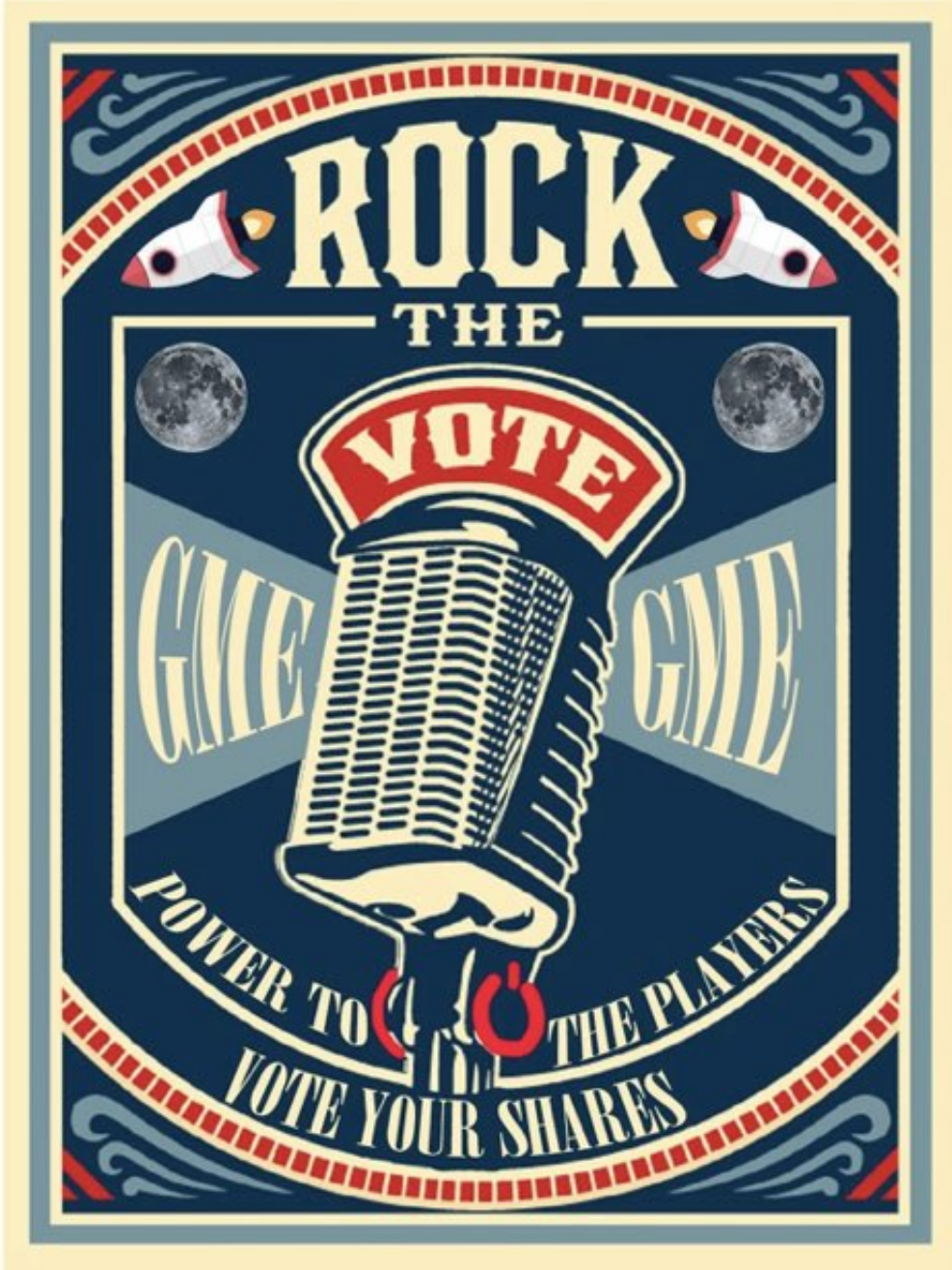
There was confusion over the last section of the interview when Carl stated that shorts don't HAVE to cover, I believe if you take this statement in context with the rest of the AMA, he is clearly referring to shorts having to cover, generally. Carl already states multiple times in the AMA that he is very optimistic about this GameStop situation. Anyone trying to twist this narrative is acting in bad faith

That was incredible, Thank you so much Carl Hagberg, your input on these matters was incredibly eye-opening and reassuring.

I believe I can speak for the Apes when I say, that we are proud to have been the ones to which the torch has been passed so to speak. Continuing to fight for the change that Susanne and Carl have been pushing for for decades.

Apes, if there is anything to take from this, it should be this:

VOTE YOUR SHARES and if you cannot vote, for one reason or another, then YOU MUST SPEAK-UP.



“This is bullshit. The Redditors aren’t cheating, they’re joining a party Wall Street insiders have been enjoying for years.”

JON STEWART’S TWITTER ACCOUNT

AMA W/ LUCY KOMISAR

PUBLISHED MAY 23, 2021

U/BYE_TRIANGLE

I KNOW this is out of the ordinary, but along with this post being our AMA Transcript/ Summary this is also going to act as our AMA question thread for the Lucy Komisar AMA part 2. So please submit any questions you have for Lucy in the comments of this post

First things first, unfortunately, [u/Luridess](#) had an emergency outside of Reddit that she had to step away from this AMA for. So in her place, we have a most excited [u/PinkCatsOnAcid](#) coming to save the day. Pink, thank you for stepping up to do this one, I am SO excited!

As you guys know, these AMAs tend to follow the guest and what they want to talk about, but with community, questions sprinkled in to round out the conversation and expand upon certain things. **The topic of this AMA will largely focus on The SEC so definitely throw any questions you have about that, below.**

[Lucy Komisar AMA Part 2 - Monday, May 24, 4:30 pm Eastern](#)

DISCLAIMER

Please note... **This channel is not monetized, nor will it ever be** (screenshot this and hold us accountable, and is strictly for education and discussion as it relates to) [r/Superstonk](#) topics and the interests of the community. The idea was approved by the mod team, and the channel was created and is administered by [u/redchessqueen99](#). The stream itself will be

handled through a third-party service with many live-editing features (omitted for security's sake that allows a stream through Youtube.)

Finally, we made the choice to create this platform because AMA guests seem to prefer the live stream method since they don't always have a reliable platform to stream from. This allows us to offer them a choice of platform, and also a means of discussion with our members LIVE, that ultimately will cater to the interests of [r/Superstonk](#) and this community of diamond-handed apes.

AAAAaaand we're back, with another [r/Superstonk](#) AMA Summary/Transcript! We weren't entirely sure about doing one for this AMA, but after it was done, I said to [u/Luridess](#) "Goddamn I feel like that was too amazing to not do a post for". After some discussion, we decided that we would go through with it, so here we are (after some unexpected delays)!

This is the first AMA with Lucy Komisar, but as many of you know, we are having Lucy Komisar back on Monday, May 24th. After having a chance to digest a lot of the information she dropped on us, I could not be more excited to have her back. But anyway, without further delay...

That AMA was definitely one of my favorites so far. Lucy Komisar legitimizing all of this research we do by citing us as one of her primary sources... definitely a highlight! Also, Our wonderful host Elle ([u/Luridess](#)) deserves a huge amount of credit 🙌 BRAVO.

For those who cannot read here is the video:

<https://www.youtube.com/watch?v=wKXWvEpnN34>

Also here is some great reading material from Lucy Komisar, released after her first AMA;

[How corrupt brokers, hedge funds with govt & media facilitators steal from stock market investors](#)

INTRODUCTIONS

Elle:

Well, hello everyone. Hello Reddit. Hello Superstonk. Hello, world! Thank you so much for waiting. It is me, [u/Luridess](#) or as I like to go with, Elle.

I'm here today with the amazing, phenomenal, fantastic one and only award winning investigative journalist, Lucy Komisar.

Lucy, thank you so much for joining us today. I am so excited about this AMA. You know, the more that we've discussed, the more phone calls we've had, the more I've learned about your background and your history, and your involvement in this whole saga with not just GME, but with naked short selling.

My mind has been absolutely blown away. So, needless to say, everyone is thrilled to have an opportunity to hear directly from you.

So before we begin, I would love it if you could maybe give us a brief introduction, just about you know, yourself, your background, and how you really got involved in GameStop.

Lucy:

I got involved in journalism, years ago, I was still in college, in the civil rights movement.

I went to Mississippi and became editor of the Mississippi Free Press, which was a newspaper focused on the civil rights movement. Later, I

ended up coming back to New York, I couldn't get a job in journalism because they weren't hiring women.

I once tried to get a job at UPI. And the person in charge of the Bureau in New York said, I'm sorry, Lucy, we already have three girls. So I became freelance and began writing about social justice issues, labor, civil rights, women.

I moved on to writing about what was going on in developing countries when there were groups trying to democratize, to overthrow the dictator. And in the 80s and 90s.

I went to the Philippines, which was ruled by Marcos. I went to Zaire, which was ruled by Mobutu. And, I went to Haiti, which was ruled first by the Duvalier, and then the people that followed them, but would have the same click.

In each of those places, these were in three continents. People said the dictator has looted the country and the money is all in Swiss banks. I thought, What is that all about? I haven't been reading about Swiss banks being the places where dictators, kleptocrats, put their money.

So I began to look into it. And that started me, in the late 90s, in writing about offshore, the whole offshore banking corporate secrecy system. And offshore by the way, doesn't necessarily mean it's an island although there are many in the Caribbean and islands off the UK. It could mean Switzerland, Liechtenstein, Luxembourg, and right now it also means in many instances, the US and the UK itself

Elle:

That's interesting Lucy because when people think offshore, you know, they will think Cayman Islands or some Island somewhere.

But, what you're telling me and as I understand it is that offshore means a secrecy haven. So you still have an offshore account? In the United States.

Lucy:

Yes, you can. Places like Delaware, Wyoming, they advertise set up a company, you can't have a bank account that is secret, but you can have a company that is secret.

TL:DR □ Summary:

Lucy and Elle share introductions and get straight to business, i.e. Lucy's first taste into financial matters was when she discovered 'offshore' banking doesn't really mean what the word implies.

An offshore bank account can and does exist all over the world, wherever it may be from. An 'offshore' bank account is really the ability to set up a secret company to mask what would otherwise be illegal activity in the place the main company is situated

Elle:

Now, Lucy, how did your initial involvement in these financial crimes and secret bank accounts and the offshore system-- How does that tie into your involvement with GameStop?

Lucy:

Well, because of writing about offshore, I got invited to be in a film, which would be called the [Wall Street conspiracy](#).

