

Title: Gabe, is this legal?

Author: funsnacks

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In a previous post I decided to re-evaluate Melvin Capital's involvement in what I believe to be [Securities Lending](<https://www.investopedia.com/terms/s/securitieslending.asp>) tied to the collapse of a supply chain finance company and family office dealing in [leveraged loans](<https://www.spglobal.com/marketintelligence/en/pages/toc-primer/lcd-primer#sec3>).

While re-reading a recent Bloomberg article I noticed something unusual that wasn't apparent to me until now:

>"A former protege of Steve Cohen... Plotkin racked up big gains by both investing in stocks and betting against others through the use of puts and outright short sales... In addition to the first-time positions, **they show a jump in the number of put options that Melvin held on earlier targets, including six-fold increases in its bets against ViacomCBS Inc.**..." - [Bloomberg - August 20th, 2021](<https://www.bloomberg.com/news/articles/2021-08-20/melvin-ramped-up-new-bets-against-stocks-before-55-january-rout>)

Wait a second - isn't ViacomCBS one of the companies that was most steeply sold off when the family office was liquidated in March? Yup, [big time](<https://www.bloomberg.com/news/articles/2021-04-09/rattle-d-archegos-stocks-investable-again-after-194-billion-blow>).

What explains this behavior other than Melvin having prior knowledge of a future liquidation of an over-leveraged family office? Additionally, what if Melvin's prior knowledge of a major liquidation-related event stemmed from his own participation in Securities Lending alongside Citadel and Steve Cohen's Point72? Smells funny to me given the influence ViacomCBS holds and their interest in [another company](<https://www.bloomberg.com/news/articles/2021-06-23/viacomcbs-roku-rally-on-speculation-that-comcast-may-make-a-bid>) that has enriched [friends](<https://www.reuters.com/article/ark-invest-cathie-wood-bill-hwang-idUSFWN2MU2PD>) of the now-bankrupt family office. That friend has since [reduced their exposure](<https://www.bloomberg.com/news/articles/2021-07-29/ark-quietly-cuts-exposure-to-one-of-cathie-wood-s-hottest-stocks>) to said company.

I believe these are important questions that directly tie back to GameStop given the way Retail Investors interested in the burgeoning technology company [GameStop] are being portrayed and used as a scapegoat for **Institutional Irresponsibility** and the seemingly intentional effort to skirt standard disclosure procedures in attempt to reduce exposure-related risk. From the same Bloomberg [article](<https://www.bloomberg.com/news/articles/2021-08-20/melvin-ramped-up-new-bets-against-stocks-before-55-january-rout>) quoted earlier:

>"Plotkin obtained permission from the U.S. Securities and Exchange Commission to delay required disclosures starting in February, after Reddit traders used the fund's earlier filings to target stocks he had likely sold short. Yet by then, the damage was already done: The group banded together in January to trade in the opposite direction, an unprecedented move by retail investors that saddled one of Wall Street's most successful traders with a stunning monthly loss of 55%"

So, you tell me - is this legal? Or is this [Insider Trading](<https://www.investopedia.com/terms/i/insidertrading.asp>) in plain sight? I'm neither lawyer nor financial advisor, just a Retail Investor.