GME ENDGAME

PARTS 1 - 6

U/FATASPIRATIONS

GME - EndGame: DTC Infinity.

DD

Hello again folks. I’ve taken some time to do my own DD on GME and sharing it with you, in addition to all the other great DD out there. I’m going to cover shorts, debt, and what I think might accelerate GME’s mission to Mars.

TL:DR; GME is a ticking time bomb. Shorts R Fuk. Buy shares, Sell puts to acquire shares cheaper. Buy leaps on red days. No idea what's gonna happen in the very short term but 2021 will be massive.

About the Shorts

So, updated short interest came out today. If you haven’t seen it, shorts **increased** their positions through the end of the year:

Settlement Date	Released Date ↓	Shares Short	Short % of FreeFloat	DTC
31st Dec 2020	Today	71.20m	147.87	6.14

12/31 short position update

What. The. Fuck.

I really can’t figure out the macro logic here because from the outside it looks like they’re digging their own graves.

On the day-to-day scale, I think I understand how this is happening. If you look at the days with a high short volume ratio, the narrative is clear: Shorts are actively trying to defend GME crossing 20 significantly, and coming in hard when threatened. Shorts also took advantage of general market selloff on Jan 4 to push GME down.

Market Date	Open	Adj Close	Prior Close	Chg %	Short Volume	Total Volume	Volume Ratio
2021-01-11	19.41	19.94	17.69	12.72%	4,229,928	14,927,600	28.34
2021-01-08	18.15	17.69	18.08	-2.16%	1,529,124	6,481,900	23.59
2021-01-07	18.47	18.08	18.36	-1.53%	1,214,959	6,129,276	19.82
2021-01-06	17.34	18.36	17.37	5.70%	865,047	6,056,248	14.28
2021-01-05	17.35	17.37	17.25	0.70%	766,709	4,961,457	15.45
2021-01-04	19.00	17.25	18.84	-8.44%	2,857,152	10,022,474	28.51
2020-12-31	19.25	18.84	19.26	-2.18%	906,539	6,922,652	13.1
2020-12-30	19.38	19.26	19.38	-0.62%	1,134,552	5,934,391	19.12
2020-12-29	20.82	19.38	20.99	-7.67%	2,178,368	9,241,441	23.57
2020-12-28	21.31	20.99	20.15	4.17%	2,962,823	8,924,279	33.2

Days with heavy shorting activity

This is also why GME ended up ***only*** ~12% after the recent RC announcement. Short volume was a whopping **4MM** shares on that day.

The problem is shorts are doing all this active shorting to defend their existing short positions, but they're either not able or not choosing to close all of the intraday shorting, so it's accumulating. As of 12/31 the **total short positions (71.2M) exceed total issued shares (69.75M).**

The precarious position of the shorter

Shorts find themselves in a very precarious position. Let's talk about the float and DTC (days-to-close). **The DTC number you see above is a lie.** There's an argument to be made that **DTC is infinity.**

There are a total of 69.75M shares issued by GME. According to this guy who has a CapIQ subscription, insiders hold 22.8M shares. I was able to verify using this nasdaq source that the top insiders hold about 20% of shares:

Top Insiders	Total %	19.26%
Name	**Shares**	**Percent**
RC ventures	9,001,000	12.90%
Sherman	2,361,670	3.39%
BELL JAMES A	511,905	0.73%
HOMEISTER CHRIS	507,405	0.73%
HAMLIN FRANK M.	390,359	0.56%
VRABECK KATHY P	129,537	0.19%
DEMATTEO DANIEL A	328,074	0.47%
KAUFMAN DANIEL	201,155	0.29%

Top Insider Holdings

The thing with insiders is that they can't easily sell due to lots of restrictions so they're not considered part of the "actively" traded part of the stock. I.e. They can't just sell on price action.

In addition to insiders, **institutions now own 110% of GME shares.** (Thanks shorters!). Some of these institutions may actively trade, but the top holdings (FMR, BlackRock, Vanguard, etc.) *will not trade based on price action* as they are generally holding for their ETFs / index funds that hold GME.

	Total %	33.58%
Institutions (that won't sell)	Shares	Percent
FMR LLC	9,534,090	13.67%
BLACKROCK INC.	8,600,507	12.33%
VANGUARD GROUP INC	5,288,116	7.58%
	Total %	7.42%
Institutions (likely won't sell)	Shares	Percent
SENVEST MANAGEMENT, LLC	3,225,740	4.62%
PERMIT CAPITAL, LLC	1,951,000	2.80%

Institutional Holdings

Now, thought experiment. What happens ***if*** shorts decide to cover? They have to buy back 71M shares. Who are they going to buy it back from?

1. They can't buy them back from insiders.
2. Let's be conservative here, and say that Fidelity, BlackRock, Vanguard will hold on to their shares, but all of the other institutions will paper hand when shorts start to cover. This is very conservative because there are other institutions that hold GME for their own ETFs.

So, 69.75M shares - 22.8M for insiders - 23.43M held by BlackRock/Vanguard/Fidelity = **23.52M shares left.** So fuck all other short-to-float ratios out there, the **short % of tradable float is at least 300%.**

Investopedia tells us that days to cover is *"calculated by taking the **number of currently shorted shares** and **dividing that amount by the average daily trading volume** for the company in question."*

GME's 20-day average daily volume is about 10.4M shares, so that's about 6.83 days to cover. This, however, is **a lie.** *The DTC definition listed by Investopedia stops making sense when short interest exceeds purchasable float.*

Math whiz's out there… if you have to buy 71M shares from a pool of 23.5M shares, and GME's daily volume is 11M shares a day, how many days will it take to cover?

Answer: **Infinity. You can't. You can never cover.** There literally are not enough shares to buy to close your shorts. You can only buy-to-close 23.5M shares, and that's even if you can convince all of them to sell (i.e. $$$$$). **True DTC is Infinity.** This is part of the reason shorts haven't covered. *There's no way out of the burning building they're in.*

How it gets worse part 1) Institutional Buying

Here's how it gets worse. Besides all the retards like you and me buying GME b/c of Lord Cohen and u/DeepFuckingValue, GME is about to cross some serious thresholds that make it attractive to more institutional buying.

First, in the recent Q4 numbers release:

- "The Company is continuing to suspend guidance, however, unless further unforeseen COVID-19 related impacts occur, it expects to realize positive comparable store sales results and **profitability** in the fiscal fourth quarter.

So, GME is about to cross into the positive EPS category, which in addition to the debt story below is going to potentially **unlock more institutional buying** that is currently blocked by rules like not investing in companies with negative P/E.

Second, let's talk about debt.

Debt

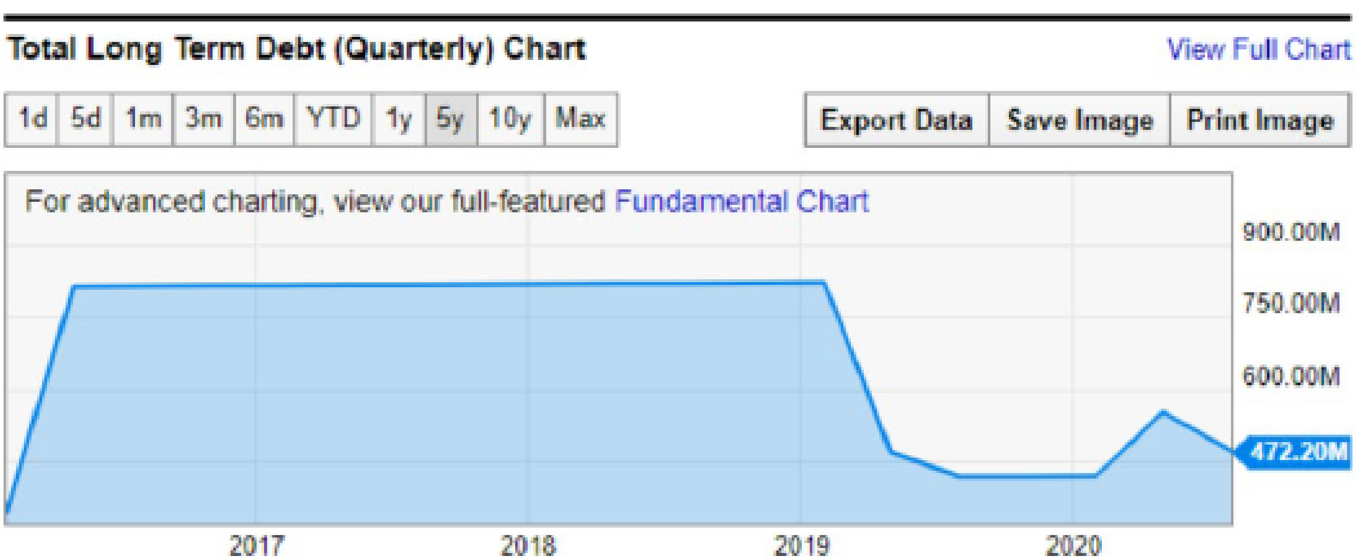
Businesses leverage debt to scale; particularly true with retail businesses that have to pay for inventory in advance of selling it. High cost of debt -> lower profits -> lower ability to pay debt -> higher debt costs, and the cycle continues. On the flipside, if GME was able to increase its credit rating, you get lower debt costs, higher profitability, which leads to higher credit rating, etc.

I believe we're seeing a campaign from GME to pay down debt to reduce a) restrictive covenants in the 2021 notes (preventing things like more share buybacks) and b) upgrade their bonds to investment grade.

Not only will a credit upgrade lead to cheaper debt, it will **unlock more institutional investment that are currently restricted against buying equities with below-investment-grade debt ratings.**

Debt

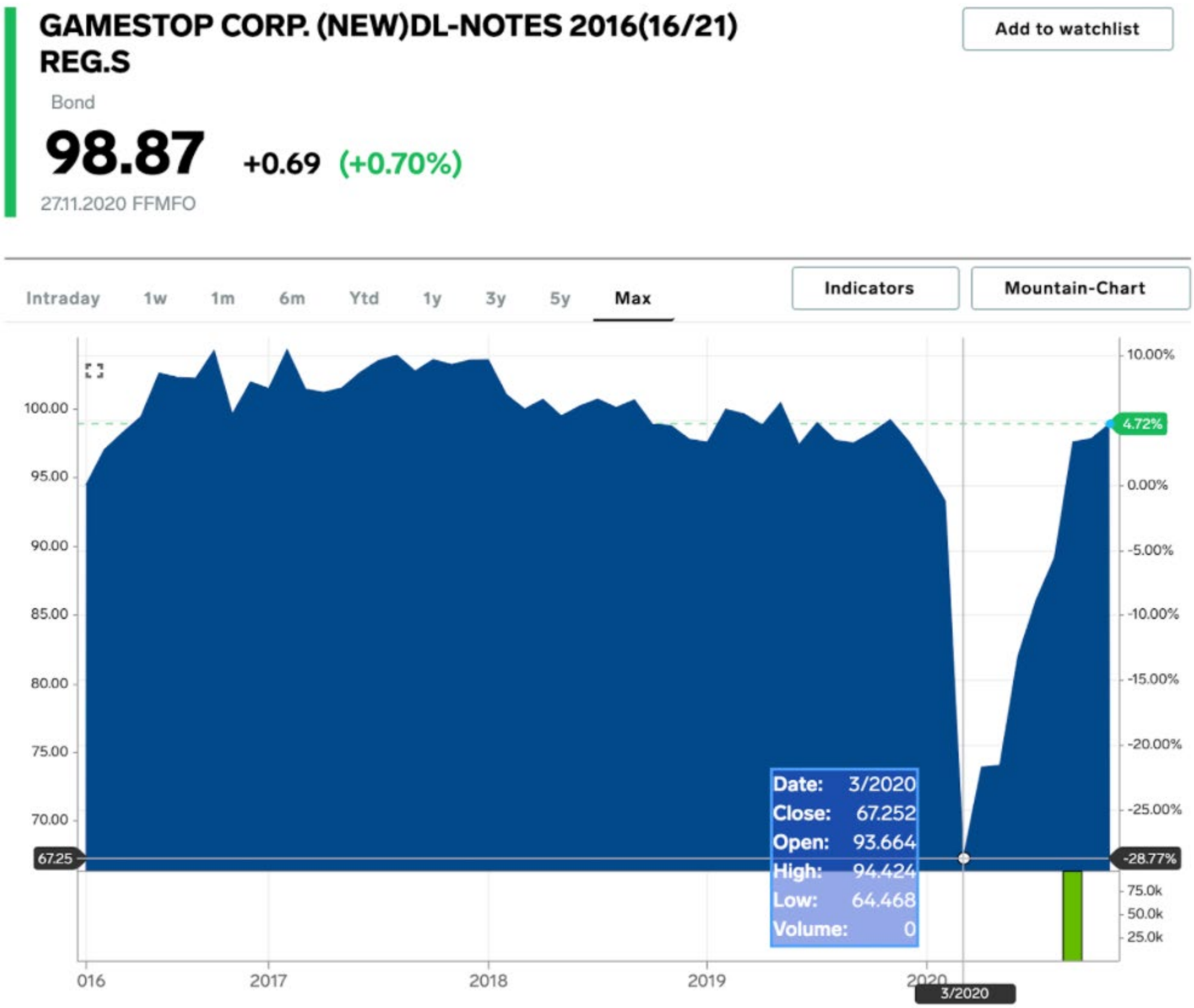
- Debt was $472MM up until July 2020



- GME announced a voluntary pre-payment of $125MM of debt ([link]()) that will happen 3 days after the earnings call (earnings Dec 8, debt repayment Dec 11)... “**using cash generated from operations to reduce our outstanding debt”**

Debt rating:

- First, take a look at GME’s bond pricing. GME’s bonds were significantly impacted by the March crash. However, GME’s bond pricing has recovered and is now **trading at par**, meaning the market believes that GME will pay back its debt (i.e. not a bankruptcy risk).