Which came out in 2012. When the person called me and I talked to the person who invited me. I said, *I never heard of naked short selling*.

And he said, *Don't worry, we want to talk to you about offshore, and how that is linked*. **And it certainly is linked**. But when I went to the

studio, where people were being interviewed for the film, I met *everybody* who was involved in fighting naked short selling,

Elle:

Lucy so now you have to spill the tea, when you say you met everybody who do you mean?

Lucy:

I met Wes Christian. I met Suzanne Trimbath...

Elle:

You met Dr. T?! Wow

Lucy:

Yes. Therefore, and other people that were in that film, and the film, by the way, is now on Youtube.

Elle:

Did you also meet Carl Hagberg?

Lucy:

I don't remember. I think he was there. But I don't remember meeting him.

Elle:

So I'm glad you mentioned that the film is on YouTube, because it has the link to that film. And that documentary has been posted consistently on the SuperStonk website by various users, as well as mods.

So for anyone who's watching and who has not seen the [Wall Street conspiracy](#), it is available to watch for free on YouTube. I suggest everyone go and watch that it is mind-opening, and it is absolutely phenomenal.

So before we kind of dive into the whole GME saga and some of the questions that users-- sorry, **apes** have been providing that Lucy, the reason we call ourselves apes is it's, you know, it's kind of building a sense of community. And it's interesting, I actually read a post today on SuperStonk this morning while I was drinking my coffee and reading my daily DD, I saw a post by an Ape (I can't remember who it was, my apologies) they essentially said something along the lines of how they appreciated that we all call ourselves apes because it's a reference to the fact that you have this community of people from around the world who are learning about this very complex, economic and financial system.

By referring to ourselves as apes were, you know, initially, essentially implying that, you know, we don't, we don't know anything, but we're here to learn.

TL:DR □ Summary:

Lucy explains her interest in digging into offshore bank accounts resulted in her talents for investigative journalism being spotted by none other than Dr. T and the other usual suspects in relation to those opposed to naked short selling.

The mods agree all *apes* should watch the fruits of that labor, and check out the Wall Street Conspiracy. It's free! [Wall Street conspiracy](#).

Ape = All People Equal, no?

DEATH SPIRAL FINANCING

Lucy:

To start with, I'd like to show you how the offshore system really does connect with naked short selling, and it's about the Sedona story. And that started out about 20 years ago.

Sedona is a software company based in King of Prussia, Pennsylvania. It was just starting out, and it wanted to expand. So an investment banker named **Micheal Vasinkevich**, was working at a company called **Ladenburg Fahlman**. and he said he could help finance their growth. Now, this **Ladenburg Thalmann** was owned by *corporate raiders*, **Carl Icahn**, and **Bennett LeBow**.

The deal was Vasinkevich was going to get Sedona, a two and a half million dollar deal in which he would locate investors and sell shares to them, the lenders would be paid back when the loans came due, they would be converted to shares.

So, you have a loan and what we promised to pay are shares, the amount of shares depended on the stock price at the time of the conversion.

This would come to be called Death Spiral financing and you will see why.

That's where offshore and naked short selling came in. **Thomas Badian and his brother, Andreas**, are from Vienna. They **had a company called Rhino Advisors** and they would be the intermediaries working with Sedona and the man from Ladenburg Fahlman.

They were working with an offshore fund called Amro International, which was registered in Panama, based in Zurich, to offshore places. Ladenburg investors included the Batliner Group. Well, if anybody did some due diligence they would find Herbert Batliner, or according to a 1999 German intelligence report, was in the business of laundering illicit funds.

US prosecutors told a Colorado trial in federal court that Batliner had been handling the money for a very prominent Latin American drug dealer. So the contract with Amro said no shorting because the shorting would push down the price of the shares. And the less the shares were worth when it came time to convert them (the loans to shares), the more of the stock that Amro would get.

But the Badians went to work.

When Sedona signed the deal with Ladenburg Thalmann in February 2000, the shares were trading at \$6.

Every time the company made a good deal, good news, such as a relationship with IBM, it should have tripled their shares. The shares went down, and they couldn't figure out what was going on.

But it turned out that the Badians were shorting the sale through an electronic communications network that allowed the seller to hide. And a month before the conversions, Andreas Badian told the brokers at the *infamously* corrupt and now-defunct New York brokerage called Refco to start selling Sedona stock short from an account at an offshore Refco affiliate.

Refco was not a fly-by-night, it had \$4 billion in some 200,000 customer counts. It was the largest broker on the Chicago Mercantile Exchange. In a month, they pushed down the price of the share from \$6 to \$1.

Now, **Badian told the brokers** (and this was on tape at Westminster brokerage in New York): *keep selling, use unbridled levels of aggression,*

because every dollar that you sell is a dollar in my pocket.

The price fell to 75 cents, then it fell to 10 cents.

The Badians, the trading that they had been doing in one month represented 40% of all trades.

Somebody should have been looking at that trying to figure out what's going on.

The conversion left Sedona still out of their \$2.5 million loans owing \$1.9 million, and they would have to issue more shares because they **would end up letting the Badians control the company.**

So, they (Sedona) started out in February of 2000 with:

- 77 employees;
- 65 clients that wanted their software;
- an IBM contract;
- \$17 million in financing.

When the stock tanked:

- **they lost business** - companies don't want to buy software when there may not be anybody around to service it;
- **they couldn't get other financings;**
- **they had to fire employees.**

So Sedona finally went to the SEC, and the Justice Department.

They were looking at what was going on. They charged Andreas in a criminal case, but he jumped sail and went to Vienna.

Austria doesn't have a treaty with the US that where somebody is a miscreant and a financial crime, you can't demand that person come back. There's no extradition.

So Thomas Badian and Rhino have settled with the SEC for \$1 million, without admitting any guilt.

But the SEC did not sue Ladenburg or Batliner or Westminster, or anybody else involved.

In May '03, that's when lawyer Wes Christian got involved. He filed a civil suit against Ladenburg Thalmann, against Vasinkovich, Badian, Rhino and some others.

However, Judge Swain in New York, heard the suit and over nine years she blocked the suit by not ruling on the very first key motion. She also never allowed Sedona to get discovery, which would have given them the documentation they needed.

She dismissed most of the defendants, including the central figures, and finally Wes Christian settled with Ladenburg, which was a few months before the case was scheduled to be heard in federal court.

So Sedona is still in business. It's trading at less than a penny a share.

What are the lessons that we have here?

Major companies, such as Ladenburg, may enable fraudsters.

The SEC and the courts do not provide protection to the victims.

Sedona was taken down in 2001 when the SEC passed Reg SHO, which was to deal with naked short selling.

In 2004, they included massive loopholes, which have facilitated naked short selling at GameStop.

And it, for example, ignored fails that didn't happen in public exchanges.

The Badians had moved trades through Canada.

Elle:

Sorry, I heard you referring to fails - fails to deliver?

Lucy:

Fails to deliver.

But it's only-- they've actually put out a paper saying this only refers to trades on exchanges.

This doesn't include when you call it-- nobody knows what's happening in Canada or some other places that are not providing information or in dark pools.

So they did not take the lesson.

They knew about the case. They were involved in the case. And they just let it slide.

Wes Christian told me that more than 1200 hedge funds and offshore accounts were working through more than 150 broker-dealers and market makers to strip these small and medium companies of their value with these death spiral deals.

And the lawsuits showed that the illegal shorters use shell companies and offshore Guernsey the Caymans, Costa Rica, the Bahamas.

And many of the companies that the Badians cheated were put out of business.

That's the first important lesson.

And in the end, as we go down and look through the years, the decades... **It ends with GameStop.**

TL:DR □ Summary:

Lucy goes through and breaks down the situation surrounding Sedona (A software company) who was targeted by similar short-seller tactics to GameStop.

In order to explain Lucy's case in point, she explains the story of the Badian Brothers and a company named Sedona. Sedona decided to finance a \$2.5 million dollar loan where repayment was going to be made via shares, with the number required to be repaid dependent on the stock price at the 'conversion', i.e. 250,000 shares if the stock was at \$10, or 2,500,000 if the stock was at \$1. This would later be dubbed 'death spiral financing'.

Sedona shouldn't have been hurting as bad as it was, the company had a lot going for it, but for every piece of good news that would come out, the stock

wouldn't move or it would even go down (I wonder where we have seen that before). The goal was partially to carry out an asset grab on the company.

“Wes Christian told me that more than 1200 hedge funds and offshore accounts were working through more than 150 broker dealers and market makers to strip these small and medium companies of their value with these death spiral deals.”

It was thought that RegSHO would help prevent the abusive short-selling practice but there were too many loopholes that would then go on to allow the activity that we see today with \$GME.

Lucy explains Reg SHO is littered with loopholes that, for example, don't count fails to deliver on nonpublic exchanges! But

“And in the end, as we go down and look through the years, the decades... it ends with GameStop.”

SEC INTERVENTION

Elle:

Thank you so much for that Lucy and I'm glad that you gave that explanation of where it first started because that actually ties into one of the questions that we have from one of our users.

 Seek_Adventur • 1d

  2 Awards

Please keep these AMAs coming, I love them! Anyways, Hello Ms Komisar, and thank you for doing this AMA. I have a few questions to ask if you don't mind:

1 On March 10, 2021, GameStop was able to reach a price of \$344, until suddenly, journalists wrote negative articles which stated that the price of GameStop dropped. But, the price of GameStop didn't drop until 15 minutes after the negative articles stated that it dropped. It then dropped to \$172, then went back up to the 200s. Do you know how this can possible?

2 Will the SEC not only investigate but also take action when it comes to short selling stocks to \$0 (like they wanted to do with GameStop), counterfeit shares, dark pools, etc?

3 If the SEC won't do anything when it comes to market manipulation, what are (if there are) any ways that companies as well as shareholders can do to fight back against market manipulation?

4 Are there any other ways that shorts can cover (through options for example)?

5 Should the people continue to invest within the stock market any longer, with so much manipulation going on?

Once again, thank you as well as the SuperStonk mods for the AMA!



← Reply



66



u/Seek_adventur

And if I understand correctly, from your story, **what you're saying is that if these people end up leaving the country and going to someplace like Austria, for example, then “too bad so sad kind” of situation, is that correct?**

Lucy:

That's correct.

Sometimes they go after the low-hanging fruit. For instance, they went after the Badians, they got a settlement for \$1 million, they did file a legal complaint against Andreas, but what about the guys at the top? What about Ladenburg Thalmann, a very important company, which was then owned by a very important guy named Carl Icahn.

