

# [***The Loony Conspiracy Theory Threatening Wall Street***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:68HW-P991-DXVP-519R-00000-00&context=1516831)

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**Highlight:** A group of hucksters, led by a cynical lawyer, have conjured an excuse for stock collapses and created a community now talking up violence against anyone in their way.

**Body**

**Naked short-selling is a thing. Actually, it really isn t. But that hasn t stopped a group of hucksters, led by a cynical lawyer, from conjuring an excuse for meme-stock collapses and creating a community now talking up violence against anyone in their way.**

Wes Christian, like most true believers, talks with the kind of black-and-white assurance that rarely exists in our complicated world. Rather than religion or ***politics***, Christian focuses on Wall Street, specifically meme stocks and other high-fliers that tend to fall from the sky because of pesky things like underlying financials. Christian sees another culprit: the big trading houses who ve figured out a way, he says, to make more money killing companies than building them.

These secretive puppeteers, according to Christian, use an alleged market manipulation tactic known as naked short-selling the idea that people sell shares of stock they don t own (classic short-selling) without actually bothering to borrow an offsetting number of shares before the ride down (that part would make it illegal). It s a great narrative a shadowy network which he says has delivered themselves some$100 over the past two decades, and one that a handful of CEOs have embraced, with legal help from Christian, in the face of plummeting share prices.

Like most perfect narratives, this one isn t true. It s doubtful that naked short-selling even exists anymore. In 2008, the SECamendeda rule called Regulation SHO, and made naked short-selling all but impossible, according to Pradeep Yadav, a professor at the University of Oklahoma who studies financial markets and says there s actually no way to associate a particular short-sale with a particular failure to deliver.

And even if it did, the $100 trillion idea more thandoublethe market capitalization of every American public company combined is laughably absurd. There s no example of a company that s a good solid business, where we can explain its valuation and, only with naked short-selling, can we then explain its price drop, J.B. Heaton, the managing member of One Hat Research, which provides expert testimony regarding litigation claims valuations and settlements, tells**Forbes**. It s bad lawyering in the face of potentially legitimate harm.

Unfortunately, the ramifications from people like Christian aren t funny. Just as lies about things like vaccines and elections and cabals have created an unhinged class on the extremes of the political spectrum, undermining the institutions that have made America the global beacon of prosperity and democracy, this facts-challenged mindset is now coming for Wall Street. It s the markets are rigged! zeal of the Occupy Wall Street days, with the absolutism, ignorance and digital tools of QAnon.

You can feel the kettle boiling, as a legion of retail traders, struggling for reasons that trees don t actually grow to the sky, have taken to blaming and physically threatening everyone from whistleblowers to reportersto regulators. Regulators are afraid for their life, Christian said with a laugh in oneinterview, speaking about the movement he s helped foster. I talked to a Canadian regulator, a board member, that said, My God, I may have to move and become anonymous because they re going to come lynch me. Things got so bad that in December, the Financial Industry Regulatory Authority advised its employees to temporarilywork from home.

The 70-year-old Christian is stirring the pot. While he also cites the usual litany of reasons why a stock falls off a cliff, from fraud, to pump-and-dump schemes to bad management, he always returns to the naked short-selling bogeyman. And he hammers it home in interviews and uncritical TV documentaries, including one on HBO,**Gaming Wall St.**, which appeared last year.

For the past 20 years, he said in the uncomfortably fawning**Gaming Wall St.**, one of the spaces that I ve litigated in fervently and unceasingly is this space, because I believe it s the biggest commercial fraud in U.S. history.

Christian s grandfatherly manner makes him a potent messenger. Rather than shaking his fist at the heavens, he comes across as a disappointed coach explaining to his players how they re not to blame for losing because the league fixes the games. A fourth-generation Texan, Christian claims that he discovered naked short-selling about a quarter-century ago, and since about 2000 he s built a legal practice around it. Christian s original teammate here was a 6-foot-4 Houston lawyer named John O Quinn, who became famous for securing a $17.3 billionsettlement against the big tobacco companies. When**Forbes**first took notice in 2002, O Quinn said he was willing to stake Christian because the hunt for naked short-sellers could be bigger than tobacco.