GME Bonds trading at par

- Now, look at its Moody’s rating history. First, for context, anything under a Baa3 rating is considered junk (ratings chart here) and greatly affects who can buy your bonds and what types of rates you get.

Moody's credit ratings		
Investment grade		
Rating	**Long-term ratings**	**Short-term ratings**
Aaa	Rated as the highest quality and lowest credit risk.	**Prime-1** Best ability to repay short-term debt
Aa1	Rated as high quality and very low credit risk.	
Aa2		
Aa3		
A1	Rated as upper-medium grade and low credit risk.	
A2		**Prime-1/Prime-2** Best ability or high ability to repay short term debt
A3		
Baa1	Rated as medium grade, with some speculative elements and moderate credit risk.	**Prime-2** High ability to repay short term debt
Baa2		**Prime-2/Prime-3** High ability or acceptable ability to repay short term debt
Baa3		**Prime-3** Acceptable ability to repay short term debt
Speculative grade		
Rating	**Long-term ratings**	**Short-term ratings**
Ba1	Judged to have speculative elements and a significant credit risk.	**Not Prime** Do not fall within any of the prime categories
Ba2		
Ba3		
B1	Judged as being speculative and a high credit risk.	
B2		
B3		
Caa1	Rated as poor quality and very high credit risk.	
Caa2		
Caa3		
Ca	Judged to be highly speculative and with likelihood of being near or in default, but some possibility of recovering principal and interest.	
C	Rated as the lowest quality, usually in default and low likelihood of recovering principal or interest.	

Moody's debt ratings. GME currently sits at B3

Here are Moody's actions on GME (source). In particular:

- Downgrade on 5/2019 to Ba2
- Downgrade on 1/2020 to B2
- Downgrade on 4/2020 to Caa1
- Upgrade on 7/2020 to B3

Filter By: Document Type - All | Source - All

Date	Document Type	Title	Source
10 Jul 2020	Credit Opinion	GameStop Corp.: Update to credit analysis following upgrade of CFR to B3	Moody's Investors Service
08 Jul 2020	Rating Action	Moody's upgrades GameStop's CFR to B3, outlook changed to stable	Moody's Investors Service
11 Jun 2020	Credit Opinion	GameStop Corp.: Update to key credit factors following Caa1 CFR being placed on review for upgrade	Moody's Investors Service
05 Jun 2020	Rating Action	Moody's places GameStop's ratings, including its Caa1 CFR, under review for upgrade	Moody's Investors Service
28 Apr 2020	Announcement of Periodic Review	Moody's announces completion of a periodic review of ratings of GameStop Corp.	Moody's Investors Service
22 Apr 2020	Rating Action	Moody's downgrades GameStop's CFR to Caa1, changes outlook to negative	Moody's Investors Service
14 Apr 2020	Peer Snapshot	GameStop Corp. - February 2020 (LTM): Peer Snapshot	Moody's Investors Service
31 Jan 2020	Credit Opinion	GameStop Corp.: Update following downgrade to B2, outlook stable	Moody's Investors Service
30 Jan 2020	Rating Action	Moody's downgrades GameStop's CFR to B2	Moody's Investors Service
26 Dec 2019	Peer Snapshot	GameStop Corp. - November 2019 (LTM): Peer Snapshot	Moody's Investors Service
25 Sep 2019	Peer Snapshot	GameStop Corp. - August 2019 (LTM): Peer Snapshot	Moody's Investors Service
03 Jul 2019	Peer Snapshot	GameStop Corp. - May 2019 (LTM): Peer Snapshot	Moody's Investors Service
06 Jun 2019	Issuer In-Depth	GameStop Corp.: Playing for real: company caught in escalating battle royale with competitors	Moody's Investors Service
29 May 2019	Announcement of Periodic Review	Moody's announces completion of a periodic review of ratings of GameStop Corp.	Moody's Investors Service
17 May 2019	Credit Opinion	GameStop Corp.: Update following downgrade to Ba2, outlook changed to negative	Moody's Investors Service
16 May 2019	Rating Action	Moody's downgrades GameStop to Ba2, outlook negative	Moody's Investors Service
26 Nov 2018	Issuer Comment	GameStop Corp.: GameStop's agreement to sell its Spring Mobile business for $700 million has no rating impact at this time	Moody's Investors Service
11 Oct 2018	Peer Snapshot	GameStop Corp. - August 2018 (LTM): Peer Snapshot	Moody's Investors Service
14 Sep 2018	Credit Opinion	GameStop Corp.: Update to credit analysis	Moody's Investors Service
13 Jul 2018	Peer Snapshot	GameStop Corp. - May 2018 (LTM): Peer Snapshot	Moody's Investors Service
20 Apr 2018	Peer Snapshot	GameStop Corp. - February 2018 (LTM): Peer Snapshot	Moody's Investors Service
11 Jan 2018	Peer Snapshot	GameStop Corp. - October 2017 (LTM): Peer Snapshot	Moody's Investors Service
11 Oct 2017	Peer Snapshot	GameStop Corp. - July 2017 (LTM): Peer Snapshot	Moody's Investors Service
15 Sep 2017	Credit Opinion	GameStop Corp.: Update to credit analysis	Moody's Investors Service

GME upgraded to B3 in Jul 2020

Speculation on debt:

- GME is working with Moody's & others to get credit rating back to Investment grade. Showing **positive earnings/profitability** and **paying back debt early** is key to this. I believe we should see an upgrade soon to at least Baa3 (the lowest level of investment-grade debt).
- The market is not generally considering GME's debt as risky as Moody's credit rating would suggest. The market can move faster than Moody's.

Positive EPS + Debt ratings upgrade = massive institutional buying = shorts further in the hole.

How it gets worse part 2) Passive Buying Feedback Loop

GME is part of 62 ETFs holding about 10.7M shares in addition to a whole bunch in index funds (not ETFs). I couldn't get a number for index funds but am going to estimate around 10M for them as well given the Vanguard/Fidelity numbers above.

More than 50% of these holdings are passive, **market-cap weighted funds**. Now here's the feedback loop that really fucks the short story up.

1. Institutions buy GME ->
2. Price goes up ->
3. Market Cap Goes up ->
4. Weight in Funds Goes up ->
5. ETFs buy more GME for every $ of inflow ->
6. Price goes up -> return to step 3

At $20, GME is already up >5x from its low of ~$4 in 2020. This means that for every $1 thrown into IWM, for example, Blackrock is putting 5x as much of that $1 into GME as it was back at GME's lows. As GME's price goes up, **any market-cap weighted fund puts more money into GME for every $1 of inflow.**

The passive feedback loop has already started. It will really kick into high gear with institutional buying.

Other speculations:

1. I believe RC is already slated to be CEO, and this will be announced in the June 2021 annual shareholder meeting.
    a. This is why the ICR presentation was pulled. RC didn't want the content in the ICR presentation to be the market-adopted story on the GME strategy.
    b. 3 board members are retiring. I believe this is part of a pre-negotiated deal where RC is taking over. The 3 that are stepping down didn't agree with the mgmt change.
2. GME is due for a re-rate of price/sales. GME is currently trading at a P/S of 1 - if you ONLY include the ecommerce revenue. From a total revenue perspective it's closer to .2. **GME is currently worth less than its quarterly revenue.** From the Q4 sales pre-release:
    a. "Net quarterly sales were $1.770 billion"
    b. "E-Commerce sales, which are included in comparable store sales, rose 309% and represented approximately 34% of total company sales, with total worldwide E-Commerce sales year to date reaching over $1.35 billion, far exceeding the Company's $1.0 billion growth objective;"

At this point, it's really the endgame for shorts. They have to find a way to exit before Cohen is CEO.

GME - EndGame Part 2: Cohen, Market Cap, Potential Investors

DD

Hello again folks. This is an extension of my [DD last week] in which I shared some research on short positions, GME's debt, and some speculation on institutional investing. Since that post, GME is up 75% and there's been lots of good [bullish] / [bearish] DD on the short term.

In this post, I'm going to cover 3 topics, focusing on the mid-to-long term prospects for GME: 1) Cohen, 2) GME's market cap potential, and 3) potential investors that could continue to pile in.

TL:DR; You need to think about GME differently. Not as a trader. Not as an investor. You need to think like a venture capitalist. This is an **unprecedented** opportunity, and the first time I've gone all-in - *I'm more bullish now than when the stock was trading sub $15.* If you're in GME you need to get in ***with conviction*** otherwise you're going to lose by selling when it drops.

Quick aside - my history and positions:

I've been a passive investor for many years. This is literally the first time I've taken an interest in becoming an active investor. I opened an RH account in August to start speculating on GME. My first post called out some cheap lottery plays that took my speculating account from $5K - $20K in 3 weeks. I've since posted a few times on GME, even trying to tell you to buy the post-earnings dip, and added more to my active trading accounts. I've taken $10K -> $130K on RH and $230K -> $480K in IBKR since slowly adding to GME since September.

UPDATE: I have deleted my positions in this post - will explain why in my next post. I'm still holding.

All that being said, thus far I've been thinking about GME as a *trade* - trying to get in at the lowest cost I could for the maximum upside on a near-term exit, but **I've switched completely** into thinking of GME is a **ridiculously asymmetric investment** with massive potential in the next 2-3 year timeframe - even at $35. Even at $45, $50, $60. That's why I added roughly 2500 shares on Friday at around $36 despite adding very cautiously when GME was below $20. I'm also completely all-in on RH with options (mostly deep ITM, a few fds) - $0 buying power left.

Grab a drink, sit down. Let me tell you why I've gotten more aggressive, and probably why you shouldn't worry about what price you pay right now, as long as you're willing to **believe and hold.**

About Cohen (and friends)

From the recent 8K about the board changes (which you should **definitely read** if you're putting serious money in):

As part of the Agreement, RC Ventures has agreed to ***customary standstill provisions****, which provide that from the date of the Agreement until the earlier of (a) the date that is 30 calendar days prior to the deadline for the submission of director nominations by stockholders for the Company's* ***2022*** *annual meeting of stockholders and (b) the date that is 120 days prior to the first anniversary of the 2021 Annual Meeting (such period, the "Standstill Period"), RC Ventures will* ***not, among other things: (i) acquire beneficial ownership in, or aggregate economic exposure to, directly or indirectly, more than 19.9%*** *of the Company's outstanding common stock; (ii) make any proposal for consideration by stockholders at any annual or special meeting of stockholders of the Company; (iii) make any offer or proposal with respect to any extraordinary transactions; or (iv) seek, alone or in concert with others, the appointment, election or* *removal of any directors in opposition to any recommendation of the Board, in each case as further described in the Agreement. As part of the Agreement, the Company has permitted RC Ventures to acquire, whether in a single transaction or multiple transactions from time to time, additional shares of the Company's common stock to the extent such acquisitions would result in RC Ventures having beneficial ownership of less than 20.0% of the outstanding shares, without triggering the restrictions that would otherwise be imposed under Section 203 of the Delaware General Corporation Law (the "DGCL"), and RC Ventures has agreed that upon acquiring beneficial ownership 20.0% or more of the outstanding shares of the Company's common stock, the restrictions under Section 203 of the DGCL would apply to a potential business combination with RC Ventures as an "interested stockholder" (as defined in Section 203 of the DGCL).*

This is critical: **This agreement was the result of a negotiation** between Cohen and the existing board.

1. After his activist letter calling out the board and then 13D buy after the earnings dip rocketed the stock up from 12 -> 20, it was clear to everyone that RC was the reason GME's stock was heading up. The GME board was afraid of a hostile takeover / losing their jobs. This agreement allowed Cohen and 2 others on the board as long as he didn't attempt a hostile takeover.
2. Cohen wants it all. In the activist letter, he publicly said "no" to just one board seat. He then publicly bought more as soon as Sherman threatened a shelf offering to dilute him below 10%.

In addition to getting added to the board, Cohen brought along 2 execs who built Chewy with him:

- Alan Attal - the previous **COO and CMO of Chewy** (2011 - 2018)
- Jim Grube - the previous **CFO of Chewy** (2015 - 2018)

He's not fucking around folks. He wants to build another Chewy, and he's bringing the people who helped him do it the first time to do it again.

As a result of the agreement, he's limited to buying up to 20% of shares until 2022. **Why not 13%? Simple - Cohen wants the option to buy more.** He's not happy with a single board seat; he's not going to settle for simply getting added to the board; and **he's not going to settle for 13% ownership.**

Also, remember that **Alan and Jim have to buy in** as well. I haven't seen their holdings yet. Their time is worth more than their money and they've already decided to put their time in.

Cohen is not an exec - he's a founder with an all-in mentality

Go read this bloomberg Cohen interview to understand his mindset.