They don't go after the big players.

Elle:

So then speaking of low hanging fruit that is-- so if you could just pull that question up again. Because there are a few other questions in that screenshot that I'd like to ask.

 Seek_Adventur • 1d

  2 Awards

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← Reply



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u/Seek_Adventur

Elle:

Do you have any thoughts on that, Lucy?

Lucy:

Well, what's happened in the cases-- and Wes Christian knows a lot about this-- what was discovered for bringing the cases in federal court is that even if they got to a certain level, then they might be knocked out

because in certain cases, the judge has ruled that only the SEC has jurisdiction in that kind of complaint.

So the federal courts were not useful.

So then Wes started going to the state courts, and once you can get discovery, which is you find out where the bodies are buried and evidence of the dirty stuff-- which you can do when you're in a court case, you can demand that the other side, give you particular documents that you are asking for.

And that is how you get the evidence. You go to court. Now you have to go to a state court and you demand the documents.

And I'll talk a little bit later about how that worked out for another major company. But I think that that's the way to go.

TL:DR □ Summary:

Historically, The SEC has not had a good track record in punishing the “big guys” for their misconduct, beyond a fine and a slap on the wrist. This has been corroborated by many different individuals at this point.

This is why it's such a big deal that we are seeing The SEC working to change things now!


Wes Christian will have a wealth of knowledge on the legal side of this conversation.



Lucy goes on to mention that going through with legal action has worked, somewhat, in the past. Once a case enters discovery, that's when the really juicy stuff can be uncovered.

JOURNALISTIC INTEGRITY? NEVER HEARD IT!

Elle:

Thank you. And if we could just pull up that question again, because I think this is a perfect time to segue into our next topic, Lucy, and this is a hot topic with a lot of users on the forum.






 **Seek_Adventur** • 1d

  2 Awards

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Once again, thank you as well as the SuperStonk mods for the AMA!

   Reply  66 

u/Seek_Adventur

Elle:

So back on March 10 of 2021 GameStop was able to reach a price of \$344 until suddenly, **journalists wrote negative articles which stated that the price of GameStop dropped, but the price of GameStop didn't drop until 15 minutes after** the negative article stated that it dropped.

This was huge, Lucy, because we had several screenshots from several users around the world who were posting this on social media on [r/Superstonk](#) and other places.

Do you have any thoughts or comments on how something like this could even be possible?

Lucy:

I'd like for that's a good way to get into another story, which specifically deals with journalists. This is a story about a man named Elgindy, Anthony Elgindy.

He was an Egyptian who pretended to be an Italian, he lived in San Diago, and he ran a subscription stock message board on the internet.

He had a few hundred hedge funds that were members, they were paying him \$300 to \$600 a month for the privilege of being on the website talking about “who are we going to hit next?”.

Hit next means who we go in to target with naked short selling. So such and such at the street, will publish a story on Thursday, saying this, that you can get a locate in a brokerage in Vancouver, or at Goldman Sachs.

Among the members was **Dan Loeb, who founded and heads Third Point**, one of the world's largest hedge funds.

He **used the screen name “Mr. Pink”**, which is a reference to a character in “Reservoir Dogs” about a bunch of gangsters and one of them was called Mr. Pink.

And he has talked about that online, not about what I'm going to tell you, but he says he was a Mr. Pink.

Elgindy had confederates inside the SEC. He would short a company, go to the SEC, get an investigation opened, the stock would fall.

Former Lehman broker who had retired to Florida, got a call from a fellow he hadn't heard from in 20 years. It was a **former penny stock manipulator, named Jonathan Curshen, who ran Red Sea Management out of Costa Rica.** And he told this former broker that the stock of an internet health company he was an officer in was going to be hit by an attack.

The person said, *Why are you calling me?*

He [Curshen] said, *well years ago, you treated me fairly.*

So, if there was going to be an attack, he probably was looking at the website of the company and he found out that this guy was one of the offices.

He also told him about the Elgindy website. **And he said the attack would include articles by financial writers.**

So Curshen, on tape, to the broker said, *We have journalists on the take.*

Curshen had gone to Aruba. He had gotten cards, you can load with money. He said, you give \$25,000 to a bank, they give you a card that someone can use at an ATM machine. **“We are using these cards to pay journalists.”**

The former Lehman broker was going to work for Eagletech, a Florida company set up to develop a “follow me” invention on telephones-- people could have phone calls ring on multiple phones or could follow them to other numbers.

And Curshen said, “Don't do that. We're beginning an attack on Eagletech next week.”

So with Curshen's introduction, this prospective Chief Financial Officer of Eagletech logged on to the website.

And he hired three secretaries because the way the website work, it would go forward but you couldn't scroll back. And you couldn't save

online. So he or you just couldn't save.

So he hired three secretaries and they sat around the clock hitting “print screen” every five minutes.

He collected banker's boxes of transcripts and stashed them in his garage. Dan Loeb, Mr. Pink, is on the screenshots. (I know because I have them.)

Now Elgindy’s brother was in the Muslim Brotherhood.

On 9/10 2001, Elgindy called his broker at Smith Barney and told him to sell all the shares he had because tomorrow the Dow is going to 3000, it was at 9600 [on 9/10]. The next day the planes hit the buildings.

A day after, the broker at Smith Barney called the FBI said, *I have a client who seems to have known about this.*They looked into it. The Lehman ex-broker gave the FBI the screenshots.

So aside from Elgindy’s Islamic connections, the FBI found out about the short-selling attacks. They also found out that he had bribed two FBI agents who are giving him tips such as “we are going to raid this company next Wednesday.” And he’d give them \$20,000, and he’d short sell the target and put it on the message board.

Elgindy was arrested in 2002. He was found guilty and sentenced to 13 years.

The FBI couple also went to prison.

After seven years, Elgindy got out.

A few years later, his son posted on Facebook that his father had died.

Journalists seeking information from the coroner were not provided with anything. They refused. Some believe that he was put into a witness protection program to give information on his Islamic contacts.

Jonathan Curshen had been living in Costa Rica. And he came for a two day trip in 2008, six years after Elgindy was arrested. And he was arrested. And he was convicted of conspiracy to commit bank wire securities fraud, money laundering, sentenced to 20 years in prison, and he is still there.

Now there were hundreds of crimes detailed in the Elgindy screenshots, information about journalists, information about important traders.

There is no indication the Justice Department went after any of the 400 naked shorting miscreants on this website.

Elle:

Sorry to interrupt Lucy. So what you're telling me that is, **if I understand this correctly, is that the Elgindy case is definitive proof that there has been manipulation by the media in the past** by journalists to have been bought out? Is that what you're saying?

Lucy:

Yes, they were paid to do this. And that information comes from the guy, (Curshen) who was paying them.

Elle:

Wow, that is unbelievable. That I don't even know how to respond to that. Because **you would think that the media is supposed to be unbiased and objective**, but hearing this I think and having a case that is providing definitive proof is incredibly eye-opening. And that kind of ties into the next few questions that I have.

TL:DR □ Summary:

In order to illustrate how the media can be bought and is corrupt, Lucy explains the story of Athony Elgindy. Elgindy was an Egyptian who liked to pretend he was an Italian and ran an online messaging board, but not in the same vein we are now accustomed to.

This webpage was a hitlist, except it did not target people, but companies. Elgindy had contacts everywhere, including the SEC. So not only would this

website determine which company was next to be hit; it would prompt SEC investigations to tank the price *and paid for articles, as journos were on the take.*

Journalists and others were bought using prepaid bank cards, which had a set sum of money that could be drawn from an ATM, usually in the region of \$20,000-\$25,000.

Elgindy was *so connected* he managed to somehow know about, and *profit from* (Editor's note, I can't contain my disgust) the 9/11 attacks, given he likely knew they were to happen and advised others to sell their entire holdings *the day before**.***

Elgindy is now allegedly deceased, but no proof to this effect has been provided.

Notwithstanding the above disgust, *this shows unequivocally that the media can, and has been, bought**.***

COMPROMISED MEDIA

Elle:

So I just wanted to play a video very quickly if we could just pull that up.

VIDEO CAPTION:

Aaron Task:

Welcome to Wall Street confidential. I'm Aaron Task joined again by Jim Cramer. Jim, welcome.

Jim Cramer:

Good to see you.

Aaron Task:

Thanks for being here.

So on economic data today, we want to talk about something else first.

Again, today, we have the misdirection from the futures. The futures part of the up market. And as of right now, stocks are down again.

Is this just because it's the holiday period that we're seeing this?

Jim Cramer:

You know, a lot of times when I was short, at my hedge fund (Position short, meaning I needed it down, I would create a level of activity beforehand that could drive the futures.)




It doesn't take much money.

Similarly, if I were long and I would want to make things a little bit rosy, I would go in and take a bunch of stocks and make sure that they are there higher and maybe commit 5 million in capital- to do it and I could affect it

Elle:

So we have this video here from Cramer. And I just wanted to pull up this question now.

[u/Ceraphh](#) and my apologies everyone in advance if I don't pronounce your usernames properly-- [u/Ceraphh](#) asked some pertinent questions that I think are kind of relevant to what we are speaking here, Lucy.

 Cerappp ·  Voted  · 1d

Question for the AMA:

Hello Mrs. Komisar, thank you for joining us in this AMA.

My question relates to other topics mentioned.

Concerning the premature articles posted by MarketWatch announcing GameStops decline before it actually happened, many people invested in this saga feel like large media outlets do not have truth as their motivation.

Do you believe that major media outlets have been compromised and in what way?

Do you believe it is possible that large institutions compensate media outlets to write false statements that financially benefit the institutions?

In addition, how can a regular consumer differentiate between trusted sources and compromised outlets?

Editing comment for readability.



← Reply



5



u/Cerappp

So at the bottom, the last two questions, [u/Cerappp](#) has asked: **Do you believe that major media outlets have been compromised? And in what way? Do you believe it is possible that large institutions compensate media outlets to write false statements that financially benefit the institutions?**

Lucy:

I think they're compromised in that a lot of what financial reporters do is rewrite press releases from companies and from brokers or whoever, whoever wants to get a word, a line, across.

And it's partly a little bit of laziness, but also these people are their sources. And if you want to keep having sources, which is where you get most of your stories, you cannot turn them off.

So that's a problem.




When you have limited sources and you're not doing your own digging, and maybe your editor doesn't really want you to do any serious digging, how can-- do they compensate them?

Well, we've heard that some, they are compensated, I don't know if the very big ones do it.