In the early years, Christian tells**Forbes**, his cases were mostly duds. We were just learning this litigation space, Christian says. We didn t do so well because the truth is we didn t understand exactly how this was happening. In 2003, Christian represented Endovasc, a pharmaceutical firm that blamed its stock-price crash from $7.50 per share to 65 cents on Christian s usual suspects, according to documents he showed**Forbes**at the time. We were skeptical then, as well: It s an easy stock to be bearish about: Endovasc has lost $5.4 million on revenues of $293,000 over nine months, the article said, before ending with a question: What s really making these stocks go down: the way the trades are cleared or how the managers run the firms? Four years later, the SEC ordered a stock tipster named Porter Stansberry to pay a$1.3 million finefor running apump-and-dumpscheme involving Endovasc stock on the way up there was no indication of anyone wrongfully profiting, a la naked short-selling, on the way down.

Still, the hunt continued. In 2009, O Quinn diedin an automobile accident, but not before hiring an economist and former Clinton Administration official named Robert Shapiro to conduct a study on the topic before becoming Christian s go-to investigator and expert witness. Over the past two-plus decades, Christiansayshe s litigated 21 cases and done due diligence on 72 companies. Yet somehow, not one has led to the exposure of a vast network of naked short-sellers.

Wall Street has more money than God, Christian told**Forbes**. They re not going to settle unless they don t want to go to trial. None of these cases have gone to trial because, ultimately, they don t want them to go. Christian s longtime sidekick, a data collector named David Wenger operating a firm called ShareIntel, offers the same excuse. Look, they re making money out of thin air, he says. They re going to go out of their way to protect that. If you truly exposed this, you re calling into question the integrity of our financial markets. He adds that naked short-sellers have driven thousands of companies out of business a whopper made without evidence by othersfor a long time.

I m not aware of any of these lawsuits or investigations that have really done anything, says Peter Molk, a professor at the University of Florida. It s telling that you don t see mainstream corporate-governance firms or activists taking on these naked-short cases.

No matter, there s always a CEO, it seems, looking for a performance excuse that doesn t have anything to do with his or her own competence. He s proven [naked short-selling] is happening, pronouncedRoger James Hamilton, the CEO of a client, Genius Group, during a YouTube interview with Christian in January. Without offering any evidence, Hamilton claims Wall Street naked short-sellers robbed him of $300 millionwhen Genius stock tanked, from nearly $8 in April 2022 to less than a buck now, and he hired Christian to help him get it back. (Christian says he works on contingency, and also claims that he spends about $7 milliona case on due diligence, though it s not clear if Christian and his backers foot the bill, or else the poor shareholders of companies like Genius.)

Good luck with that. There was certainly a time in the late 90s and the early years of this century when there was a real epidemic of naked short-sales, Christian s investigator and expert, Shapiro, tells**Forbes**. But when asked about today s situation and Christian s allegation of trillions lost to shady short-sellers, he backpedals: I can t say how big a problem naked short-selling is today, but I can say I ve seen evidence that it s been a major problem for some companies. He adds that evidence isn t proof, declining to identify the companies.

So why, despite any solid proof, is the naked short-selling conspiracy theory taking hold now? Blame GameStop, the video-game-store chain that emerged as the ultimate meme stock after hedge funds had pegged it as a sure loser. The skyrocketing stock price squeezed short-sellers in other words, exposed them to big losses but before the investors who congregated on Reddit s WallStreetBets chat room could claim total victory over the big boys. Robinhood, the online trading platform many of them used, halted buying of GameStop stock. It was a betrayal that many of them still taste. The lack of transparency in the process, and the apparent disinterest of regulators to dig into what the WallStreetBets folks believed were obvious improprieties, spawned a range of theories to explain what happened. At the time, Robinhoodclaimedthe halt in trading wasn t because they wanted to stop people from buying the stocks, but because the required amount we had to deposit with the clearinghouse was so large.

That has dropped a slew of new clients into Christian s lap. In December, FINRA, citing trade-settlement irregularities, halted trading inMMTLPafter shares plummeted from $12.26 to $2.90 a market-cap loss of $1.5 billion that left 64,000 shareholders stranded with securities they couldn t sell. The next month, Christian washiredby a group that includes at least one former executive behind MMTLP.

Investors, some of whom werebadly hurt financially, pretty much agreed on a theory: FINRA was working in cahootswith Wall Street villains or maybe even big oil companies to help them successfully engage in naked short-selling. Shareholders wereangryand bristling for payback. Christian s hiring sent $MMTLP social media buzzing.

Big things are coming, one fan, called Ace in the Hole,saidon YouTube. This is amazing news.

The music stops now, @bleedblue18announcedon Twitter. Criminals I mean shorts, scramble to find your seats!