1. Cohen himself is an all-in person. Key quote:
   a. *"When I find things I have a lot of **conviction** in, I go **all-in***."*
   b. Cohen is a founder that has gone through the successful creation of a startup. **When you are startup founder, most of your NW is tied to equity in your company.** You are trained to have skin in the game. You're not allowed to think you have a safety net. You give up years of your life and bet everything because you have to believe in what you're doing. **Founders typically have 30-50% ownership of their company.**
   c. *"Cohen uses the word "conviction" a lot. He says it's something he learned from his father, who ran a glassware importing business in Montreal where Cohen grew up. "He taught me how to block the noise from the masses," says Cohen. "To have a point of view and have conviction and not waver."*

2. He only sold Chewy rather taking it to IPO because of his Dad's health. He cut his entrepreneurial career short and he's itching to get back in.
3. Cohen sold Chewy for $3.35B, with estimates stating he personally walked away with about $600M after taxes.
4. Cohen has a lot of capital to buy more. After selling Chewy, he went all-in on Apple & WFC, which as of June was **up 40%**.
   a. *" Cohen says his portfolio, when including dividends and a few other stock holdings, has returned more than 40% over the past 3 years, beating the market."*
   b. Aapl **was his largest holding, and is up another 50% since June 5** when the Bloomberg article was published.
   c. Cohen lives in FL - with no income or capital gains for individuals, unlike other founders who live in CA which taxes all cap gains as ordinary income.
   d. I'm going to estimate *his net worth (minus his GME holdings) is around $800M-$1B.*
5. Cohen's 9,001,000 (it's over 9000!) shares have thus far been purchased at something like an average of $12/share, for a total investment of around $110M.

So Cohen has put in $110M out of his $1B into GME. **Does that sound like he's all-in?** Absolutely fucking not. Cohen's **going to buy up to the max he can this year** (20%), likely by selling some other holdings prior to cap gains tax law changes. He can **add more next year** after the standstill period is done.

What will lead to Cohen's next purchase of GME

Thus far, every RC purchase has been *about sending a message*.

1. Prior to Q3 earnings, his purchases were signaling an intent to the board that he was serious about wanting to get involved. He also rubbed it in their faces that the stock price was largely appreciating because of him. From the activist letter:
   a. "We recognize that the Board may feel it is insulated from stockholder scrutiny after adding new directors this past spring and seeing a recent stock price uptick **(which only came on the heels of RC Ventures filing its 13D)"** (what a *fucking burn*).
2. If there was any doubt about RC's impact on the stock price, it was put to rest after Q3's earnings, where the current leadership's hubris and threat of diluting RC led to a drop of almost 30%. RC then bought the dip, shoved it in their faces, and the market GME again rocketing GME to 20 in a massive post-earnings recovery. Message sent again - "The market wants me. Let me the fuck in."
3. Now that Cohen and the Chewy folks are on the board, he's going to angle for CEO. He's not looking to **advise** GME. He wants to go all-in, to run GME. *He's holding the optionality of buying more based on the success of his attempt to take over GME through non-hostile means.*

If you see Cohen buy more GME, he's sending another message. This time it's because it's clear to him he's going to be CEO and wants to max his skin in the game. **If you see Cohen buy, it's "CEO talks going well" - you fucking buy.**

GME's market cap potential

1. Cohen sees a $200BN+ total addressable market cap for gaming by 2023. For contrast, Chewy was playing in the

pet food/supplies market, which has a total addressable market (TAM) of [under $50BN annually](). **GME's potential is at base 4x that of Chewy.** This **does not even account for the pc gaming hardware market**, which is another $[35BN]()+.

2. Chewy's market cap is [$44BN]() on [$6BN]() of annual revenue.
3. Chewy's Q3 quarterly income was up 45% YoY. While GME's quarterly income was down YoY, [its e-commerce revenue was **up 257%** trouncing Chewy's growth rate]().
4. GME's Q4 early sales preview reported [**300% E-commerce growth and annual run-rate of $5BN**]()

In other words, *even if you give GME's physical locations no value*, GME's ecommerce business is **growing 5x faster than Chewy** and already has 75% of online revenue.

Summary: Chewy is priced > 7X times its annual **total revenue**. GME is priced at .45 **its annual ecommerce revenue,** despite GME having **5-6 greater TAM** and growing its ecommerce business **5X as fast Chewy.**

What. The. Fuck.

I've never seen a stock more mispriced.

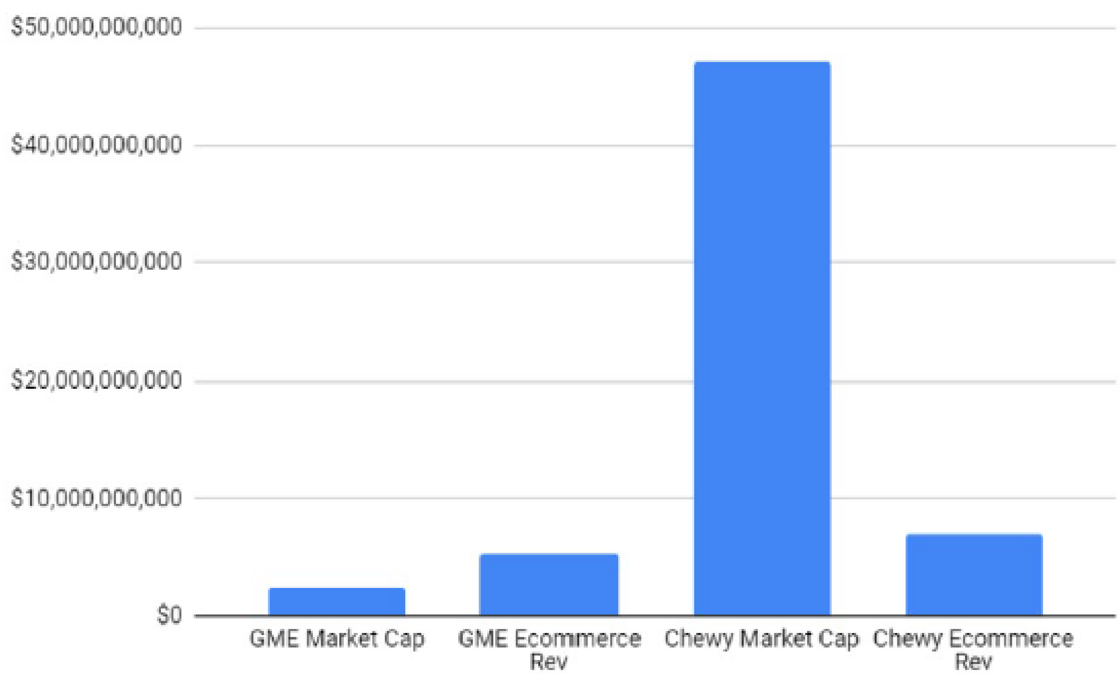
People talking about $100 price targets are suffering from a *fucking lack of imagination.*

Even if you *completely* discount

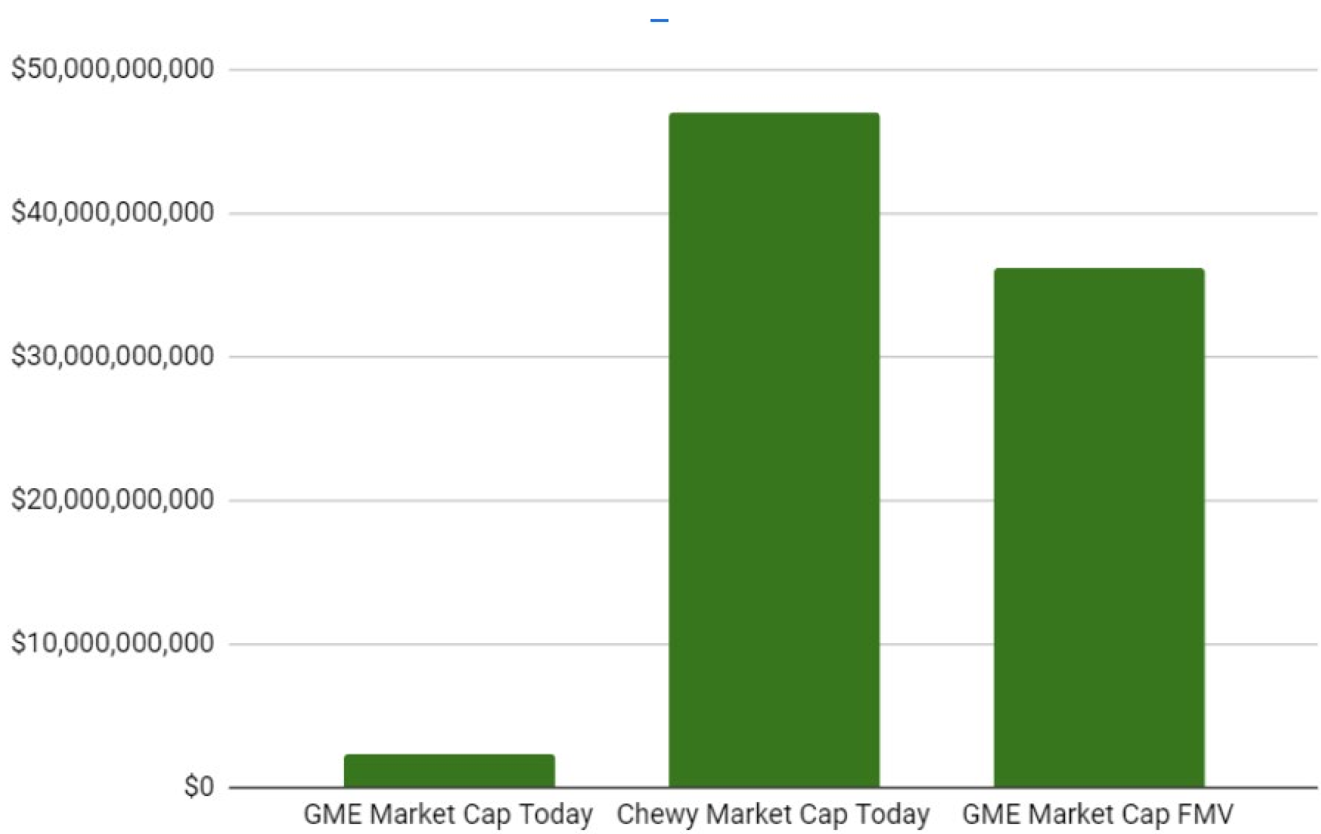
1. GME's physical business
2. its rev sharing partnership with MSFT
3. its 5x faster growth and 5x TAM

and give GME the same P/S multiple that Chewy has on its ecommerce business, **that puts GME currently at a fair market cap above $35BN.** That means GME should be **at least $500/share.**

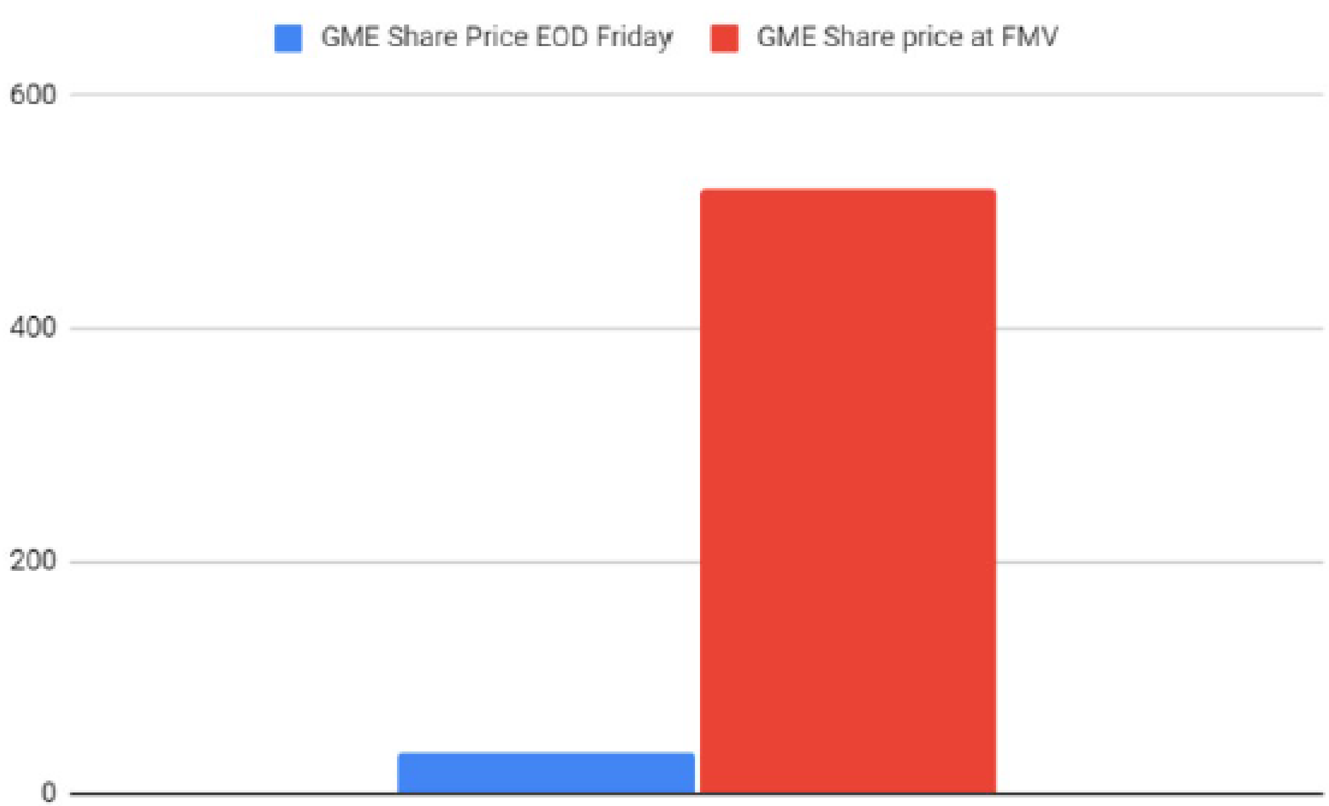
In pictures:



Comparing Ecommerce Revenue vs Market cap on Chewy vs GME today



Showing what the fair market value Market Cap of GME would be with Chewy's P/S



Fair Market Value (using comps) of GME is at least $500/share.