But you know, there are various kinds of compensation. Sometimes you get a job, you know, you write what people want to hear, and suddenly you leave work at a newspaper where you're paid x, and you get a job someplace else, where you pay 10x. And this is also payment for service.

Elle:

So that's really interesting, because, you know, one of the questions that a lot of users have brought up, and if we could bring up that question again.

 Ceraphh ·  Voted  · 1d

Question for the AMA:

Hello Mrs. Komisar, thank you for joining us in this AMA.

My question relates to other topics mentioned.

Concerning the premature articles posted by MarketWatch announcing GameStops decline before it actually happened, many people invested in this saga feel like large media outlets do not have truth as their motivation.

Do you believe that major media outlets have been compromised and in what way?

Do you believe it is possible that large institutions compensate media outlets to write false statements that financially benefit the institutions?

In addition, how can a regular consumer differentiate between trusted sources and compromised outlets?

Editing comment for readability.



← Reply



5



u/Ceraphh

So at the end, they asked, in addition, how can a regular consumer differentiate between trusted sources and compromised outlets?

And I think this is a really important question, because for a lot of people who aren't necessarily familiar with media, or news outlets, it's difficult to determine what is an actual objective news outlet versus what is potentially a biased-- and you know, some examples that come to mind are Motley Fool for example, or Market Watch or possibly even CNBC.

So what recommendations or suggestions can give to the community when they're trying to find trusted sources versus compromised outlets?

Lucy:

First, you look for evidence after they make claims, documentary evidence.

And then, you know, maybe you have to, you keep a record of they said this, and after a month or so, or more, the truth turned out to be this, which was not what they said.

Because people tend to forget: they listen to something on the media, or they read something, and they forget a month later that it turned out not to be true.

So I think it takes some time to continue to keep these people honest, by reporting when they said something a month or two ago, which turned out to be false, and which was not based on any evidence.

Elle:

Thank you for that clarification, Lucy, I appreciate that.

And that kind of ties into the next question that I have on the same sort of theme. Now, I've read [your article about GameStop](#) on your website, [The Komisar Scoop](#). And I suggest everyone go and read it, because it was an excellent read.

But I just wanted to pull up a question from another user.



banjobeardARX · Voted ✓ · 1d

I would like to know Lucy's opinion on mainstream media(i.e. CNBC) coverage of the GameStop saga since the January run-up.



← Reply



5



u/banjobeardARX

So [u/banjobeardARX](#) has asked-- he would like to know your opinion on mainstream media, for example, CNBC coverage of the GameStop saga since the January run-up.

So how would you compare their coverage to your coverage? And do you think that what they have done has been objective and unbiased?

Sorry, before you continue, I also want to frame this in the context of the fact that we have documentary evidence that when CNBC was broadcasting the congressional hearings, they actually edited, even though this was a live stream, they edited out those questions from those politicians who seem to be asking the right questions and the tough questions.

So if someone was watching the congressional hearings on the official website, **on YouTube, they would have seen, for example, Dennis Kelleher, President and CEO of better markets asking this question, whereas if you were watching that same live stream on CNBC on TV, that segment was actually edited out and they've made no mention of it.**

So with that in mind, **what's your opinion on mainstream media coverage of the GameStop saga?**

Lucy:

Well, I agree with your distrust, and because of that I haven't watched television for 20 or 30 years at all. I don't have a working TV. And when there are hearings, I go to the website of the committee and I watch the live hearing.

I certainly would not trust any place like MSNBC or CNN or any of them, to tell me the truth.

So, **the one quick way to avoid being deceived is to stop watching that media.**

Elle:

Sorry, can you repeat that, please what you just said,

Lucy:

I haven't watched television for 20 to 30 years**, because every time I see a story, where I know the facts, (because it's something I'm working on), they are lying.**

So why should I waste my time? If there is a hearing, go to the committee site-- you click on the URL for the hearing and you *watch the hearing*. The hearing will go on correctly and nobody will censor it. But I certainly wouldn't get my news from CNN or NBC or any of them.

Elle:

So you would get your news directly from the source?

Lucy:

Yes, also, I find it very useful to look at articles that people are posting to the internet and I know who's writing them so I know whether to trust the source.

Very often they're not mainstream media, I have found for example, that the postings on Superstonk are brilliant, they give me so much more information than I get in the media mainstream or even in so-called "*alternative media*"

Much better, go to the source! Well, that's one of the sources. people are doing research where they are going through actual documentation.

TL:DR □ Summary:

Lucy is shown the infamous Jim Cramer interview where he is talking about how he as a short seller would manipulate the narrative to fit his needs

When asked if she believes that mainstream media could be compromised, Lucy points out that in many cases the stories are picked up and spread out of laziness more than malice. Now that is not to say everyone is innocent, but many are just reporting “tips” or Press Releases without researching further.

Compensation can often mean many things to people, so when we speculate that someone in the media might be “Paid off” to report that a company is going to zero, it might not be cut-and-dry with regards to the methods of compensation.

How to find trusted sources of news, Lucy’s recommendation:

Check for evidence of claims made by said source

Document the claims to fact check later, most people never go back to see if what’s being claimed ends up to be true “People tend to forget”

“ the one quick way to avoid being deceived is to stop watching that media”.

THE ELEPHANT IN THE ROOM

Elle:

Lucy before we get too far here, you say “go to the source”, which in this case is [r/superstock](#), we have politicians who have certain *opinions* about superstock and about us Apes.

I'm just gonna play a video, This was from the most recent congressional hearing.

VIDEO CAPTION:

David Scott:

When erroneous, inaccurate information posted on Social Media sites has the ability to broadly influence investors and move the market, sometimes drastically.

This, gentlemen... poses a serious question for you, our regulators. There is now such a huge hole in our regulatory process because of GameStop with inexperienced investors relying on unverified information from unqualified Social Media.

Lucy:

Oh, he's so *ignorant*.

Elle:

Wow... (Editor's note: *Wow* is right...)

You have this elected official, this politician, who's saying that [r/Superstonk](#) and [r/GME](#),** and before that [r/Wallstreetbets](#), has unverified information, unqualified sources. What do you make of that?**

Lucy:

I'm sorry, the man's *ignorance is showing*. When I saw him speaking at the hearing, I couldn't believe what he was saying.

The real evidence is the

Statistics that come from FINRA, which is the broker self-regulator,

From the SEC

From the DTCC, which is the clearinghouse.

Very often these are put out by Bloomberg and other market analysts. The actual data is put out **because they have a lot of people that can spend every day going into all these places and getting the data. The**

things that I read on, for instance, on [r/Superstonk](#) are all based on the data with charts and graphs and links to FINRA, *all* based on the data.

We don't know the number of trades that were made by people who were reading [r/Superstonk](#), or the trades that were done by hedge funds, or by anybody else. We don't have that information. But in terms of moving the markets, that is the mainstream media, that is the Wall Street Journal, the New York Times. Can you compare the numbers of people who see those articles and have a lot of money, very often institutional money, to the people on a website?

I think there's no comparison, it would be really interesting if we could ever find out where the buys and sells were coming from. We know some of it, but not all of it. But, **I totally disagree with this person who is obviously showing his ignorance and I bet he never even looked at [r/Superstonk](#) And saw the *very granular, serious analysis* that is being done there. (Editors note: ☐)**

Elle:

Lucy... I am blown away. I bow down to your intelligence and your amazingness. You are now officially my spirit animal. I want to be you when I become an adult. So I'm just putting that out there.

I just want to pull up another question. So question number four on this topic of media and collusion. This is a question by retread 83.



retread83 · Voted ✓ · 1d

1 💎. I would like to know her thoughts on the 3rd congressional hearing, (if she watched them). Does she think anything will be done about short selling and what was her impression of congresses attitude towards reform. To me it wasn't covered very well, and I have no faith in congress after watching it.

2 💎. Is she able to talk to Ted Kaufman (member of the Biden transition team) and get him on with us to do an AMA to talk about CAT (consolidated audit trail), and why the glass-steagal act (banker- broker corruption) was so important and where the Gramm-Leach-Bliley Act has been a failure.

💎 Link about Ted Kaufman (we need someone like this in our corner, what a perfect way to introduce him to the Apes)

<https://www.politico.com/news/2020/10/29/ted-kaufman-biden-transition-433623>

👏 Thank you to all involved for doing the AMAs, they have been very eye opening.



← Reply



3



u/retread83

I'm just going to read it out for you, Lucy. So, retread. 83 is asking, I would like to know your thoughts on the third congressional hearing? *Actually, well, let's let's broaden this up*, on all the congressional hearings (because I know that you've watched them) Who, in your opinion, who was the best speaker of all these congressional hearings?

Lucy:

I think that **Keith Gill** was really the best.

Elle:

Sorry, can you repeat that?

Lucy:

Keith Gill! He was the retail investor that had bought GameStop through [r/Wallstreetbets](#). **He made the most important comment**, he said that **the same share could be located dozens of times, even for multiple clients. That option market makers like Citadel, were exempt from the rules, and that they had to locate the stock and he said the ability for the same share to be shorted infinite times is a pathology**.****

We don't have the ability to track what shares are shorted and how many times. Now even Robin Hood CEO, Vlad Tennev said *yes, someone could have no shares when the music stops*. And this would, and how would the claims on the shares be solved? There were **three hearings**. There were *supposedly* very smart people. There were **people in Congress asking questions**. There were the leaders of the market regulators **Gary Gensler, SEC, Robert cook of FINRA**, which is the broker self-regulator, **Michael Bodsden of DTCC** which is the clearinghouse. ***None of them asked about naked short selling, failures to deliver, no one asked about any of the funny business that goes on*** which I'll talk about in a minute. that relates to the overstock case, **none of them talked about that the best person in those hearings was Keith.**

Elle:

Okay, sorry, I- I- I just have to take a moment here.

So you're telling me that, of all three congressional hearings, and you have watched them all Correct?

Lucy:

Correct.

Elle:

... of all three congressional hearings, the best, most educated, most qualified speaker that you heard, was the retail investor named Keith Gill. or as I know him, his Reddit name, (as you know) [u/DeepFuckingValue](#) and on Twitter, he goes by [u/TheRoaringKitty--](#) you're saying that this retail investor was the most eloquent, most intelligent, and most qualified speaker?

