

Title: Taken from the other sub. Type of shit that jacks my tits.

Author: Opening-Painter-9671

Created 2022-04-04 01:58:41 UTC

Permalink: /r/GME/comments/tvqa7h/taken_from_the_other_sub_type_of_shit_that_jacks/

Url: https://www.reddit.com/r/wallstreetbets/comments/tvnuao/gme_stock_dividend/

Linked Post Content:

Stock dividend isn't a normal stock split. It has the same effect of a stock split but the mechanism is different.

Stock split: if there is 100 shares worth \$10 each, a stock split, say 2:1 will make 200 shares each worth \$5. In this case Hedgies etc don't have to do anything. Life stays the same. Market cap is still \$1000.

Stock Dividend: if there is 100 shares worth \$10 and they want to do the same as 2:1 split effectively, the company doesn't just proclaim a split, instead they give every stock holder a share. Effectively doubling the float.

The reason why this is a nuclear option on short sellers is that they have to buy an additional share to distribute to share holders they short sold shares to.

Why, that's the brilliance behind a stock or cash dividend.

If I buy a share and lend it out, and the person who borrowed it sold it, I'm still entitled to the dividend. The company will pay me the dividend. But the person who short sold my share either has to rebuy that share (before the ex dividend date) or pay a dividend to the person who bought the shorted stock. And this holds for phantom shares or naked shorts.

There's 15M shorts (not including naked or phantom shares) Plus there's the options chain, which is 10M shares at \$200, 15M at \$250, 20M at \$300 (note my data only looks up to a year so it could be way more!!) So as shorts cover they'll run into a gamma squeeze.

The free float is 63M.

Insiders own 11M or 17%

Institutions own 16M or 26%

The near other half owned by individuals.

This is why a stock split is a nuclear option.

It forces short sellers to buy back shares before the ex dividend date probably sometime in June.

If they don't they're on the hook for additional shares ie if the split is 2:1, they'll have to buy 15M shares, if 3:1 30M shares, and if 7:1 they'll buy 90M shares.

So I bet the split will be higher than the outstanding shares available of 75M. 6:1 will require 5 x 15M shares bought which is 75M. So 7:1 will cause a case where the shares that need to be bought will be higher than the float.

I'm not going to time when things will explode, short sellers are playing a dangerous game. Friday morning they dumped 1M shares at open:

<https://i.imgur.com/gLZy29J.png> (at the time of the dump, short sales jump 1M)

Also the stock dividend is perfect vehicle to make the stock grow massively. Just look at Tesla:

<https://imgur.com/a/IF6WVPr>

So I'm just loading up now, don't care about the price now for me because I know it'll at least double. If 7:1, it'll be historical.



Not financial advice I eat crayons and shit blue