Fair Market Value (using comps) of GME is at least $500/share.

$35/share is a fucking steal. Who cares about the short-term dips as shorts try to weasel themselves out of their positions. The market will eventually wake up to this sleeping beast. In a year you're not going to care if you got in at 4, 12, 20, 35, or 50. You're going to only care if you're in or not.

Potential Investors

An asset is only worth what someone else is willing to pay for it, right? So are the potential buyers of this growing company?

Here's a list in decreasing order of likelihood.

1. **Elon** (Least likely, completely improbable, but cataclysmic event). Elon hates shorts. Elon, with TSLA, went through the pain that GME is going through. TSLA almost went bankrupt because shorts were pushing the price down so it was difficult to raise the cash they needed to survive. Sound familiar? ***Elon's wealth swings more in a day than GME is worth in entirety.*** Elon could **buy all the fucking float of GME with what he makes in 8 hours**. One call from fellow entrepreneur and aspiring twitter-meme-god would absolutely wreck the game.
    a. **If you are short gamestop**, you are one meme purchase by the richest man in the world away from a fucking cataclysmic event. "Hey son, I heard you like games. So I bought you gamestop. All of it."
2. **Buffett** (More likely, still improbable). I'm actually amazed that while Buffett & co were lamenting that there are no interesting stocks to invest in and moving to cash, that they absolutely missed the boat on GME while it was at its lows. It's a complete value play right up his alley (in a business he can understand). My only hypothesis here is that the market cap is too small and he could not make a meaningful investment. Once GME grows to a more respectable market cap ($10b+) I can see Buffett stepping in and making an investment.
3. **Cohen's connections. (Highly likely if Cohen is CEO).** This is the big one. And I mean absolutely nail in the coffin re-pricing of GME for the foreseeable future. Go read this Harvard Business Review piece on Cohen specifically on how Cohen puts importance on raising money and the people that backed him.
    a. Look, I've started a startup before in the valley (unsuccessfully unfortunately). However, you don't start a company without making a shit-ton of venture capitalist & angel investor connections. Cohen has stated that when pitching Chewy he was rejected by over 100 investors. I can absolutely-fucking-guarantee you that every single one of them remembers their mistake and would not miss the opportunity to invest in Cohen again. And don't forget all of the investors who DID invest with Cohen and reaped the benefits with Chewy. While venture capitalists don't generally make investments in public equities, this is a **truly unique situation. Cohen is treating this like a rebirth, a new venture bootstrapped from GME's bones.** If VCs as a firm will not invest, you can bet your ass that those individuals will throw their personal money at Cohen. **However this only happens if he's CEO.** As soon as he's CEO, a single long weekend trip to the valley might mean 100+ investor meetings with the strategic pitch.
        i. My biggest fear here is that VCs/PE band to take the company private at some small multiple (2-3x) and then reap the benefits while Cohen turns the company around only to re-list it to us 5 years down the road at 30X the valuation.

a. Thus far, it’s been us retail retards vs the wall street shorts. HFs shorting this thing have the advantage in both tactics and capital. However, **if Silicon Valley money starts pouring money into this the game is over.** You cannot believe the amount of money that gets thrown into startups with 90% of it burning up into thin air. $3B market cap? That’s nothing. Folks with Silicon Valley money & risk tolerance would have no problem betting on a serial entrepreneur making something amazing out of a company that already has a customer base, revenue, distribution - all in the same business (e-commerce) the entrepreneur already proved themselves in.

4. **You, and every other retard that believes.** Look, this was my point at the beginning. You need to think like a VC here. VCs are the ultimate YOLO autists making million dollar bets and not seeing a penny of it for years. They are the ultimate . **You need to decide if you have conviction** for the long term and then buy in. doesn’t mean selling at $100. It doesn’t means selling at $200. **It means not selling at all this year no matter the price, and at least until you learn for sure whether Cohen is the new CEO**. It means believing so hard that you 20-100X your investment in 2 years when the market wakes up to the ridiculous mispricing.

a. Remember that if Cohen is elected CEO he can (and likely will) buy more than a 20% stake in 2022.

b. Remember Buffett’s actual quote: **"The stock market is a device for transferring money from the impatient to the patient."**

I’ve put every dollar I can into shares in IBKR, minus some April calls. I hold no covered calls except for some call spreads I had in RH prior to recent bump. I have April calls because I will put more cash into GME after taxes are done, and I know much cash I have to use. Calls let me cap the price I would have to pay now.

This is personal research. **Do your own DD.**

A wiser investor than me gave the advice of ***“Don’t aim to maximise profit, minimize regret.”*** If you’re not in GME yet, ask yourself how you would truly feel if what everyone here is saying panned out to be true, and you weren’t participating.

Oh, and of course:

Update 1: I'm still holding today, but I realized I made a pretty big mistake on the ecommerce revenue analysis. GME's 2019 e-commerce revenue was 1.35B (not 1.35B for the quarter), so divide my price target by 4 - $125/share or $8B market cap.

GME EndGame part 3: A new opponent enters the ring

DD

Wow - what a week. This is an extension of my DD series on GME. If you haven't read them and have time, they will provide some background on my previous predictions, some of which have already come true.

Previous Important Posts

- EndGame Part 1 (DTC Infinity) covered the short positions, the float, and potential snowball impacts of increasing prices, and argued that part of the reason that shorts haven't closed was that it was pretty much impossible for shorts to close
- EndGame Part 2 covered Cohen, fair market cap analysis, and potential investors, in which I talked about the amazing mid-to-long term potential for GME.
- After the Citron tweet, I shared this fan fiction on what looked like blatant market manipulation by shorts on the day of the tweet, and offered some education on strengthening your position. This one got buried and is worth reading.

What's happened thus far

Why did GME go up on Friday?

The story here is more complex than paid media articles would like you to believe. GME has been driven up by 3 different forces:

- Organic buying
  - There is a mixture of growing positive sentiment in the investor world (not just WSB) about GME's future
  - There's been a lot of good due diligence shared not just on WSB but even outside (for example, see gmedd.com)
  - The Citron Backfire
    - Shorts were on the ropes and kept looking for hail mary's. They went to Citron and coordinated a dump to try to bring the price down.
    - However, this backfired. Citron is so disliked in the industry that new wealth poured into GME in the face of Andrew Left's pleas. Even when Benzinga brought Andrew Left on air, **minutes after he left they bought shares live on their show.**
    - The next day, our very on u/Uberkikz11 was on Benzinga and more shares were bought.
  - Larger investors piling in
    - In my EndGame Part 2, I hypothesized that we'd soon see larger investors pile in. Then, on WSB, we saw posts from a venture capitalist as well as a hedge fund investor
- Gamma squeeze
  - Once the organic buying started, we rolled into a gamma squeeze. Many people written about the gamma squeeze so I won't repeat, see this post for an example.
- Ultra low liquidity - In EndGame part 1, I talked about how the actual actively traded shares are much lower than the reported float, and **share availability has been reducing** driven by lots of diamond hands, not just among

smaller guys like us but the larger folks too.

- I believe there were some short covers on Friday, but Ortex was still estimating 71M shares short at the eod.

However, not many people have talked about why it **went down**

Why did GME come down?

Here's where things got interesting for me, and something I think happened again today (Monday) when GME climbed up over 100% but then had a rapid reversal, closing 20% above yesterday but closing below open.

So Friday looked like a slam dunk - gamma squeeze, no shorts available to short, puts were getting exceedingly expensive as a short tactic. What happened?

This is my fan fiction, based on what I saw.

I believe [market-makers] took a non-neutral stance and began actively shorting the stock after the second halt.

Market-makers are responsible for maintaining liquidity and functioning in the stock market, but they also have abilities that others don't - for example they are legally allowed to naked short for "liquidity purposes". They also have the ability to halt trading.

There were two halts in the day on Friday: First, when GME was up 69% (heh heh), and then a few minutes later when it kept climbing after the first halt was relaxed. Note that at the time of the first halt, the **bid-ask spread was $10 on the underlying** a huge signal that there just were not enough shares to buy.

However, after the second halt, something strange happened. Whereas a few minutes prior, there were no sellers willing to sell their shares below $75, **within 15 minutes** after the halt there were sellers at 70, 65, 60, and 56. Where did these sellers come from?

Incredible momentum reversal on Friday 1/22 to push the price not too far above the 60c strike price.

My speculation? This was a coordinated **naked short ladder attack**. In this type of attack, short seller A sells to short seller B, who then turns around to short seller A at a lower price, etc. and with a **very small amount of capital** you can wreck the momentum of a stock and make people think that others are running for the exits.

Notice how the stock dropped from a high of $75 on Friday to below 60 - the highest expiring SP for the 1/22 options, and stayed tight in range for the rest of the day. Now, for compliance reasons, MM are required to be neutral by EOD, so 20 minutes before close, MMs had to buy back all their short positions, which led to the strong close above 60.

All this led me to believe that the **real fair market price for GME was above $65.** Without the market makers interference, GME would have closed higher.

A repeat on Monday

The short ladder attack repeated on Monday.

GME opened strong above $90, and quickly climbed to **a high above $155** before it was halted, immediately after the halt, a **short ladder attack again** drove the price down

Dejavu - Incredible Momentum Reversal after trading halts.

Both days, there **were rapid and significant reversals in momentum.**

Now, I kept wondering - why would MM's take the side of the shorts? What's in it for them? One theory was that they were not adequately hedged, with the low liquidity of the stock meaning that the price was moving up too fast for them to acquire the shares they needed to.

But then the news hit today:

A new opponent enters the ring:

WSJ NEWS EXCLUSIVE | MARKETS

Citadel, Point72 to Invest $2.75 Billion Into Melvin Capital Management

Investments are for non-controlling revenue shares in the hedge fund, which is down nearly 30% for 2021 through Friday

That's right, the **same Citadel** **listed by the NYSE as one of their designated market makers** is now invested in Melvin's hedge fund and has a financial interest in the direction of GME's share price.

Hey media - you want a manipulation story? You're missing the big one.

Now what?

Shorts have pulled new dirty tactics each time they've been pushed to the edge. Paid media attacks, Citron's fluff tweet + coordinated shorting, and now they've got the **actual people who get all the order flow on their side.**

On the other hand, GME is still up over 20% and now trading at $88.00 after hours, which is well above the previous day's high.

What this tells me is that GME's **true price is still being suppressed**. They are using every tactic possible, even changing the [bid-ask spread rules] on options to specifically target retail's buying of options.

We're now playing the game against the folks who write the rules of the game.

Some shorts may have covered today - with prices below $60 at one point they had some great opportunities to. However, there is **no way all of the shorts who need to exit covered today.**

The short position still lost 20% from yesterday. They've got more fingers in the dam, but it's definitely cracking. Also, **every call option purchased prior to 1/25 is ITM and profitable,** while **every put option purchased prior to 1/25 is OTM.**

And, for some reason, the SEC still doesn't want to enforce the threshold securities list for GME, where it's now **been on for more than 30 days in a highly covered "short squeeze".**

Date | Market

2021-01-22

Download

gme

Symbol	Security Name	Trade Date	Market
GME	GameStop Corp. Class A	2021-01-22	NYSE

Margin impacts:

Note that at this point, most brokers have increased margin on GME. This means that people that are long or short on margin will need to put up capital to hold their positions.

This also means **puts will get more expensive** as people who sell puts will have to maintain 100% of the notional in their accounts to secure the put, so MMs will have fewer retail sellers of puts to absorb the demand.

That means it’s not a bad idea to sell puts to acquire shares if you’re aiming for the long-term and not the squeeze, but keep in mind you’ll need the exact same capital as if you’d bought the shares, so it’s up to you on this.

For shorts, a margin increase while the price is moving against you (even with retracements) is no good.

My speculation

- Cohen and the GME board have been strangely silent this entire run. It’s possible they can’t say anything at all during the pre-earnings quiet period, but I’m sure they can see what’s happening.
- MMs will continue to play dirty, but at the same time they will need to continue to need to buy GME shares to delta hedge 1/29 and later ITM options as we get closer to expiry.

Things to be careful about

As you can see, this is no easy win. I've been in GME for a few months but I've seen almost every trick in the book. In addition to the suggestions I wrote about in this post, here’s some things to be careful about.

- **Be careful about swapping ITM calls for OTM calls:** it can be tempting to trade-up your options for higher return, but be mindful of the delta impact. You may actually be driving the sale of shares by MMs when you don’t mean to. For example, if you sell a .5 delta call for 2 .2 delta calls, that’s net reduction of 10 shares that MMs have to hold long as leverage.
- **Be careful about being short any calls this week:** Not only do you limit your upside (which is dumb in the prospect of a squeeze), you could end up in a nightmare scenario. A call that ends OTM on Friday could end up ITM after hours if you didn’t sell it, and you may get assigned while the underlying continues to go up.
- **There are a few other dirty tactics shorts can play.** I’m not specifically going to share them here because I don’t want to give the ideas circulation, but
    - **Choose your own limit sells based on personal sell points.** Don’t copy others and don’t try to be memey. Make your own decisions.