Lucy:

Now on this question, remember that the title of the hearing was about GameStop and *short selling*. **Short selling?! You have to be talking about *naked* short selling!**

Now, **I'm not saying all the other people didn't say interesting things** about their subjects. **But they ignored the question.** They ignored **the elephant in the room**, because **the elephant in the room is naked short selling.**

-INSERT ELEPHANT IN THE ROOM MEME-

TL:DR □ **Summary:**

Lucy Komisar drops the amazing bombshell that she considers us the top source for well researched and cited investigations into GameStop. Furthering that point by saying that it's been decades since she has 'wasted her time' with

television news as they are often reporting poorly researched, many times incorrect, information.

“If you want to avoid being deceived then my advice is to stop watching that media

Elle brought up a clip from the most recent Financial Services Committee meeting on Gamestop, where Representative [???] calls into question the tireless research [r/Superstonk](#) performs

This representative is then called out on his ignorance regarding our community, with Lucy scoffing upon being shown the video “he's so *ignorant*.”

Lucy also shared our frustration regarding the participants in the hearing, essentially ignoring the main problem the whole time... which as we all know is Naked Short Selling.

When asked whom she thought was the best at all the hearings, Lucy says Keith Gill ([u/DeepFuckingValue](#)). Her reasoning was that he was one of the only ones to actually touch on the real issues here, and beyond that he was intelligent and well spoken.

OVERSTOCK AND PATRICK BYRNE

Lucy:

I want to get to another story, because you started to ask about the media before and this is a story which talks both about the media and also about the *flim-flam* that's going on, **which none of these people alluded to except Keith Gill, and Vlad Tennev.**

Elle:

The boy from Bulgaria!

Lucy:

And he's the CEO of Robin Hood.

So, this is the Overstock story, it is very important. So the part about [NAME] **paying off the media takes us into the Overstock story, where many of the crooked tactics used against GameStop were perfected.**

So in about 2004, overstock was targeted by naked short selling, the CEO Patrick Byrne got a call from someone on a stock message-board. This is not [NAME] he warned him, he said that gradient analytics, (which is one of the companies that analyzes stocks and puts out the information), *they would continue to publish outrageous information at the behest of short selling hedge fund clients*, such as Rocker Partners. *He said journalists are going to call you-- and he listed reporters to Byrne. He said they will write hatchet jobs on Overstock and the same information that ends up in the Wall Street Journal would get into the hands of reporters in Fortune, Forbes, Barron's, The Street, Market Watch. All of whom did call in the coming weeks. Your short interest*, which is the shares that have been sold short, but not covered, *is going to skyrocket.*

And Byrne said *Oh, no, I don't believe that's going to happen.* And then he said, *You will come under federal investigation. These people are wired into the federal government. You will see stocks appear on small foreign exchanges, like Munich, Hong Kong, Singapore, without overstocks authorization, making it easy for hedge funds to sell Phantom stock.* And then he predicted *overstock would appear on the SEC's threshold list.* This was a list of naked short selling victims where they hadn't had the had not been covered for a number of days and weeks. He said to me, (Byrne did). *Every one of those predictions came true.*

The stories in the financial press, the investigations by the Federal Trade Commission, and the SEC. He said *one was opened by Richard Salar who left the SEC to be a securities lawyer for Rocker Partners.* So Byrne was learning about other companies, also on the Reg SHO List of companies that had been shorted and FTDs had not been covered. They had the same group of journalists attacking them.

Byrne said *there was an incredible similarity, a coincidence of time between lawsuits, federal actions, stories by the same reporters and enormous spikes in fails to deliver. They were patterns, people seem to know, in advance, what was happening.*

So he took his information to the SEC, and Mark Ficus of the SEC San Francisco office started investigating some reporters for their role in the criminal targeting of Overstock, but the financial press got to the SEC Commissioner Chris Cox, and he canceled the subpoena.

Now another player in the scheme was a law firm, Milberg Weiss. It hired shills, to short sell targeted companies.

The companies would be attacked by the journalists, by people in some of these agencies. When they declined in value, the law firm would sue companies! Not the short-sellers or someone else, but sue the companies in the name of the shill. *You have not acted properly. That's why the price has gone down.*

In 2006. The SEC filed the lawsuit and the DOJ indicted Milberg Weiss saying it paid plaintiffs to purchase the securities. They would be told to buy stock in a company, months later, it would crater. They didn't ask them *How do they know that the stock was going to crater?*

The only charge was it was illegal to pay shill plaintiffs. So the 8th largest law firm in the country--

Elle:

Wait. Did you just say Shill plaintiff?

Lucy:

Yes, it means a fake plaintiff

Elle:

Shill is a real word then?

Lucy:

The word? Yes.

So the question is, two lawyers from Milberg Weiss went to prison. **But why did these agencies, the SEC, and the Justice Department not look for the other part of the scheme?** There were many parts of the scheme. It didn't happen, but Milberg couldn't have decided this by itself. How did he figure out which companies to short? Part of the scheme. They didn't, the regulatory agencies didn't go after it.

Now, I want to connect something more to GameStop which is, **Overstock filed suit against 11 Prime brokers in 2007**. These are all the **big guys**. So they're

- Morgan Stanley,
- Goldman Sachs,
- Bear Stearns.
- Bank of America
- Bank of New York
- Citi group,
- Credit Suisse,
- Deutsche Bank,
- Merrill Lynch,
- Lehman Brothers,
- UBS

11 of the real biggies, who have most of the trades in the country because the smaller brokers are their clients. In the charges, Overstock said of Goldman **“it pursued a strategy of buying conversions from market makers who have to buy and sell shares of the stock they make a market in. The conversions were to create inventory for stock lending at below-market rates. Now, what are conversions?”**

4 years later, in 2011, when the case finally got to the point of being in court, people making depositions. Marc Cohodes, who is the managing partner of the one and a half million dollar Copper River Partners, (which had been called Rocker Partners till David rocker left and Marc Cohodes had been one of the partners) It was one of Goldman's largest short-selling hedge fund clients. He described how the conversion trades created faked shares.

First up, for those who don't know,

- a call is an option to buy a stock at a certain price by a certain time
- a put is an option to sell a stock at a certain price by a certain time

Cohodes said a firm or a market maker would synthetically create a short by doing options trades. Buying the stock, selling a call or buying a put. The other partner would do just the opposite. **By doing that, they could create a borrow of the option trade. And it would leave them neutral. But it would create a long stock. And they could lend that out to cover sales.**

But they were counterfeit shares that Goldman had created. This is the kind of thing that you have to read several times in order to understand it.

Cohodes, who was angered, upset, he was being charged to borrow stock, he said, Goldman didn't have. And the thing is, fees for stock lending

are a major part of Goldman's income, they can charge 30/40/50% for hard-to-borrow stock.

The Overstock suit said conversions were bought by Prime brokers and used to acquire *or invent* long stocks that they could then loan out and they would get fees and even sell as if they were real because they were real on their books.

In his testimony Cohodes said, *I think the securities lending market is just like the mob. I think it is completely rigged.*

A staffer in the back office of a trader explained to me that such conversions gave Goldman the chance to lend stocks it didn't have, when Goldman did that with Overstock, and never delivered. They could turn around and say, we've cleared this trade, we can now offer it to our other customers on a stock loan, and there would be huge benefits. And clients would turn a blind eye and say, *well, we got the stock. We borrowed it*, even though it would never settle because it wasn't a real stock

When the documents came out, and Overstock was able to get emails that were talking about this, between Goldman and its clients, Goldman settled with Overstock and 2015 and paid \$20 million dollars. There was something there if they didn't have the evidence that Goldman was being crooked. Golden would not have paid.

Now, Byrne told me he got subpoenaed to turn over to the Justice Department, the evidence that he was able to get through discovery--through getting the documents from Goldman. And he said "*by 2010 I know the FBI had an indictment drafted against Goldman Sachs. We had all the data, we spent then \$20 million on Discovery to get these guys. All he had gotten back was 20 million but he said to me*, it was well worth it.**

There were agents working three years on this. They went to Eric Holder, who was Attorney General head of the Justice Department and he refused to sign their indictment.... And a week later, he went to Congress, he said *there were some companies too big to fail,... too big to fail.*

So at the very top, someone like Eric Holder was in cahoots? Supporting? Protecting the miscreants, the people who were breaking the law. That was Eric Holder, who is still held in high repute by people in power.

That's important, there is a closer connection to GameStop. **One of the Goldman clients was Wolverine trading. And among the documents that overstock got was an email that Wolverine trading sent Goldman Sachs asking whether there was some effort at cleaning up fails.** Now cleaning up means buying the shares and actually delivering them to the lender or the buyer to cover the short, **Goldman said, *we will let you fail***.** That's on an email that was in the court case, that violates sec rules. That is illegal.** And Wolverine was not a normal market maker. **It colluded with broker-dealers to promote naked short selling.**

In 2011, it had to pay \$2.4 million after NASDAQ found guilty of violating Reg SHO (the rule about naked short selling) by failing to close and deliver positions, engaging in sham transactions, to improperly reset delivery obligations in the threshold securities. Those are companies whose fails to deliver have persisted for weeks.

The scam, which the SEC has actually written about in papers *even if it doesn't always go after these people*, was called buy-right.

The trader buys a security, at the same time, sells a call (which is an option to buy) on that security, uses the bought shares to cover the short, but now has to deliver the same shares to the buyer of the call.

Only this is a new transaction. So the short sale timer is reset. So forget about T+3 (now it's T+2), the trader may never deliver the shares. Because the trader can rollover the trades and do the deal over and over again, with these fake options connected to buying shorts, conversions.

And more evidence, for me, that Wolverine was very likely guilty of more manipulation because the other one it had to pay, they found out they were really doing that.

In February of this year when Robinhood made-- the broker made hundreds of thousands of trades, for \$1 a trade in dark pools to manipulate the price. And it had never traded in dark pools. It had sent its trades through Citadel was trading hundreds of thousands, up to 700,000 shares in a period of some months. At \$1.

Dark pools were set up for *huge* trades; they wanted to have them secret so they wouldn't move the market.

So, if somebody was buying 2 million shares of IBM, they couldn't get it only from one other broker. So they had to get it in pieces. Well, as soon as they made the first deal to buy, everybody would see it if it was an open exchange. And that would bid up the price. *You want this you can have it but for more money, for more money, more money.* That's what the dark pools were about, so that you could make huge trades and not move the market.

