

Title: Citadel Has No Clothes

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EDIT: This is not financial advice. Everything disclosed in the post was done by myself, with public information. I came to my own conclusions, as should you.

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

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

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

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

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

The value of those options can change dramatically in a short amount of time, so Citadel invests in several "trading practices" which allow them to stay ahead of the average 'Fidelity Active Trader Pro'. Robinhood actually sells this data (option price, expiration date, ticker symbol, everything) to Citadel from it's users. Those commission fees you're not paying for? yeah.... think again.. Check out [Robinhoods 606 Form](<https://cdn.robinhood.com/assets/robinhood/legal/RHS%20SEC%20Rule%20606a%20and%20607%20Disclosure%20Report%20Q4%202020.pdf>) to see how much Citadel paid them in Q4 2020.. F\*CK Robinhood.

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

Now.... the *\*"totally, 100% legit, nothing-to-see-here, \*independent\*"* branch of Citadel Advisors is Citadel Securities- the Market Maker Making Manipulated Markets. The whole purpose of the DTCC is to serve as an third party between brokers and customers (check out [this video](<https://www.youtube.com/watch?v=qtkaMx12otQ>) for more on DTCC corruption). I'll bring up the DTCC again, soon.

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

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

Statement of Financial Condition in 2018.

<https://preview.redd.it/hk66r3lxdqm61.png?width=830&format=png&auto=webp&s=90edee204e70c476d0b771c19d9b11d1001cd99a>

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<https://preview.redd.it/0ec7aofldqm61.png?width=740&format;=png&auto;=webp&s;=79b5754210abccdc6c30fc070ff5de9185047fd>

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

We [KNOW](<https://wallstreetonparade.com/2021/02/citadel-didnt-just-bail-out-a-gamestop-short-seller-citadel-also-had-a-big-short-position-in-gamestop/>) that Citadel "had" a short position in \$GME along with Melvin Capital... Can you imagine the damage that r/wallstreetbets has done to the other stonks in their portfolio? If Melvin lost 53% in January from this, there's no telling what the current 'Fair Value' of those shorts are..