    - **Stop sharing your positions publicly.** I know this is anti-wsb, and I think sharing them is great for this community, but in the case of GME it's an **attack vector** for you.
- **Be careful of holding weeklies until expiration.** Remember the multiple trading halts? What if trading gets halted on Friday at 2pm and doesn't resume for the rest of the day? **All your 1/29 calls would expire worthless. Depending on your broker and your cash positions, maybe even your ITM ones.** Roll (or sell, if you're taking profits) your weeklies well before expiration.
- **Be careful about buying on margin.** Brokers are rapidly increasing margins. If you bought on margin with 2:1 leverage, and the stock went up 100%, you'd be in margin call even without a margin change. If the broker moves margin against you, you'll get to margin call faster.
- **Don't bet more than you can afford to lose.** I've been in GME long enough to know that just when you think going up is a sure thing (remember last Monday with the short sale restriction?), you can be surprised by a new trick. If you bet it all on weeklies all at once, you may not be able to recover from being wrong on the timing. Consider longer expiry or spreading your purchases out. I've held through multiple 30-40% drawdowns in the underlying; and **held through a 50% drawdown today**, so you need to be ready for the volatility.
- **Watch out for stop loss hunts.** It's common practice for shorts to hunt for stop losses for cheap shares. If you've set a stop loss, be really sure about it.

This is not financial advice; do your own DD. I'm holding over $1M in shares and calls.

1/26 Update

Hi everyone. Sorry for not posting or replying to comments. I was auto-banned from WSB when this post was auto-deleted by the auto-mod. Thanks to u/zjz to reversing the auto-deletion of the post though as it looked like it was helpful to the community.

Hope you all made a ton of money today!

Quick Notes:

- At an after-hours price of **$209 a share**, **every call option, for every expiry, for every strike price is in-the-money. This is the third time this has happened for GME recently.** Amazing. What this means now is that market makers will need to buy a lot of shares to hedge for the calls expiring this week. Heed my above warnings.
- At this price, shorts **will start to get liquidated.** Combining the 400% weekly gain with the margin requirements increasing across the board, brokers will force close short positions. Starting maybe with the small guys, but it will cause a ripple effect. **Things could move fast.** Some funds may get additional bailouts this week to hold out.
- **You need to decide your own exit.** Only you know how much $ you're playing with, how much you're willing to lose, how important the $ is to you, etc. **Minimize you're regret, don't maximize your profits.** If you are thinking about taking profits this week, spread out your sells so you don't kick yourself over timing things poorly. Personally, I think we are in **unprecedented territory** and that there's no way all of the shorts have exited already, so we're not done. I could be wrong. See EndGame part 1.
- **Close spreads.** With every call ITM, you are at the risk of early-assignment. If you don't watch closely, you could be hit with sky-high hard-to-borrow fees and get killed on what you thought was a profitable trade.
- **Watch for ripple effects. This is already happening.** When funds get liquidated, they have to buy back all their other shorts (see AMC, BBBY) and sell their longs (look at BABA after-hours). Want to play GME without playing GME? Maybe throw a little $ at BBBY. You do you.

- In EndGame Part 2, I talked about potential investors, and how the higher price is gonna attract the bigger $. Today we saw Chamath, Winklevoss, and others. And then Elon tweeted and simultaneously stimulated the buying frenzy and scared the crap out of shorts. I'm just gonna copy what I said about this potentiality
  - ***Elon****: (Least likely, completely improbable, but cataclysmic event). Elon hates shorts. Elon, with TSLA, went through the pain that GME is going through. TSLA almost went bankrupt because shorts were pushing the price down so it was difficult to raise the cash they needed to survive. Sound familiar?* ***Elon's wealth swings more in a day than GME is worth in entirety.*** *Elon could* ***buy all the fucking float of GME with what he makes in 8 hours****. One call from fellow entrepreneur and* *aspiring twitter-meme-god* *would absolutely wreck the game.*

1. ***If you are short gamestop****, you are one meme purchase by the richest man in the world away from a fucking cataclysmic event. "Hey son, I heard you like games. So I bought you gamestop. All of it." *

GME - EndGame part 4: The Saga Continues

DD

This is an extension of my DD series on GME. If you haven't read them and have time, they will provide some background on my previous predictions, some of which have already come true. In this post, I'll share my thoughts on what I think is going on, plus some tips to manage your positions and exits.

TL;DR: Shorts are in but likely want to get out. And they want to get out at the best price possible. See tips for managing positions.

Previous Important Posts

- EndGame Part 1 (DTC Infinity) covered the short positions, the float, and potential snowball impacts of increasing prices, and argued that part of the reason that shorts haven't closed was that it was pretty much impossible for shorts to close
- EndGame Part 2 covered Cohen, fair market cap analysis, and potential investors, in which I talked about the amazing mid-to-long term potential for GME.
- **HEY SEC, if you're reading please read this one** - After the Citron tweet, I shared this fan fiction on what looked like blatant market manipulation by shorts on the day of the tweet, and offered some education on strengthening your position. This one got buried and is worth reading.
- EndGame Part 3 covered the gamma squeeze, potential shady tactics by MMs, and some tips for staying safe.

What's happening with the price?

We're still gamma squeezing

Many media outlets are reporting this as a "short squeeze". They're only partially right, as if Melvin isn't lying they've already been squeezed out.

However, the reality is so far we've been Gamma squeezing - repeatedly - and some shorts have been casualties along the way.

See this post for a deeper explanation, but the essence of it is that market-makers have to buy shares to hedge the calls they sell. The more calls people buy, the more shares they MMs have to hedge with. As I explained in part 1, GME has ultra low liquidity, i.e. there's **waaaay fewer actively traded shares than what shorts need to buy to cover with**, and then when you get lots of people buying calls and shares in the hot new stock it just **removes more availability** from the market.

As a result, when MMs buy shares to hedge, it moves the price of the underlying up. Combine that with the buying pressure of people piling into a stock climbing 100% a day, shorts getting liquidated, and it's a perfect storm.

Today, GME closed at $347 (before the after market selloff, but i'll get to that soon).

320 calls were added yesterday. Similarly, when 115cs were added we squeezed to >115 in two days. Same story with 60c's etc.

Remember this commentary from [EndGame part 3]() on Friday’s price action:

_Notice how the stock dropped from a high of $75 on Friday to below 60 - the highest expiring SP for the 1/22 options, and **stayed tight in range for the rest of the day**_*. Now, for compliance reasons, MM are required to be neutral by EOD, so 20 minutes before close, MMs had to buy back all their short positions, which led to the strong close above 60.*

All this led me to believe that the **real fair market price for GME was above $65.** Without the market makers interference, GME would have closed higher.

Now, what happened today? We opened at **$351, more than double the previous close of $145** and after the morning profit taking, we squeezed to a **high of $372** as MMs furiously tried to hedge the 320 calls they sold you the day before for peanuts.

See, the thing is, [Kenny G]() doesn’t like to lose money. The magical method Citadel’s market makers make money, is that they sell you call giving you the right to buy shares at a certain price, say $320, for the nice price of $10/share (for example). Now, as long as Citadel’s MMs can buy all the shares they have to give to you for less than $320, that $10 is free money. However, when the underlying moves too fast, the MMs have to buy shares for more than $320, and **Kenny G does not like that.**

Today was a shock to the MMs that sold all the 320cs yesterday. A ***six-sigma event after a six-sigma event after a six-sigma event***. Yet again, within days (a day?) of offering new, higher strikes - **every call option ever sold was in the money, before they had a chance to adequately hedge.**

https://preview.redd.it/cq5wy45433e61.png?width=936&format=png&auto=webp&s=0c75a1e1a6e3808b54bafc646e2e6a7f29ca7cc3

So, just as on Friday, if the price got too high above **$320**, market makers dug into their bag of tricks to start selling it off. (People taking profits here helped too.) However, multiple times, when GME went **below $300**, MMs took their opportunity to hedge the 1/29 calls. So, just as before, *we traded in a tight range around the highest strike.*

My conclusion from this action the first time was that **GME's fair price was being actively suppressed**, and **it proceeded to 5x** in the next few days. There's a possibility we're in a replay and will see more upward movement on delta hedging alone.

The point of this is: I think shorts are feeling the squeeze, for sure, reporting [massive mark-to-market losses**.**]() **But I believe the shorts are still in.**

Shorts are still in

As of Wednesday morning, Ortex was estimating a **short interest of 65M shares**, down from 71M shares the day before.

https://preview.redd.it/ze8wx15633e61.png?width=932&format=png&auto=webp&s=7a034dbb3c54509c6267f20c4122ecdf3f6cf4bc

If you've read my Part 1 (DTC Infinity), you'll hopefully recall my thesis that there are actually less than **24M** shares available, and therefore that it would be nigh impossible for shorts to close. Since then a slew of new investors have piled in to **buy and hold** GME, from little guys like us to big-ass-whales like Blackrock **increasing their holdings to 13% of GME.**

So what? I think the available shares for shorts to buy **are down to under 20M, and they have to buy 65M shares to close**. *Shorts have barely begun to cover.* We've only been increasing the cost of their exits!

Now, let's talk about Melvin Capital. I loved watching Chamath defend retail investors and argue against the institutional leveraged shorting that got us here in the first place, but I also learned something interesting that helped me understand how the 140% short interest had in the first place, and how the unwinding may go.

At 2:10 Chamath says "*Gabe Plotkin is one of the giants of our era, but at the end of the day, what happens is that his trades are copied by umpteen other hedge funds that follow along* "

This tells me 2 things:

- A lot of hedge funds (likely Maplelane, D1, Viking, Point72, and more) followed each other into this short. Much like retards like us get behind good DD shared in the open, these institutional retards got together with their cigars and golf clubs behind closed doors and decided together to go in together against GME.
- If Melvin is really out, it's unlikely the other funds are going to want to stay in, lest they be compared poorly to Melvin if GME continues to go against them. **The other shorts want out.**

Chamath also tells us that prime brokers (the brokers that hedge funds use) are seeing **"the biggest 4-day degrossing from hedge funds they've ever seen".**

Again, the problem is - there just aren't enough shares. Shorts have dug themselves a massive grave by shorting more shares in existence and continuing to short while Cohen grabbed up 9M shares, institutions added to their positions, and retail traders piled in.

For **boomers like this tard** that can't understand why the price is so high - go back to Econ 101, supply and demand bitch.

It's costing shorts incredible $ to hold their positions

Here's all the ways shorts are losing money.

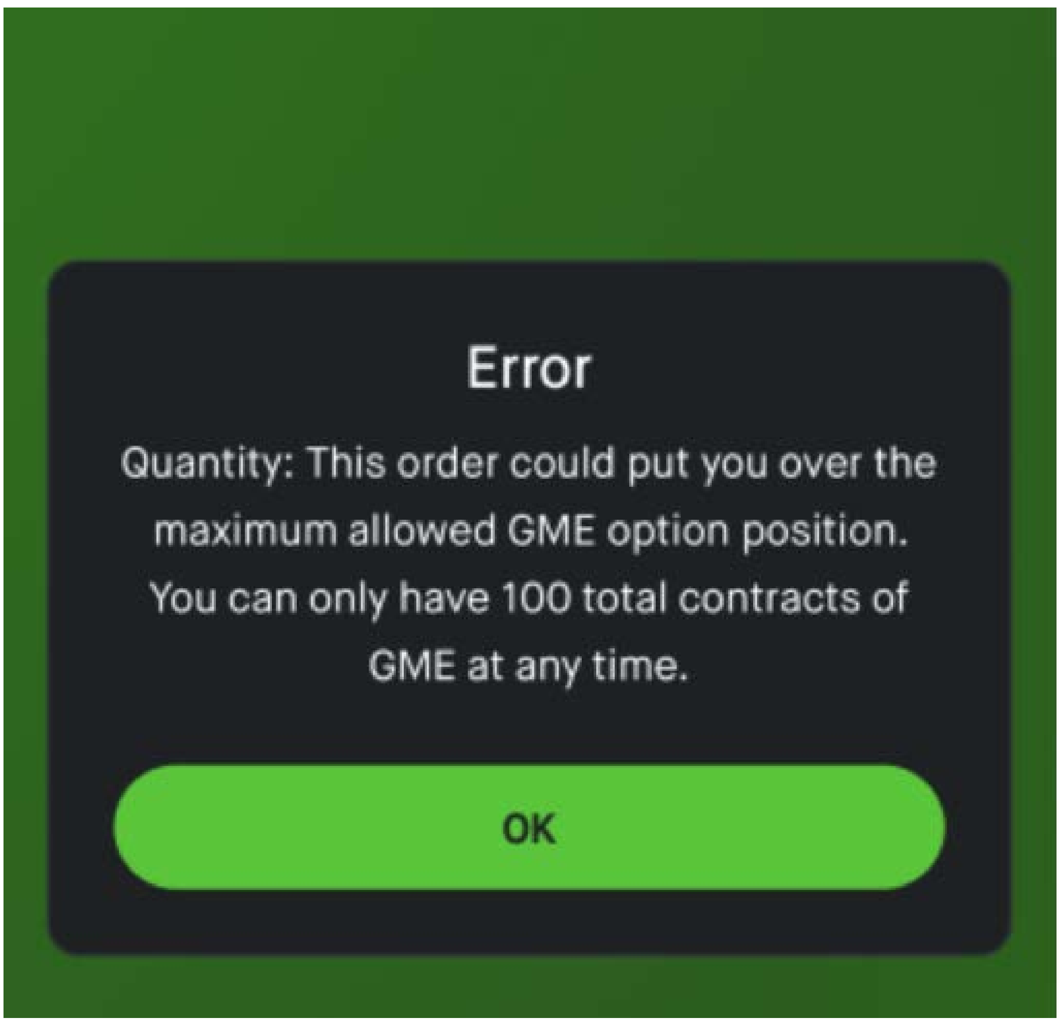
- They pay borrow fees to loan the stock. At one point today, the GME stock borrow fee hit 250% for new borrows. At $300/share that's $2/day. That doesn't sound like much right? What if you shorted at $50?
- The short position on GME has ballooned to **$25BN from a low of $1B.** *The borrow fees are applied to the latest closing price, not the price you shorted at.*
- Funds are paying **interest fees on the margin they are using for the short**
- And oh yeah, GME's up like 800% in 5 days.