One dollar? That's not a huge trade. And Wolverine, they traded several hundred thousands worth of trades. And the average was \$3.85 a trade, Wolverine was doing that. **So that makes me suspicious that Wolverine has not changed. It's a very questionable practices.**

Now, why do I suspect that these tactics we use to create fake shares? Because the obvious sign of market manipulation is massive short interest, FTDs, nobody has covered the shorts. If it's huge and lasting, it means the shares were never borrowed to cover and deliver. Well, at one point GameStop, short interest, interest was 226% 226% of existing shares had been sold short, **more than twice as many shares as existed, and of course, not covered.**

So that's how Overstock discovered some of the things, these share conversions, they also had buy rights. These are things **I think were also used in the market manipulation of GameStop shares.**

TL:DR □ **Summary:**

As with our past guests, Lucy touches on the Overstock situation. Walking us through some of the events that transpired.

Overstock was a company that had been targeted by predatory short sellers in 2004.

Patrick Byrne (CEO of Overstock) filed suit against 11 huge brokers for using methods that we see being used on GameStop. (Lucy expands on how options can be used to create “Phantom Shares” above.)

Lucy believes that the similarities between Overstock’s manipulation and Gamestop’s manipulation are too big to ignore, going on to say that the Overstock situation is where a lot of the techniques we are seeing today, were perfected and refined.

BENEFITING FROM UNFAIRNESS

Elle:

That's absolutely mind-boggling, Lucy. Everything that you have described, from previous cases, previous examples, as it relates to GameStop. It's just so similar, we see the same patterns over and over and over again. It's just incredible that this has been going on for so long.

Now, Lucy, I'd see that we have reached the one-hour mark. And I know that in our previous conversations, we spoke about just ending it at the one-hour mark. The feedback that I have received from the Mod team and in the chat is that they would be honored if we could continue hearing from you for maybe another 20 to 25 minutes, if that's okay with you.

Lucy:

That's fine with me. There's just so much information.

Elle:

Yes, and there are some questions that I want to get to at the end. But what I would like to do right now is I have a number of questions that I just want to go through very, very quickly, a rapid fire type of scenario, just hit as many questions as we can before we get to the final conclusion.

So the first question we have here from Mexican red is...



u/Mexicanred1

Elle:

*My new number one question is, **in whose interest is it to not have a fair and equitable system?***

Lucy:

It's in the interest of the big broker-dealers, and the hedge funds, the big traders, they are making money off this corruption. They are mostly given a pass by the SEC and other exchanges. Sometimes they get a slap on the

wrist, they pay a few million dollar fine, but they're making billions. That's the problem. You can't stop it unless there's real punishment.

If somebody robs somebody else of \$1,000, or \$10,000 they go to jail, These companies are robbing society of many millions. **They need to change the laws so that the people who do this go to prison**, which will certainly concentrate their minds. Even when the fines are paid, they don't pay them. The fines are paid by the stockholders of the companies that are found guilty-- of Goldman. Goldman... the head of Goldman is not paying those fines, *probably getting a boost in his pay*. If these many millions aren't enough, let's double it. So I think that's what has to happen. But it makes a lot of money. Follow the money. That's why this continues.

Elle:

Wow...

The next question from the community, Does speaking out on topics that involve high profile corruption and/ or the very rich, powerful people, ever make you fearful of publishing certain stories?



booshakasha · Voted ✓ · 15h

Does speaking out on topics that involve high profile corruption and/or very rich powerful people ever make you fearful to publish certain stories?



Reply



2



u/boshakasha

Lucy:

No, I have not been threatened physically. Somebody once sent a threat of a lawsuit to a publication and the publication killed the story. But, I haven't been afraid. And I think there's no point in being an investigative journalist, If you're going to be afraid, you might as well get another job.

TL:DR □ Summary:

The solution has been clear for ages, perpetrators of these large-scale financial crimes must be punished with more than just a fine. These fines are no more than a “Cost of doing business”, this problem has been pervasive for far longer than it should have been.

Those that knowingly manipulate our markets for their gain, must be given serious jail time. (Kenneth 🙄)

WE ARE THE SOURCE

Elle:

So this question From [u/pdwp90](#)



pdwp90 · 🧙 Seer of Stonks 🧙 · 1d

Hey Lucy, thanks for taking the time to answer some questions. I'm curious whether there is any data or any disclosures that you've been keeping an eye on recently? I run an investment data site and am always curious to hear what information others find interesting.



Reply



20



u/pdwp90

Elle:

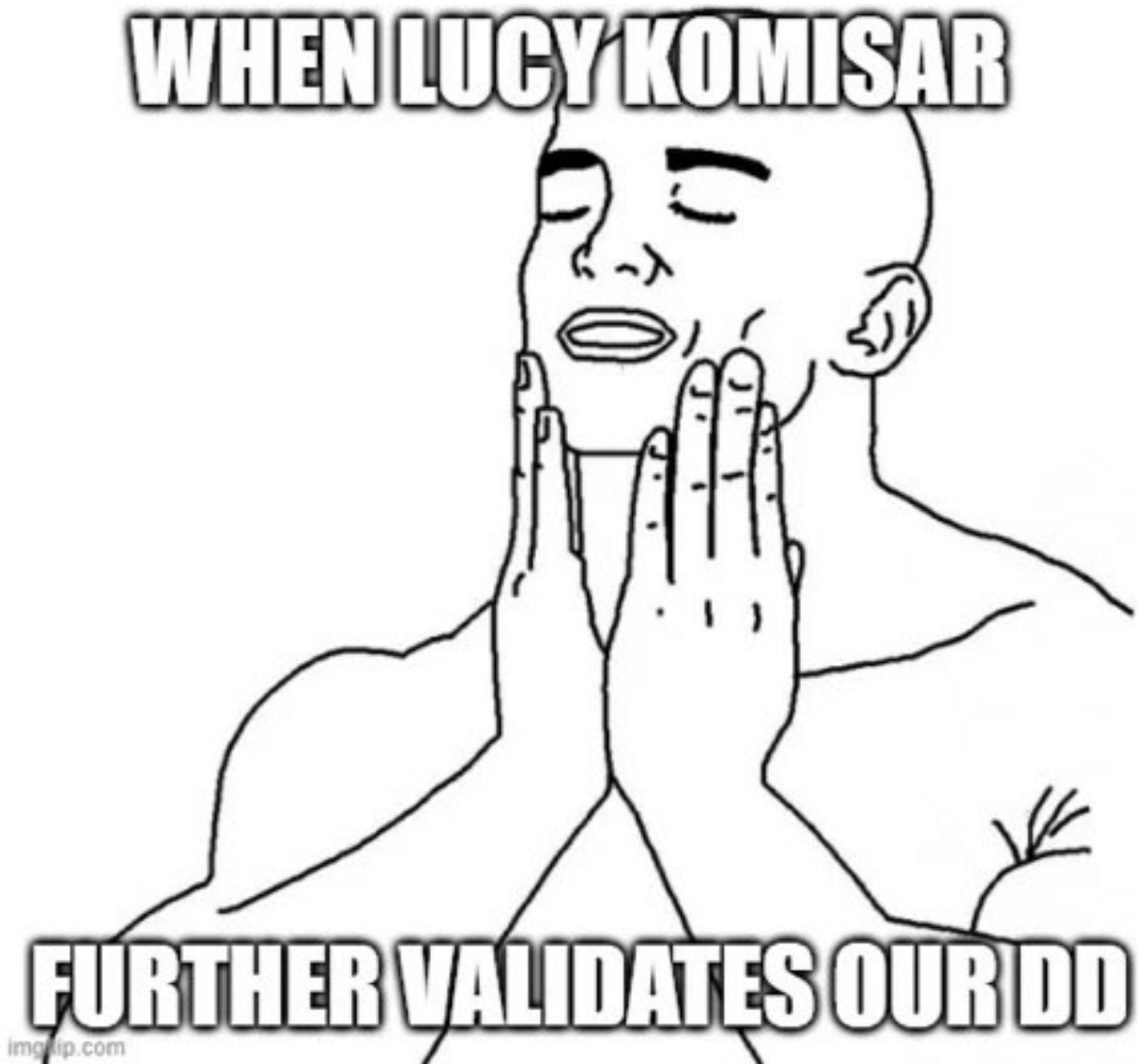
Wants to know whether there's any data or disclosures that you've been keeping an eye on recently. so this person runs an investment data site ([Quiver Quantitative](#)). And they're always curious to hear what information others find interesting. So Lucy, where do you get your information from? When it comes to the GameStop situation?

Lucy:

I get it from [r/Superstonk](#).

They cite all their sources. Every time I see a chart or some numbers, they say, this comes from here, and this is the URL. Those are the best places. I mean, that's the best source that I can think of.

Editors note:



u/Bye_Triangle

Elle:

But, that politician said that this information was unqualified? and, you're telling me that an award-winning, investigative journalist gets her DD from [r/Superstonk](#).

Lucy:

I read everything that I can, but most of the articles on this story don't provide data.

Therefore, I'm suspicious, I always follow the numbers and follow the proof. It doesn't matter who put it up, it just turns out in this case, that is who's putting it up.

And I think that they're one could then see where did the word, who did they cite? What is the URL, and then you can go to that place. And maybe they have many other things that also would be useful. But that's that's where I go first.

Elle:

So, I've had to mention a few usernames and I didn't know how to pronounce them. So I think it's your turn now hahaha.

So can you cite some of the users that you have been referring to, you know, who's who's DD do you look at, because I would love for you to try to pronounce their usernames.

Lucy:

Oh, okay.. I may not remember that. Now, if you'd asked me before, I would've written it down. Well, there is one called [u/broccaaa](#), He's very good.

I've been working on an article about the whole GameStop case. And I am quoting and using material from a bunch of them, maybe half a dozen or 10 of the people who have been writing. So, that's one of them. When the story is finished, and when it's published, I will certainly send the link to [r/Superstonk](#) and also put it on my Twitter ([@LucyKomisar](#)). It'll be there, you'll see the names and I'm sorry, I can't remember them now. And

part of it is that a lot of these things are not real words, you have to sort of remember them because they're, they're connections of syllables that are not, they're not real words. Makes it a little bit difficult.

Elle:

But that's fine, Lucy. I'm so glad that you did that. Yeah, my name is the same thing.

So if we can just pull up my next question here. I apologize in advance for this person's name.



u/Mr_Goodfucker

Elle:

Yeah, so I'm not going to pronounce the name. But this person has said, **What are the best tools to determine how many shares are currently in circulation? What techniques can be used to hide those numbers?**

Lucy:

I don't know. I mean, **it seems to me that the people that FINRA knows, the DTCC knows** (Depository Trust and Clearing Corporation), they clear shares except, they don't clear what goes off-clearing, which is through the dark pools. Off clearing means not through the regular clearing house, that's where a lot of the dirty stuff goes on.