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

1. INACCURATE REPORTING OF SHORT SALE INDICATOR. FIRM ALSO FAILED TO HAVE A SUPERVISORY SYSTEM IN PLACE TO COMPLY WITH FINRA RULES REQUIRING USE OF SHORT SALE INDICATORS. \*\*DATE INITIATED 11/13/2020 - \$180,000 FINE\*\*
2. TRADING AHEAD OF ACTIVE CUSTOMER ORDERS... IMPLEMENTED CONTROLS THAT REMOVED HUNDREDS OF THOUSANDS OF MOSTLY-LARGER CUSTOMER ORDERS FROM TRADING SYSTEM LOGICS... INTENTIONALLY CREATING DELAYS BETWEEN MARKET MAKERS' TRANSACTIONS WHILE THE UNRESPONSIVE PARTY UPDATED PRICE QUOTES.... NO SUPERVISORY SYSTEM IN PLACE TO PREVENT THIS. \*\*DATE INITIATED 7/16/2020 - \$700,000 FINE\*\*
3. FAILED TO CLOSE OUT A FAILURE TO DELIVER POSITION; EFFECTED SHORT SALES. \*\*DATE INITIATED 2/14/2020 - \$10,000 FINE\*\*
4. BETWEEN JUNE 12, 2013 - OCTOBER 17 2017 (\*\*YEAH, OVER 4 YEARS\*\*) THE FIRM PRINCIPALLY EXECUTED BETWEEN 248 AND 7,698 BUY ORDERS DURING A CIRCUIT BREAKER EVENT; FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE. \*\*INITIATED 1/22/2020 - \$15,000 FINE\*\*
5. ON OR ABOUT 11/16/2017, CITADEL SECURITIES TENDERED 34,299 SHARES IN EXCESS OF IT'S NET LONG POSITION (naked short); \*\*DATE INITIATED 8/21/2019 - \$30,000 FINE\*\*
6. CEASE AND DESIST ORDER ON 12/10/2018: FAILURE TO SUBMIT COMPLETE AND ACCURATE DATA TO COMMISSION BLUESHEET ("EBS") REQUESTS. (BASICALLY FAILED TO PROVIDE PROOF OF TRANSACTIONS TO THE SEC). BETWEEN NOV 2012 AND AUG 2016, CITADEL SECURITIES PROVIDED 2,774 EBS STATEMENTS, ALL OF WHICH CONTAINED DEFICIENT INFORMATION RESULTING IN INCORRECT TRADE EXECUTION TIME DATA ON 80 MILLION TRADES. \*\*DATE INITIATED 12/10/2018 - \$3,500,000 FINE\*\*
7. TENDERED SHARES FOR THE PARTIAL TENDER OFFER IN EXCESS OF ITS NET LONG POSITION (more naked shorting); FAILED TO ESTABLISH SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH THE RULES. \*\*INITIATED 3/22/2018 - \$35,000 FINE\*\*
8. IN MORE THAN 200,000 INSTANCES BETWEEN JULY 2014 AND SEPTEMBER 2016, FIRM FAILED TO EXECUTE AND MAINTAIN CONTINUOUS, TWO-SIDED TRADING INTEREST WITHIN THE DESIGNATED PERCENTAGE (scraping pennies between bid-ask) ABOVE AND BELOW THE NATIONAL BEST BID OFFER.... \*\*INITIATED 10/13/2017 - \$80,000 FINE\*\*
9. ANOTHER CEASE AND DESIST FOR MAJOR MARKET MANIPULATION BETWEEN 2007 - 2010. \*\*INITIATED 1/13/2017 - \$22,668,268 FINE\*\*

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

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

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

[Price drop of 40% in about 25 minutes](https://preview.redd.it/00b5hrc96tm61.png?width=359&format=png&auto=webp&s=ac4247e1bf857c4e94d0479b5fe32a8b49c9799a)

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

The volume of shares flooding the market- at the same exact time- was premeditated. I can say that with confidence because several media outlets (mainly MarketWatch) published articles WHILE this was happening, after nearly a week of radio-silence. MarketWatch even predicted the decline of 40% before the entire drop had occurred. When Redditors reached out to ask WTF was going on, the authors set their Twitter accounts to private... slimy. as. f\*ck.

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

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

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

<https://preview.redd.it/vt2kmm0t8tm61.png?width=1029&format=png&auto=webp&s=bf02f505ba883bb4b5293b882366407072a54ea8>

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2: **\*\*And another...\*\***

<https://preview.redd.it/egdc1j9z9tm61.png?width=1008&format=png&auto=webp&s=7c174bfc13800bec444bf44fc6aacf0babe4a6e>

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

\$12,500,000 fine for [Merrill Lynch](https://www.sec.gov/news/pressrelease/2016-192.html) in 2016..

\$7,000,000 for [Goldman](https://www.sec.gov/news/pressrelease/2015-133.html)...

\$12,000,000 for [Knight Capital](https://www.sec.gov/news/press-release/2013-222)...

\$5,000,000 for [Latour Trading](https://www.sec.gov/news/pressrelease/2015-221.html)...

\$2,440,000 for [Wedbush](https://www.sec.gov/news/press-release/2014-263)...

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

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

<https://preview.redd.it/mf7j96xmstm61.png?width=726&format=png&auto=webp&s=30a838dadb130c9a815a4866ef403d9c6aafb7>

Well that's just terrific, because the DTCC just implemented [SRCC 801](<https://www.dtcc.com/Globals/PDFs/2021/March/05/SR-NSCC-2021-801>) which means they **\*\*DON'T\*\*** have your f\*cking shares.... I've seriously never seen so much finger pointing and ass-covering in my LIFE....

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

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