Dirty tactics continue

At this point, I think “THEY” have figured out that gamma squeezes are absolutely destroying hedge funds. So what do they do?

- **THE BIGGEST DIRTIEST TACTIC OF ALL - they only allow you to sell, not buy. HEY SEC, WHY ARE SHORTS STILL ALLOWED TO SHORT WHEN LONGS ARE NOT ALLOWED TO BUY. WHY ARE INSTITUTIONS ALLOWED TO COLLUDE?**
  - **This is insane. Funds, prime brokerages, and market makers all stood to lose money so they disabled trading of GME due to "volatility". Citadel invests in Melvin capital. Then brokerages shut down buying!**
- Brokerages down
- Options not loading
- Restrict retail trading on GME
  - **I’m seeing reports that retail buyers not allowed to hold more than 100 GME options now**
  -

https://preview.redd.it/is4qn8n733e61.png?width=512&format=png&auto=webp&s=741f80fc182e27584954691ebb581ffee15f86ef



- This is a direct defense against more gamma squeezes and an **attack on retail investors, giving institutions a distinct advantage.**
- **HEY Shortsellers Enrichment Corporation** - how is it ok for [Citron to buy thousands of puts minutes before their tweet]() and how is it ok for prime brokers to give hedge funds 10-100x leverage, but the little guys can't have more than 100 options total?
  - Personally, I don't really do 100s of options all at once but now I really want to. Fuck this.
- More short ladder attacks. Look at after-hours trading on GME - a rapid short ladder attack during low-volume trading in order to bring the price down.
- **If you use stop losses on GME and leave them on, you will get stop-loss hunted.**

Ripple effects of the squeeze

- These hedge funds that are short GME, are also short other equities like BBBY, AMC, etc.
- These hedge funds are also long other shares with leverage, so the ONLY way they're staying alive and not covering their shorts, is that they're **reducing their long leverage. This means selloffs in the broader market** as they have to shore up their margin requirements against the massive short squeezes in their portfolios.

I believe we're at a tipping point

- I don't believe shorts have really covered yet. They have defended by getting capital infusions and reducing their long leverage. I.e. they have begun liquidating long positions.
- If GME climbs more, they will be **forced to cover and liquidate.**

Things to be careful about

As you can see, this is no easy win. In addition to the [suggestions I wrote about in this post](), here's some things to be careful about.

- **There are threats to halt trading. Shares are safe, they do not expire. Calls can be destroyed by tactics like buying halts.**
- **Be careful about swapping ITM calls for OTM calls:** it can be tempting to trade-up your options for higher return, but be mindful of the delta impact. You may actually be driving the sale of shares by MMs when you don't mean to. For example, if you sell a .5 delta call for 2 .2 delta calls, that's net reduction of 10 shares that MMs have to hold long as leverage.
- **Be careful about being short any calls this week:** Not only do you limit your upside (which is dumb in the prospect of a squeeze), you could end up in a nightmare scenario. A call that ends OTM on Friday could end up ITM after hours if you didn't sell it, and you may get assigned while the underlying continues to go up. **Close spreads if your short legs are deep ITM** unless you want to risk early assignment and high hard-to-borrow fees.
- **There are a few other dirty tactics shorts can play.** I'm not specifically going to share them here because I don't want to give the ideas circulation, but
  - **Choose your own limit sells based on personal sell points.** Don't copy others and don't try to be memey. Make your own decisions.
  - **Stop sharing your positions publicly.** I know this is anti-wsb, and I think sharing them is great for this community, but in the case of GME it's an **attack vector** for you.

- **Be careful of holding weeklies until expiration.** Remember the multiple trading halts? What if trading gets halted on Friday at 2pm and doesn't resume for the rest of the day? **All your 1/29 calls would expire worthless. Depending on your broker and your cash positions, maybe even your ITM ones.** Roll (or sell, if you're taking profits) your weeklies well before expiration.
- **Be careful about buying on margin.** Brokers are rapidly increasing margins. If you bought on margin with 2:1 leverage, and the stock went up 100%, you'd be in margin call even without a margin change. If the broker moves margin against you, you'll get to margin call faster.
- **Don't bet more than you can afford to lose.** I've been in GME long enough to know that just when you think going up is a sure thing (remember last Monday with the short sale restriction?), you can be surprised by a new trick. If you bet it all on weeklies all at once, you may not be able to recover from being wrong on the timing. Consider longer expiry or spreading your purchases out. I've held through multiple 30-40% drawdowns in the underlying; and **held through a 50% drawdown today**, so you need to be ready for the volatility.
- **Watch out for stop loss hunts.** It's common practice for shorts to hunt for stop losses for cheap shares. If you've set a stop loss, be really sure about it.
- **Don't sell on dips.** You're only helping the shorts. If you need to sell to take profits, sell when it's heading up. Sell high, not low retards.
- **Save dry powder to buy on dips.** Dips manufactured by shorts are buying opportunities. Take advantage of folks with paper hands to capture shares at low points. GME has incredible daily volatility. Set a low limit buy and just wait for the order to fill. Have patience when buying.

This is not financial advice; do your own DD. I'm holding over $1M in shares and calls. **I AM NOT SELLING WHEN THE BUYING MARKET HAS BEEN REMOVED. YOU ARE BOUND TO NOT GET A FAIR MARKET PRICE.**

Update New ortex data shows 51M short interest. So the covering has begun.

Update 2: what you are seeing in the price drops is likely the gamma squeeze in reverse. People are rightly selling their short term calls, so MMs are selling shares they bought to hedge. That drives the price down, which then causes more de-hedging. This is all a manufactured selloff by elimination of ability of people to buy the equity and should absolutely be investigated. It's very likely the big boys knew the buying restriction was coming and started the selloff last night.

Update 3: getting angrier by the minute. Reviewing the volume and price action and shorts bought in volume at the absolute bottom. This mothefucker, Steve Cohen, who bailed out Melvin and previously accused of insider trading is now GLOATING after this blatant trick https://twitter.com/StevenACohen2/status/1354864321134735360?s=09

GME - EndGame part 5: They couldn’t win, so they cheated. Why you should leave Robinhood.

This is an extension of my DD series on GME. If you haven’t read them and have time, they will provide some background. In this post, I will discuss how shorts manipulated the market to score a massive victory today. There is a mass attack in mainstream media to try and portray retail traders as violating the rules, when in essence it’s the guys on the other side who are manipulating.

Sorry it took a long time for me to get this out, but I’ve been fuming all day at the blatant manipulation.

TONIGHT: AOC is doing a Twitch stream. Please tweet this post and this one to her attention and to anyone else (Chamath? Elon SEC? Portnoy? Bueller?), to help people understand the manipulation that’s going on.

TL;DR: Shorts couldn’t win. So they cheated. I’m sharing my research and speculations. This is not financial advice; do your own DD. I didn’t sell any shares today.

Previous Important Posts EndGame Part 1 (DTC Infinity) covered the short positions, the float, and potential snowball impacts of increasing prices, and argued that part of the reason that shorts haven’t closed was that it was pretty much impossible for shorts to close

EndGame Part 2 covered Cohen, fair market cap analysis, and potential investors, in which I talked about the amazing mid-to-long term potential for GME.

HEY SEC, if you’re reading please read this one - After the Citron tweet, I shared this fan fiction on what looked like blatant market manipulation by shorts on the day of the tweet, and offered some education on strengthening your position. This one got buried and is worth reading.

EndGame Part 3 covered the gamma squeeze, potential shady tactics by MMs, and some tips for staying safe.

EndGame Part 4 covered the continued gamma squeezing and the resulting tenuous position of the ~50M shorts that were still in GME.

The setup for the biggest, dirtiest trick of them all Background you need to understand The new twist in this story all started with Citadels & Point72’s investment in Melvin Capital, one of the biggest shorts in GME. Remember - Kenny G does not like losing money, so there’s no way he was going into that agreement with a potential loss of $3B on his hands.

Also, Point72 is run by Steve Cohen, who a) is one of Plotkin’s mentors and b) who was previously sued for insider trading and settled for $616M.

These are not nice folks, people.

What you need to know about Citadel

As I mentioned in part 3, I was concerned about the Citadel investment in Melvin because of Citadel’s connection to market makers. It seems like an amazing regulatory oversight.

In addition to the possibility of market-makers employed by Citadel acting in non-neutral ways as I discussed in part 4, this is the other bad shit:

Many of you are on RobinHood for the free trades. How does RobinHood make money? They sell your order flow data to Citadel and lend your shares to shorts, pocketing the borrow fee.

Citadel paid RobinHood $100M in one quarter of 2020 just to know what you retards are doing on RobinHood. What do they get for that?

Citadel knows exactly the positions you’re holding.

Citadel likely knows how much of that is on margin.

Citadel knows Robinhood’s margin rules and when they would force you to sell.

Citadel gets all of your limit buys, limit sells, for every equity and every option

Citadel gets your history of purchases and sales, giving them very clear ideas of YOUR likely buy and sell points. They know when you bought them, how many, and can probably guess your own personal pain thresholds based on other equity sales.

Trading on insider information should be illegal right? Well trading on your order data is not illegal for them. Get the fuck out of Robinhood folks. This is why it makes sense to pay for commissions. If you are not paying for the product, you are the product.

In addition, remember that I discussed that we have been gamma squeezing for the last few days. In short, this means that a lot of the price action has been driven by MMs buying shares to delta hedge the options they've been selling you. Guess what?

Who sold you those calls? Citadel.

Who knows exactly how many shares are being held at each price level by market makers? Citadel.

The big dirty trick: how I think it happened, the implications, and how it helped the shorts Remember, that out of 69M total outstanding issued shares, GME still had 50M~60 shares shorted as of today morning.

In my last post, I touched on the potential ripple effects of this short trade going against hedge funds, but here's a synopsis:

Hedge fund run leverage portfolios. Here's Chamath doing a ELI5. Now, if the GME short was gonna go totally tits-up for shorts, say at $1000/share, here's what would happen:

You'd start to see a sell-off wider indices, as they have leveraged long positions. In order to not get margin called on their short positions, shorts had to start deleveraging (selling) their long positions. Notice the big selloff in the wider market yesterday? That was likely a whole slew of hedge funds working together to deleverage their longs, selling all at once, to shore up capital for their margin requirements against their short positions.

Regulators don't like turmoil in the wider markets. Kenny G, Steve Cohen, and a bunch of funds then likely went to said regulators and said "Oh poor me, I guess I'm going to have to liquidate completely and sucks that means we're going to maybe trigger a wider market selloff"

Said regulators: "Oh no! What can we do to get out of this mess?"

Snakes / Short sellers / Citadel likely asked regulators to only allow closing of positions to soothe the markets and "reduce volatility". Make it sound like it's going to be a good thing for the world, to convince the regulators to agree. Make it sound like it's for the good of retail.

I really want to know who made the decision to only allow closing positions as that was probably the largest coup shorts could have achieved in this fight.

If Citadel or the shorts knew about this decision in advance, or worse - if they made this decision happen, this is one of the greatest acts of market manipulation in history.

As you know, this decision meant that investors could only close their positions today. This means that shorts could only buy and longs could only sell. However, when you remove the ability to BUY for everyone, what happens? You get some selling pressure. Now us diamond-hand retards know not to sell when no one can buy, right?

So it didn't even have to be you guys selling. It's very likely that some cooperating hedge fund has been buying shares on the run-up, and chose this morning to sell the shares, triggering a gamma wave down, tumbling the stock down 80% in 1 hour. Thanks SEC for looking out for us!

Let me explain this a bit better

Remember that market-makers were holding millions of shares of GME to delta-hedge the calls they sold you.

This is the big one. As the price goes down, say with some selling by the co-operating hedge fund, market-makers have to sell the shares they were holding shares to delta-hedge. Normally, this wouldn't move the price much, but when no one can buy the shares besides shorts this created a massive selling wave. Something like 30-40M shares had to be sold when no retail investors could buy. What a clusterfuck.

People warned investors about stop losses and margin. Citadel knows all of your stop losses, and all of your margin holds so as the price went down, not only do more people choose to panic sell but also some folks got auto-sold at the fucking bottom either by margin issues or by their own auto-sells executing.

As soon as the 80% drop had cleared all of the known auto-sells and margin calls Citadel knows about, shorts and funds turn around and start buying, with volume, right at the bottom. None of us could buy, so the discount is just for the big boys today.

https://preview.redd.it/xxfjwy1cs5e61.png?width=463&format=png&auto=webp&s=50127608c54a37e0a999cf94a3d839586fbc9d89

In addition to this huge push down, they continued to manipulate the stock so none of the few buyers left could actually push the price up. There's a video on twitter showing the orchestrated sell walls today allowing shorts to keep buying cheap shares. If someone adds it in the comments I'll link it here.

I believe Citadel, the short funds, and possibly the brokerages colluded to bail out the hedge funds by stealing money from Gamestop investors.