Then the DTC, which is a subsidiary, is the vault that actually holds all the shares in all the stocks. People do not have their own shares, they have a digital entitlement to shares. So the DTC, I would think, would have all the shares.

The NSCC, (National securities clearing Corporation, it's another subsidiary) they *do* the actual clearing. When stocks move around, they will know it. There is a continuous net settlement system where stocks are moved to be settled. And there are all these but this is not one and I don't know whether the people who are running this really want there to be one. But those are the agencies that would know it.

Nobody, no private person, would really know it unless you got all of the big prime brokers like Goldman and JP Morgan and the others to all agree to tell everybody that all the shares that they were moving, but I don't think they're going to do that.

TL:DR □ Summary:

Lucy praises [r/Superstonk](#)'s DD**, purely on the basis the authors of the DD and others cite their sources and data, which Lucy always follows.**

In response to the question on how to understand the number of shares outstanding, Lucy states it seems apparent **FINRA and the DTCC know what happens openly, but not off-exchange which is where the real dirty stuff goes on.**

Ultimately, it is Lucy's opinion no private person (or ape) could ever know the number of shares outstanding, those with the best idea would be the DTCC and its umbrella companies, but neither they nor the big prime brokers seem like they're going to spill those particular beans.

APES AND ANTS

Elle:

Thank you for that. So I'm just gonna pull up the next question here. So this is from Half Dane...



half_dane · 🐱👤 FUD is the mind killer · 1d

Dear Lucy,

first I want to thank you for taking the time to meet with us. It still feels like a dream that people who actually know what they're doing are not constantly laughing at us.

I remember reading your article in march, and I'm starstruck by the fact that you are here with us.

Being an european ape, I read many claims that this kind of market manipulation wouldn't be possible over here. Especially naked shorting would be effectively prevented.

Do you think that is accurate? Is there a way to effectively prevent naked shorting?

And another question that seems important in the light of what I heard from you in the trailer: is there a way for us to support you financially, so that you can continue investigating shit?



← Reply



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u/half_dane

First this person said he remembers reading your article back in March and they're *starstruck* by the fact that you are here with us. So this person has asked, being a European, as I've read many claims that this kind of market manipulation wouldn't be possible over here, especially naked shorting, would be effectively prevented. Do you think that is accurate? Is there a way to effectively prevent naked shorting?

Lucy:

I'm not as familiar with Europe. I know that South Korea has been very active in dealing with naked shorting and attempting to prevent naked shorting. But, I don't know enough about Europe.

But, of course, there's a way. This was actually this was proposed. Some years ago, when Biden stopped being a member of the Senate in order to become the Vice President, the person that he that was appointed was Ted Kaufman, who had been his chief of staff, Ted was excellent on this issue.

This is mentioned in the article that was in American prospect that I wrote in, that was published in March, his chief of staff was Jeff Cavanaugh.

Now, they got some other senators involved. And they attempted to get the DTCC, SEC, to agree to require what they would call a 'hard locate'.

That means a broker could not just say *we're shorting this, but we know where we can get a share when it's time to cover this. We know where...* except they say that “we know where” to 10 or 20, or 50 different places, but it's the same share that they're pointing at.

So what Cavanaugh wanted was to give a number to each share. I don't know whether they already have numbers, but each share would be identified by a number.

So when you say I am borrowing a share, or I have located this share, it has to have a number. So the next person or that same person with another

claim, cannot locate the same share with the same number.

... It got *knocked down*, it got *totally knocked down* at that time, more than 10 years ago. So now that Biden is in the White House. I wonder what Ted Kaufman is doing. Kaufman is still a major advisor to Biden, I wonder whether he is trying to press him on this on the hard locate. They tried to do it, so we will see. But that would be a way to stop naked shorting. It's easy, but the people in power don't really want to do it.

Elle:

Lucy I'm thrilled that you mentioned South Korea, because, it's interesting, in South Korea, there are a group of retail investors, and they refer to themselves as Ants 🐜. That goes back to their history, there was an event that happened in the 1980s. And so they refer to themselves as ants, in a very positive way, as if to say the group is strong together, and so on [r/superstonk](#) whenever they join us, there's always this sentiment of apes and ants uniting. So it's really interesting that you mentioned that, that there are these very strong laws against naked short selling in South Korea.

So I'm thinking maybe it would be beneficial for all of us to learn from some of those recent regulatory changes. Now, having said that, I know we're getting towards the end.

TL:DR □ **Summary:**

In response to a query from a Euro-ape regarding prevention of naked short selling, Lucy explains she is not so familiar with Europe but is very familiar with South Korea and applauds their efforts at tackling the issue.

Lucy recalls that an attempt in the US was made to prevent naked short selling, via assigning each particular share a unique numerical identifier, and in order to short, that share's 'number' must not already be spoken for in respect of another short position, or else it can't be shorted. *This got completely knocked*

down more than 10 years ago. Nothing to see here, move on. Lucy hopes this can be revived again.

Elle explains that those from South Korea call themselves Ants, just as [r/Superstonk](#) does apes; all are welcome here. ✨



Bradduck_Flyntmoore · Voted · 1d

I have two questions for Lucy:

1. Have you ever been threatened by those you investigated? If yes, what was the situation, what were the types of threats, and what came of it?
2. In your opinion, who would be another person with pertinent knowledge that Superstonk should invite to do an AMA?

Thank you for your time, and I look forward to reading your exposé on the GameStop saga (I have to assume you'll be writing one).



Reply



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u/Bradduck_Flyntmoore

Elle:

So I just want to end off with a few final questions. So if you could just pull up the screen again. So this person has asked, Have you ever been threatened by those who investigated and if yes, what was the situation? What were the types of threats and what came of it?

Lucy:

No, no, I haven't, I haven't been threatened. The real, you know what the threat is?

That major media do not want to tell this story because if you're an investigative journalist, that's the real threat to you. When people don't want to run the story.

I was very glad that the American prospect, which is run by a very smart guy named David Diane, they ran the story. And I'm also, by the way, one of the reasons I know a lot about this is I've been investigating naked short selling for years, because I'm working on a book about it.

It will start decades ago, at least with at least as far back as Sedona, which was in 2000. And it will end with GameStop. And go all the way through telling the stories that I've told you now, talking about what the regulator's haven't done, what what the Congress hasn't done. And there is really, so much more that we can talk about even in an hour plus.

But I hope that when that comes out, because it has never been written about this will will be the first book that attempts to tell the whole story starting from back then.

And so I hope that it that it will get published. And that it will begin to educate the public, because I think the public has to move the members of Congress to make changes on the issue of naked short selling.

It's, as we could see from the hearings, it doesn't come from Congress. And it doesn't come from people running the major regulators.

It comes from people that are not really the little guys. But it comes with some very smart people who know what's going on, and who can get attention, because they bring out the truth.

Elle:

So I have to unmute myself, I'm really glad you mentioned your book Lucy, because I think that is exciting news. And that really answers a question from this user [u/retread83\(???\)](#),

Who wanted to know if you're going to do a deep dive into the underbelly of Wall Street. So I think all of us are going to be very excited for this book. And, and we would love to see it published. And so So having said that, Lucy, um, let me just see if I can pull up this question here, I just have to find my mouse so I can move to the last question.

In terms of, getting this book published, or just being able to support investigative journalists, such as yourself, you know, independent investigative journalists, such as yourself.

What can we do as social media users as regular people around the world as on SuperStonk?

What can we do to either support you financially, so that you can continue investigating things, or so that you can actually publish this book, because I'm sure many of us would love to read this book!

Lucy:

I haven't put my articles on any kind of a paywall, because I want people to read them. And to me, that's the most important thing.

But there are people who have donated, my website has something that you click, and I think it goes through PayPal, or people could send me an email if they want to make a deposit to my bank account or send a cheque. And my email is listed on the contact on my website. And it's also listed on Twitter, on my ID on Twitter. And people have, and I think some of it comes from SuperStonk, because I've got some donations just in the last few days.

So it would have it would have been that, that's what, what people can do. To do this book, I did initially get a grant from the George Polk Foundation, which is a very prestigious, fine Foundation, but that allows me to do some research over a year or more. But that ran out. And so now what

would help, what would help is a contract from a publisher, that's really what would help.

And in the past, it wasn't it was one of these issues that you can't convince them because the media is all saying "Oh No, this can't possibly be true". Now with the interest in GameStop. And now with more data coming out and people paying more attention. I think maybe that attitude will change. We will see if it does change.

Elle:

Lucy, it has been truly an honor and a privilege to have you here. I could listen to you talk for hours. I just wanted to apologize to you and to everyone watching if at some points I interrupted.

There's just so much information. That we wanted to get from you. And there's so many more questions. I would love to meet you at some point, if we could have you back on.

It would be an honor to have you again. And I'm sure that when gamestop moons, one of these apes is going to start a publishing company, and I'm sure they're going to publish your book.

So if it doesn't happen before, I'm sure it's gonna happen after. But But let's see, you know, in the final few minutes that we have left,

TL:DR □ **Summary:**

In response to a question regarding being threatened, Lucy explains she has not received personal threats. The biggest threat to her as an independent, investigate journalist is the threat of never having your stories heard.

Lucy then goes on to state she hopes to be published for her book which seeks to outline in great detail this story, which couldn't possibly fit within an hour of interviewing.

Lucy believes it is important never to put anything behind a paywall, and thanks any and all who could support her in any way. The apes are grateful for

her time!

Elle:

what's your message to the community? And what's your message to everyone from the world? Who's watching this? And **what's your message to the naked short sellers?**

Lucy:

Well, to the community up, keep doing what you're doing.

Because you because what's on social media, and particularly SuperStonk is the one that I see **is so solid**, that I think it can't help but persuade many people of the truth of what you what I'm saying about the corruption of the markets, and how in this case, GameStop was, a victim of the market manipulation.

So I think keep doing that work, keep following the following numbers as, people on who are writing the articles are doing.

This is true in other countries, people can begin to look into what is going on in their country. And the UK is a very good place to start. As well as Canada, which has a history of market corruption, especially around Toronto, real long history of market corruption.

In the UK-- Lehman Brothers collapsed in '08, one of the reasons it collapsed was that it was moving shares to its subsidiary. In London, there's something called rehypothecation. It's a long word, it means that you can take shares that are in the account, on who the ones on margin, I don't not sure if they can do this, if it's totally paid,

But who knows, you can move it to, you could you can lend them out, we know that? Well, in rehypothecation, the same shares can be lent out

more than once this sounds a little crazy, right?

You can lend them out. And then whoever got them, can lend them out to somebody else.