In reality, MMTLP wasn t a stock at all, but a dividend placeholder. It traded as a proxy for the potential income of 172,000 acres in West Texas owned by a company called Torchlight Energy Resources. If one were looking for a reason for the cataclysmic drop in MMTLP s price, one might suggest the realization that the acreage s oil output would never live up to expectations Torchlight had bought the land for $3.3 million and at one time told investors it held $9 billionin oil reserves. Or perhaps, as some other investorsallege, it was due to a quick run-up in the price followed by frenzied selling. MMTLP is typical of the current meme-stock genre, driven loosely by organized buying sprees to run up a stock chosen only because Wall Street traders were betting against it, or at least believed to be, versus unearthing underpriced gems.

According to an internal FINRA email, unearthed by an investor s Freedom of Information Act request, regulatorsare looking into the issuersof MMTLP shares, and not Wall Street naked short-sellers, for possible market manipulation.

No matter. As with ***politics***, up can now be down if amplified enough times. Ultimately, this is about a revolution against the system, Christian said in a Januaryinterviewposted onTwittershortly before it was announced that he was hired for MMTLP. You re going to see in the next month the mother lode of all shares that have been issued that don t exist come to the forefront. This could be a turning point for all of us if this case can make it to first base, and we believe it can.

A month came and went, then another, and another, and now it s June and there s been no reveal, big or small. Litigation moves slowly, of course an MMTLP lawsuit has yet to be filed. But that s how Christian operates come with swagger, make grandiose promises, fail to deliver, next.

As with most conspiracy theorists, Christian has walked into some dark, murky corners. He sat for interviews numerous timeswith the lateRobert David Steele, a Holocaust denier who once claimed NASA had acolony on Marspopulated by kidnapped children turned into slaves. (Um, this is not true.) According to anoteon Steele s website, Steele was planning to include an interview with Christian in a documentary called**Wall Street Treason & Crime**before Steele died in August 2021.

Christian tells**Forbes** he never met Steele in person and doesn t endorse whatever other theories you say he supported. Certainly the Holocaust was real. Almost without exception I will do interviews with anyone to get the word out on the magnitude of this problem.

It s junk like this that eventually wakes people up. When**Forbes** asked Christian for data to back up his claims, he suggested reading the book**Naked, Short and Greedy** by economistSusanne Trimbath, who previously served as an expert witness for him. Trimbath, however, tells**Forbes** she no longer works with Christian. Her book, despite its title, argues that naked shorts are a red herring to distract public attention from a regulatory crisis in global capital markets.

Trimbath also has an unflattering view of Wenger s data. I haven t looked at the ShareIntel data in a long time, she tells**Forbes**. But when I looked there was nothing there. I didn t see any value in it. I had a client who paid me to take a look. I told them in exactly those terms that there was no value in it.

In response, ShareIntel s Wenger said the comment was indicative of a either a direct conflict of interest or not having a clue or both.

Trimbath isn t the only one who s changed her mind. In 2019, Phunware, a mobile software and blockchain company, hired Wenger to dig into whether abusive short-selling was dragging down its stock. According to COO Randall Crowder, the information they received about trade imbalances'' was of little use.

So why do an increasing number of companies turn to Christian s firm? Crowder said it has a lot to do with the rise of the retail investor. Public company executives look at Twitter and see all these rumblings and think, I need to do something to protect shareholder value, says Crowder. (**Forbes**reached out to other former ShareIntel clients, but Crowder was the only one who responded.)

Another skeptic is AMC Theatres CEO Adam Aron, captured on aclipposted to YouTube of what looks like a question-and-answer session in one of AMC s cinemas. As head of an original meme-stock company, the CEO, who has thrown everything but the kitchen sink at his plunging stock price, said he considered hiring Christian and Wenger but came to the conclusion that there was no value in it. Aron may or may not have known at the time that he was being taped; the video has 5,500 views and has been online since it was recorded in February.

About Christian, Aron said, I can t say he s never won a case, but he s been at this 20 years and the number of cases that he s won is not too many. It s all talk. It s not real. Later in the clip, he said about Wenger s ShareIntel: It might make you feel good for a day. It s just a lot of fluff. There s no yield. He hasn t won the type of cases in court that he says he s won. We looked into it. We checked. AMC declined to comment.

To Christian, though, such doubt further emboldens the passion behind his crusade. Unless I m in a pine box somewhere, he vows, this is going to continue.

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