This guy believes Citadel reloaded shorts right before the buy restriction.

Furthermore, they're fucking smug about it. Here's Steve Cohen rubbing it in your faces.

What's next? Hard to tell. We all need to pay close attention to what happened today. It's very likely a lot of shorts covered with the heavy discount, but we won't know for sure for a little bit. I'm still in GME and want to see this thing thrive.

Robinhood and possibly some others are opening up buying tomorrow. This is your money, so be safe. I'm staying in GME out of anger at this point, and closing my Robinhood account. Screw these cheats; screw Citadel. They need to be investigated.

PLEASE LIKE AND SHARE THIS TWEET!

https://twitter.com/AspirationsFat/status/1354939041020407815?s=20

GME - EndGame part 6: The Big Reset, or The Greatest Financial Crime of the Century - and how to play GME going forward

DD

This is an extension of my DD series on GME. I have been investing in, learning about, and following GME since September 2020, and in that time I have learned many things. It is also likely my last post on GME for a while as I find myself repeating key points, and others are doing excellent DD on GME in the meantime.

In this post, I'll share as much understanding as I can about how we got here, about shorts, and my thoughts on the future of GME. I'll also try to include many tips around trading/investing with GME going forward.

TL;DR: The squeeze has been reset. Shorts have re-set their short positions at much higher sell points, and longs have likely cycled through. I don't believe a VW-style squeeze is possible because Robinhood will just get choked again, but I do believe $GME is worth much more than $50/share. Fuck "diamond handing", I'm **starting to accumulate shares again.** I share below how I'm trading GME.

Previous Important Posts

If you haven't read them and have time, they will provide some background on my previous analysis.

- EndGame Part 1 (DTC Infinity) covered the short positions, the float, and potential snowball impacts of increasing prices, and argued that part of the reason that shorts haven't closed was that it was pretty much impossible for shorts to close
- EndGame Part 2 covered Cohen, fair market cap analysis, and potential investors, in which I talked about the amazing mid-to-long term potential for GME.
- After the Citron tweet, I shared this fan fiction on what looked like blatant market manipulation by shorts on the day of the tweet, and offered some education on strengthening your position. This one got buried and is worth reading.
- EndGame Part 3 covered the gamma squeeze, potential shady tactics by MMs, and some tips for staying safe.
- EndGame Part 4 covered the continued gamma squeezing and the resulting tenuous position of the ~50M shorts that were still in GME.
- EndGame Part 5 (deleted by mods, posted by someone else in comments) went into the implications of the absolute mindfuck trick the shorts pulled when they limited buying of GME (and other heavily shorted stocks)

Important External Reading

These three non-reddit articles are critical for understanding the short playbook. This is essential reading if you want to understand how the funds that are short GME may have manipulated/directed the DTCC to strong-arm Robinhood to halt buying on the 28th. My key takeaway from all this is that the core investigation needs to be happening with the **DTCC/NSCC** to understand why the margin changes were forced upon RobinHood, and who specifically asked for the buying halt on the 28th. I believe shorts worked together with brokerages and the DTCC to rob investors of over $40B of value, representing what is probably one of **the greatest financial crimes of the century.**

- Anatomy of a Short Attack - Seeking Alpha article from 2014. Can't link it. Search for it. Key tactics that shorts use (and have used on GME)
  - Flooding the offer side of the board

- Leveraging counterfeit shares
- Media assault (see my post on coordinated put buying with the Citron post, and pay special attention to media treatment of GME to drive down sentiment)
- Analyst reports (BofA coming out with a ridiculously low price target)
- Frivolous SEC investigations meant to distract the SEC
  - Like this one filed against DFV/Roaring Kitty
- **Pulling margin from long customers**

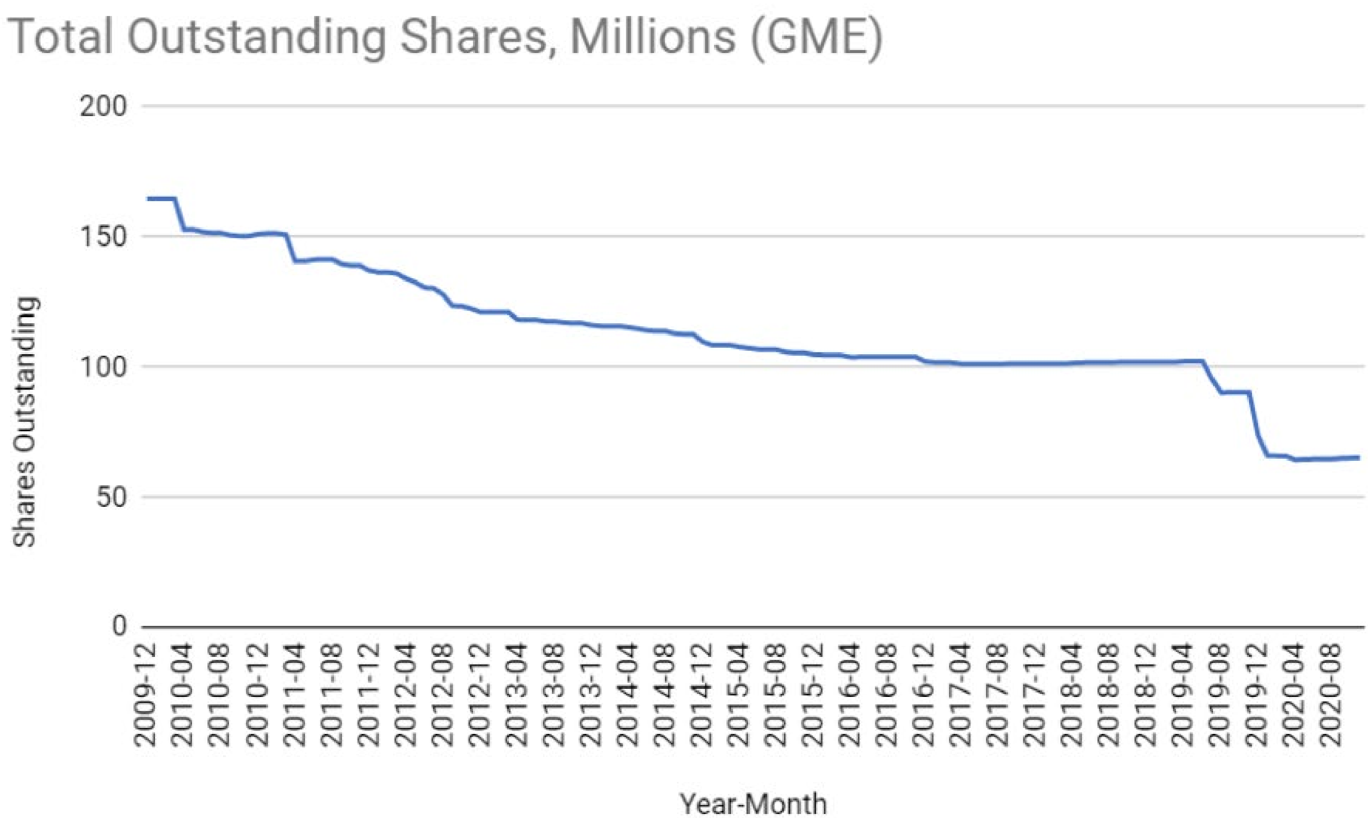
- Illegal Naked Shorting: **DTCC** continuous net settlement and stock borrowing programs have loopholes that facilitate illegal naked shorting
  - “There is an integral relationship between the DTCC and hedge funds"
  - On regulation SHO: “However, Wall Street has a bag of tricks to get around this requirement. One of which is simply to ignore it. Another is to roll the position to another broker-dealer. Oftentimes, fails to deliver can last for months or years. The SEC seems strangely unwilling or unable to enforce this provision of Regulation SHO.”

- “How phantom shares on Wall Street threaten U.S. Companies and investors” (March 2020)
  - This article is **a bombshell -** a **former DTCC employee** whistleblowing fraud in relationships with DTCC and short funds
  - What’s happening with GME **happened before** with Fannie Mae and Freddie Mac: “**evidence that more shares were sold than ever existed**”
  - “The main problem is that Reg SHO has no real teeth for enforcement. **The brokers** are never called to be responsible for their behavior.”
  - **Banks play by different rules!** “The SEC continued to declare that fails to deliver were not an indication of naked short selling. That changed when Goldman Sachs and other financial firms needed to be protected. Trimbath pointed out that **not till the banks/broker-dealers began to see massive numbers of fails to deliver in their own shares did the SEC put a short-selling ban in place – but only for the shares of banks, insurance companies and securities firms**, including the very culprits responsible for the dirty system.”
  - “Who controls the DTCC? **The answer is that the banks and brokers who use DTCC‘s services, who process trades there, who fail to deliver there, are insiders who sit on the DTCC Board of Directors.”**

History of shares and shorts on $GME

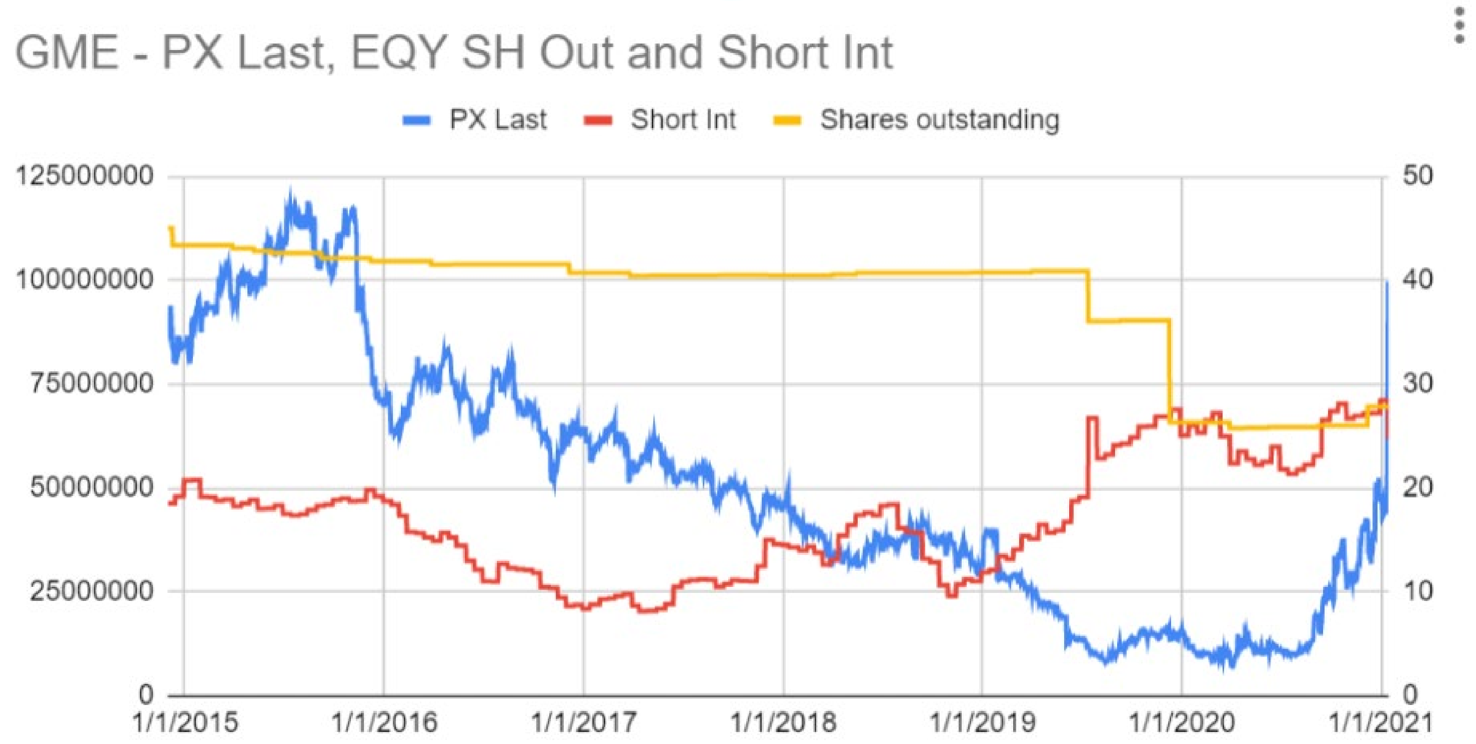
Here's some history on GME that's worth knowing so you understand the context of where we are today.

- **GME used to have many, many more shares outstanding.** Back in 2009, there were over 160M shares outstanding, and GME has steadily been reducing the number of shares outstanding through buybacks and share retirements, concluding with a **massive share 40% buyback in 2019** pushing GME under 70M outstanding shares.



When you look at a price history chart, you need to factor this in. So when GME's share price was $50 in 2008, its market cap was actually $8B not $4B like it is today at $50/share.

- **GME used to be in the S&P 500.** It was added in December 2007 when it had around an $8B market cap and removed in April 2016 when its market cap had dropped to around $3B. In 2016, there were about 25M+ shares shorted of GME. **It's very likely GME was shorted out of the S&P.**
- **Short interest did not decrease after share buybacks.** In 2019, GME bought back and retired 40% of their shares yet amazingly the short interest **increased**. How is it possible that shorted shares, **if not naked**, did not have to find new borrows to cover? How could they have found 30M borrows in such a short period?



- **How were shorts able to increase their short position by 20M shares in such a short period of time?** In July 2019 GME bought back and retired 10M shares. At the same time, shorts increased their short position by 20M shares. How is this possible? How could they have borrowed 20M more shares while shares are being retired and removed from float?