But maybe they are using the loan to cover something, but they're lending them out to something else!

Well, the US has a rule that you can only rehypothecate, eight to 140% of the real number of shares. You can go 40% above the real well, the UK has no limit, none at all.

So what happened was, I talked to a lawyer who represented some clients, who in the US said they couldn't find their shares.

They had been re hypothecated to London, and then re hypothecated again, and re hypothecated. They couldn't find their shares. And this is part of what Cahodes talked about is the rigged lending market.

But that is one issue that people agree on. The other thing is this lawyer, New York American lawyer told me, there was a meeting that I went to in London, where people in the business, the lawyers and others of brokers had a meeting about this problem with Lehman Brothers and that a lot of it came from rehypothecation.

And maybe we need to also have a limit the way the Americans do, 140%. Maybe they said,

"Oh, no, no, no, no, no, because she said, they're making too much money off it".

"They don't want to go by any rules of law. No, no, no. We'll just relearn and relearn and relearn".

You know, it's all smoke and mirrors. So the if there are people in England, this would be a very good thing to study. How is rehypothecation working?

And by the way, a couple of years ago, there was an IMF paper on rehypothecation. It's a serious problem that people know about, except you

won't read about it in the media because it's another example of corruption of the market. My book will talk about rehypothecation.

Elle:

I can't wait to read the book, Lucy so I I know we have to wrap this up. But I've been getting hundreds of messages. So one final quick question. People want to know, the apes on Superstock would like to know your thoughts on Gary Gensler?

Lucy:

Well, that's a good question he has, I thought he had a good reputation at the CFTC, the Commodity Futures Trading Commission , one person I talked to said - well, that's a little bit exaggerated.

Let me tell you There are some issues there.

I'm hearing a lot of the questions that were answered because I've only been on the job three weeks. I will ask my staff to look into it.

Let's see what happens. I think he's better than the ones... the last five or 10 that we can remember. He's better than them. But let's see what he'll do on naked short selling. He has a chance.

What about the hard locate? What about the hard locate of the type Calvin wanted?

That was about 2009, I think when he was doing that. So let's see what he does. There's just so much time you can spend on studying because the FCC has actually written papers on some of this, about conversions, they put up out an alert and a warning about conversions.

Well, you know, what a better alert would have been put some of these people in jail, that would have been a real alert, what's the point of writing an alert?

They have numerous alerts about these tactics, these corrupt tactics. But the issue is, what do you do about that?

At a risk slap of a million or two, or 10? I'm a company that's making a billion dollars. That's the cost of doing business. That's what we have to watch with Gary Gensler.

TL:DR □ **Summary:**

Lucy's final message? Keep doing what we are doing. Expose the truth, follow the numbers and the data.

As an aside, she implores apes to check out the UK and Canada, as well as the US as this stuff is not isolated completely within the US market. At least the US market does not allow rehypothecation above 140%, whereas *in the UK there is no limit at all*.** Hear that UK apes? Get digging!**

Finally, Lucy explains that the appointment of Gary Gensler is bullish... no wait, a good thing on the basis he *seems* better than the previous 9 before him, but only time will tell whether big G slaps iron on wrists, instead of just polite business cost slaps we have seen in recent times.

FINAL THOUGHTS

Elle:

Let's see. So I've just received breaking news updates. This is my moment to be your reporter, breaking news. your Twitter account has just gained 2000 Twitter followers since this AMA, and we're hoping that it will increase from that point.

Lucy:

If people pose questions to me on Twitter, I will answer them.

Elle:

Whoa, that is huge. That is definitely breaking news as well. So thank you so much for that, Lucy.

I think I think that people will test you on that. So we have you know, 250,000 followers. Thanks Lucy.

It's been an honor.

Elle:

It's been a pleasure. I am humbled. I am in awe, I'm so honored and grateful to have you here. Lucy, I just want to let you know that.

Well, I actually wanted to ask you if you would be willing to come back at some point.

Lucy:

Yes, of course.

Elle:

Amazing, and without getting into too many details. I also want to know if you'd be interested in getting involved.

The mods haven't told me what it is. But they have some big things in mind for SuperStonk and the community, and they would be honored. If you would be a part of it.

Lucy:

Well I'd have to know what it is first!

Elle:

That's a perfect answer. So you will come back for another AMA. Amazing. Well, Lucy, thank you so much. It's been an honor, a pleasure. Any last words or parting words for the community?

Lucy:

No, no, I'm very glad to be in touch with the people on SuperStonk.

I think that you all are doing a really good job in the absence of real, mainstream journalism on this issue. Thank you. Let's see.

Elle:

Thank you so much. And to everyone who has been watching, thank you for tuning in. Thank you for listening to us. And we will have Lucy back at some point. And it is truly our honor. So once again on behalf of the SuperStonk community, and the Korean community who have been listening in as well. Thank you for joining us today.

Have a fantastic evening and weekend. And I just wanted to plug our next AMA, (which is going to be with was Lucy, the lawyer that you mentioned). He's going to be joining us next month. So everyone tune in to that as well, because I think that's going to be just as exciting

Lucy:

Wes Christian is amazing. He has since 2000 when he got involved in the Sedona case, he has done most of the naked short selling cases for 20 years. He knows everything. And so you're really fortunate to have him.

Elle:

Thank you. So we look forward to spilling the tea with West Christian next week. Thank you so much

Lucy:

My pleasure, especially since I know I'm speaking to such an intelligent and very well educated audience.

Elle:

Thank you, we love you. Thank you so much. Take care everyone. Have a good evening.

I joined Reddit a year ago to learn how to make Sourdough bread.

Now I am part of an international movement to take down hedge funds and reform the financial system.

Reddit is one hell of a drug.

U/UMIAMIQ

IN CASE OF AN EMERGENCY

MODS HAVE CONSIDERED this scenario carefully and advise the following - IF REDDIT GOES DOWN AT A PIVOTAL MOMENT go to [u/redchessqueen99](https://mobile.twitter.com/redchessqueen99) 's Twitter or [u/pinkcatsonacid](https://mobile.twitter.com/pinkcatsonacid) 's Twitter (below) to look for additional instructions on where to muster. And check in on SuperStonk's YouTube Channel for an Emergency Broadcast, if necessary.

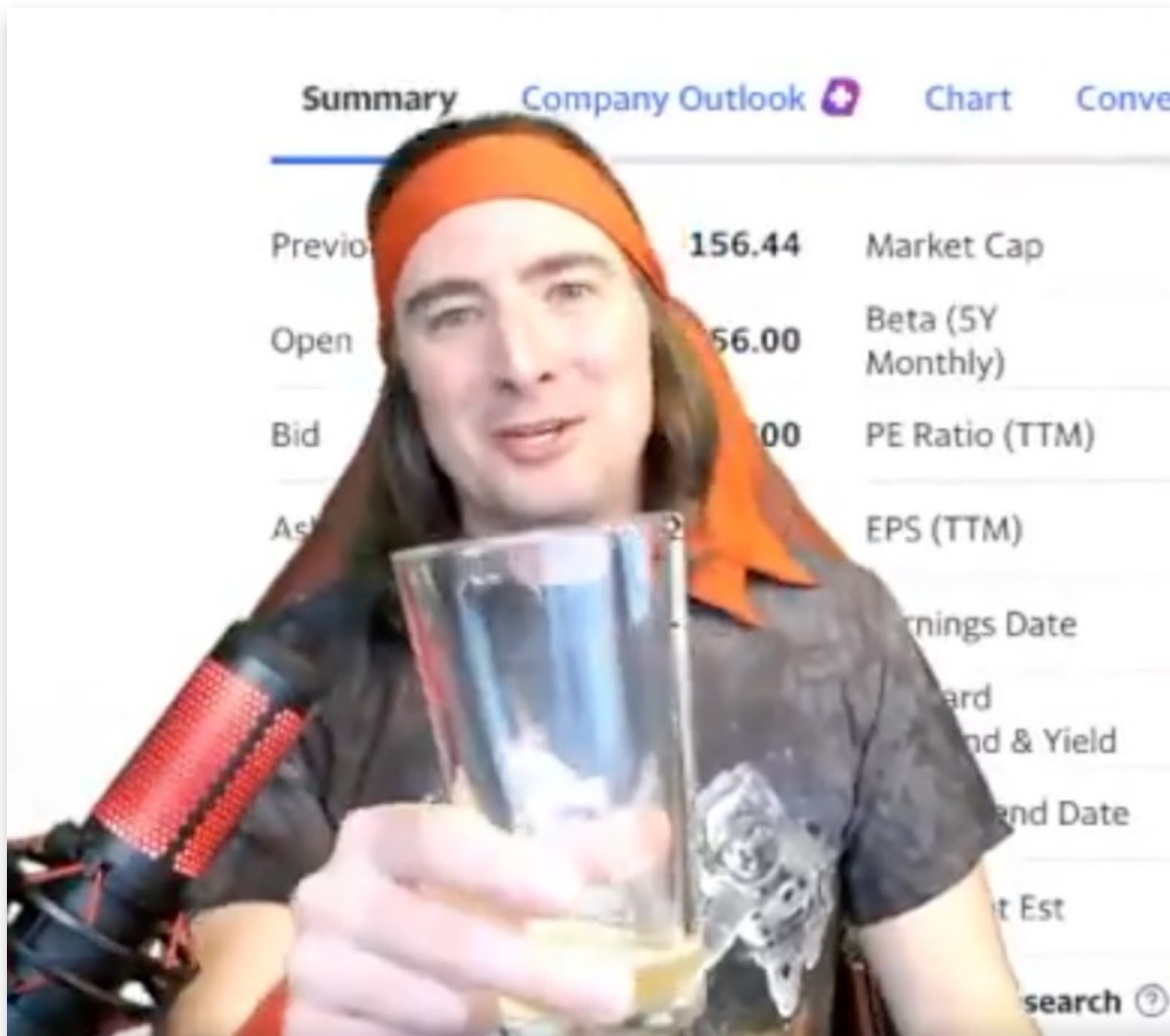
<https://mobile.twitter.com/redchessqueen99>

<https://mobile.twitter.com/pinkcatsonacid>

[SuperStonk. YouTube - Emergency Broadcast System](#)

And if all else fails ... stay tuned for Plan B. Careful Apes, be careful in the coming weeks where you are pushed or pulled and what voices you trust. Mods are United on the above plan. So, choose ... wisely.

(P.S. Plan C is the comment section of Psy's Gangnam Style on Youtube. Sort by new and find your fellow apes there.)



“Cheers, everyone!”

KEITH GILL (DFV)