Date	PX Last	EQY SH Out	Pct Insider Share	Short Int	SI Percent Equity	Shares outstanding
7/7/2019	5.52	102.269	3.539	47834755	48.3727	102269000
7/8/2019	5.45	102.269	3.539	47834755	48.3727	102269000
7/9/2019	5.31	102.269	3.539	47834755	48.3727	102269000
7/10/2019	5.18	102.269	3.539	47834755	48.3727	102269000
7/11/2019	4.84	102.269	3.539	47834755	48.3727	102269000
7/12/2019	4.91	102.269	3.539	47834755	48.3727	102269000
7/14/2019	4.91	102.269	3.539	47834755	48.3727	102269000
7/15/2019	4.75	90.269	3.539	**66891494**	77.1974	90269000

- **Shorts did not close at $3 because of a tax loophole.** Shorts had been shorting GME since it was well over $40/share in 2015. By April 2020, GME had dropped to under $3, and shorts were sitting on **billions in profit.** Why not take profits? A little known **tax loophole** allows hedge funds to **pay no taxes** if a company they shorted goes bankrupt, as they do not need to close the trade, so the profit is not realized.
- **Many of the major short funds are disciples of Steve Cohen, who previously paid billions to settle insider trading charges.** Maplelene capital, Melvin, others are all Steve Cohen cronies. Who bailed out Melvin? Steve Cohen.
- **There are many strange connections between DTCC's actions and shorts.** As you know DTCC/NSCC put a

gun to Robinhood's head demanding billions in liquidity to support their customers buying GME. At that point more than 50% of Robinhood's users had GME.

  - Robinhood is only worth around $10B. The amount being asked for from DTCC was likely to drive Robinhood into the ground had they not found a solution.
  - **Key question: Who suggested the buying halt? Was it Vlad? Or did the DTCC suggest a buying halt to as a negotiating tactic to reduce the liquidity requirements?** Sounds very much like a "turn off buying or else" kind of arrangement.
  - Keep in mind, that at this point shorts were on the verge of losing **upwards of $50B** as **GME was well on its way over $500/share**. So Citadel doesn't care about shooting down Robinhood. It's a minor toe amputation to save their leg.
  - The 4am call from the DTCC happened **2 days after Citadel and Point72 bailed out Melvin** and **1 day after the put:call ratio for GME flipped 3:1 for puts** - not only was this coordinated, shorts knew this was coming and profited from it
    - **If a regulator/lawmaker/SEC agent could figure out who bought those puts, you'd know something interesting.**

Why GME went up

- Many pundits in the media were extremely confused why the price of GME got so high. Let me try and explain this.
  - First, the **current price of an equity is just the last traded price.** This is a very, very critical piece you need to understand. When there are 70M shares outstanding, and 1M shares get traded back and forth multiple times a day, the price you see is just the price of the active float trading back and forth. This is why many technical traders pay very close attention to **volume.** When there's **high trading volume relative to total float**, it's easier to believe the price is more reflective of actual underlying value.
  - In the case of GME, **supply and demand** is the critical driver of price. As I mentioned in [EndGame Part 1]() the true supply of GME shares (tradable float) is ridiculously low)
  - The demand side comes in 4 parts:
    - Value buyers - people like DFV who saw a company at $4 valued less than 1 year cashflow and decided to tell the world about how great of an opportunity this was
    - Squeeze buyers - people and funds that smelled blood in the water and bought shares in anticipation of someone else **needing** to pay more
    - Shorts covering - shorts that needed or wanted to buy as the trade went against them
    - MM hedging - repeated gamma squeezes that had an outsized impact on price due to the low underlying liquidity of GME
  - For a normal equity, most of that demand side **does not exist.** Low supply + high demand = high price. That's why GME shot up.

The Big Reset

This wasn't just a squeeze, this was a massive reset on investors (long and short) for GME.

- Any SEC filings (13G/13F) showing positions prior to Feb 1 are **irrelevant** (other than insider positions). It's very likely many longs liquidated during the squeeze, and likely many shorts covered. Some of those longs that liquidated may re-invest, and some of the shorts that covered may re-short.

- Shorts were given a huge bailout, whereas they previously were sitting on losses upwards of $50B they were instead able to close positions at much lower share prices, with GME currently sitting at $49/share - a 90% reduction from its peak of $500/share prior to the buying halt on the 28th.

However, this is not the end for GME

- Everything started with value on GME
  - At $50, we're back to a value play. GME's market cap is now under **$4B.** Remember that GME has over $1B in e-commerce revenue alone every year and e-commerce is growing at 300%. For more on market cap potential, go see EndGame Part 2 or the excellent gmedd.com
  - **Nothing that happened in the last few weeks has changed the core fundamentals of the business** or the **prospects for a Cohen-led revitalization**, so if you were in this for Cohen at $20-35, we're not too far off from that right now.
  - If people can afford to hold their shares, the float continues to shrink
- Wild cards remain (in order of decreasing likelihood)
  - **Cohen still needs to buy his 7%**. He's likely waiting for a good signal from the board that he's going to be CEO as well as a good entry point. The officers added to the company on the board also need to buy their shares. They are not buying in at squeeze entry points.
    - **Key point:** When insiders buy shares, their shares are removed from the lending pool. **This is part of the GME corporate bylaws.** I believe this is likely what triggered squeeze 1.0, as that happened roughly 2 days after Cohen's 9M shares were likely recalled when he got added to the board.
  - **Regulatory involvement.** It's really unlikely the SEC is going to step up and enforce their own fucking rules, but hey if they did we might see some reductions in fails-to-deliver and the blatant naked shorting happening with GME.
  - **Share recalls for a vote**. There are a number of reasons this could happen. I think it's unlikely but if this were to happen non-naked shorts would need to cover.
  - **People moving out of Robinhood** to brokers that can stop lending their shares - After this shitshow, I moved a few thousand shares out of RH. I didn't realize they were being lent out to shorts and Robinhood was pocketing the difference.
    - You can only get Robinhood to stop lending your shares if you move to a cash account, but **interestingly Robinhood's instructions for how to downgrade to a cash account have disappeared from their site.** (Try clicking on "downgrade" under Robinhood Cash here). **Shady AF.**

How I'm thinking about GME now

This is going to sound extremely strange, but **I've never been more excited to lose money.** I am holding several thousand shares in GME, but my position is only about 25% of my desired position, and I can't wait to buy GME at lower prices. I hadn't bought any shares since $35 (see my part 2 when I said I went all in), and sold on the way up to take some profit, but I'm slowly starting to add again around $50 with the profits I made from trimming on the way up when it got above my price target I shared in part 2 of $125.

None of this squeeze drama, broker drama, etc. changes the fundamentals of the company and why I was bullish in the first place. I think that the core short thesis of “GME is another blockbuster destined for death” is dumb and I think Cohen is going to cause a future re-rating of the company.

Since part 2, some interesting developments have happened at GME, including the addition of new officers of the company (more Chewy execs and one ex-Amazon exec as the new Chief Technology Officer).

I believe strongly that Cohen has a strong chance of becoming CEO. I don’t think they would have been able to add the talent recently had it not been for him, and the creation of a tech officer position is a clear signal that the thinking of how to run the company is changing. (Think about it - **if this was just blockbuster with a website why would they need a Chief Technology Officer?**) Big plans are afoot folks. **$4B for GME is cheap.**

That being said, I’m hoping for a further dip. I’m **selling puts from 40 down to 10** hoping to score as many cheap shares as I can, and to take advantage of the still-insanely-high IV.

Suggestions

This is going to be a long fight. It is painful for all of us, regardless of your cost of entry, because longs would have won the battle had the market remained free. Instead, funds, clearinghouses, brokers colluded to restrict buying and eliminate the demand side of the market.

Here’s some thoughts on managing your GME positions going forward.

- **Take advantage of IV while it is high.** While IV is still high, sell puts if you want to add, sell calls to reduce your cost basis. For example, I sold 2/26 9p for like $0.5 - **that’s a 6% return on capital in less than a month**, and either I own GME at $9 (awesome!) or I keep the premium (also good). I personally believe we will not be allowed to squeeze unless regulators step in and open up the market here, which will not happen quickly, if ever. So I’m selling calls against my remaining shares.
    - I also sold some Nov 70p for ~$42. Let me explain this trade for those of you that don’t sell puts normally. Selling puts gets a bad wrap of “pennies in front of a steamroller” but this is **not the case with GME if you do it right.**
        - Someone paid me $4200 now for the requirement that I would be forced to buy 100 shares of GME at $70 in november (total of $7000).
        - So I have to set aside $2800 of my own capital to secure this put.
        - Two scenarios:
        - So, in my mind, this is a trade that “can’t go tits up”.
        - “Downside” risks:
- **Have your own price target:** Keep a valuation target in mind below which you believe it makes sense to add, and above which it makes sense to trim. If you are in need of some research here, see gmedd.com. I also wrote my own long-term bull targets in EndGame Part 2. Buy low, not high folks - don’t fomo.
- **Stop sharing your positions publicly.** I know this is anti-wsb, and I think sharing them is great for this community, but in the case of GME it’s an **attack vector** for you.
- **Be careful of holding weeklies until expiration.** Remember the multiple trading halts? What if trading gets halted on Friday at 2pm and doesn’t resume for the rest of the day? **All your calls would expire worthless. Depending on your broker and your cash positions, maybe even your ITM ones.** Roll (or sell, if you’re taking profits) your weeklies well before expiration.

- **Get the F out of Robinhood.** While Robinhood was just a pawn IMO, why do you want to use a broker that can F you so easily? They lend your shares to shorts and don't pay you for it, margin call you when you're winning, sell your shares at absolute lows, and pass all your data to Citadel. I don't think the "free" commissions are really free. RH is worse for your financial future.
- **Minimize regret; don't maximise profitability.** I sold some shares "early" on the way up to take out my cost basis and some profit. I missed all the peaks (never sold any shares above $400), but holding out for "maximum profit" led to a bit more regret when things went the wrong way.
- **Don't bet more than you can afford to lose.** I've been in GME long enough to know that just when you think going up is a sure thing, you can be surprised by a new trick. If you bet it all on weeklies all at once, you may not be able to recover from being wrong on the timing. Consider longer expiry or spreading your purchases out. I've held through multiple 50%+ drawdowns in the underlying; you need to be ready for the volatility.
- **Watch out for stop loss hunts.** It's common practice for shorts to hunt for stop losses for cheap shares. If you've set a stop loss, be really sure about it.
- **Don't sell on dips.** You're only helping the shorts. If you need to sell to take profits, sell when it's heading up. Sell high, not low retards.
- **Save dry powder to buy on dips.** Dips manufactured by shorts are buying opportunities. Take advantage of folks with paper hands to capture shares at low points. GME has incredible daily volatility. Set a low limit buy and just wait for the order to fill. Have patience when buying.

This is not financial advice; do your own DD. I'm holding what previously was valued at over $1M in shares and calls. And I added 1500 shares these last 2 weeks as well as sold hundreds of puts to either capture six figures of premium or buy 7 figures worth of GME at price points I find attractive.

Bonus: If I was Maxine Waters, what would I ask?

On February 18th, Congress will be interviewing Robinhood, Melvin, Citadel, and DFV. Here are some questions I'd love to see asked with the answers aired out in public, under oath.

Dear Vlad,

1. Have they ever had such a dramatic margin increase request from DTCC before?
2. How much time have previous requests been given to accomodate vs this one?
3. Who suggested the solution of restricting buying? Was it Robinhood or suggested by DTCC as a concession in return for a reduced margin requirement? What other solutions were explored and why were they not pursued?
4. To his knowledge, are there any historical professional or other relationships between the decision makers in the DTCC to the funds that are/were shorting GME
5. What is preventing this from happening again, should GME's price rise again to $500/share or more?

Dear Kenny G,

1. Could you explain the reasons for your bailout of Melvin capital?
2. How many members of the DTCC are former Citadel employees?
3. Did you or anyone in Citadel communicate with the DTCC prior to their margin changes to robinhood. If so, what

were the nature of these communications?

4. What positions did Citadel take against GME prior to the buying halt on the 28th?
5. Did Citadel share any of its order flow data with any hedge funds shorting GME
6. Did Citadel have any communications with Robinhood senior management in the weeks leading up to the 28th?

Dear Plumpkin,

1. Please explain how shorts are able to short greater than the outstanding float of an equity
2. Short interest increased by 20M shares in July 2019. Did Melvin increase their short position in that timeframe? If so, please explain how you were able to borrow shares when 40% of GMEs float was bought back
3. Please explain the method by which hedge funds do not pay taxes when they have a short on a company that has gone bankrupt
4. Are any members of the DTCC former employees of Melvin Capital? If not, please share what communications between the DTCC and melvin capital the weeks leading up to the 28th
5. Did you have any agreements written or otherwise with other major shorts of GME. I e. Maplelene Capital
6. There were 6000 short term puts purchased within 30 minutes prior to Citron's tweet announcing their pending argument against gme. Did Melvin capital purchase any puts on that day in that time frame?
7. What was the arrangement between citron and melvin capital?
8. Have you ever paid for media placements against GME
9. Please explain why you could state that you have closed your short positions when your recent filings say otherwise
10. Did Melvin open short positions on X-"R"-T when they closed their short gme positions
11. Please explain your process to locate borrows for shorts. With whom in the DTCC do you cooperate with?
12. Has Melvin Capital ever been forced to buy-to-close short positions as a result of Regulation SHO / fails to deliver?