Title: SEC Obtains Final Judgment Against BTIG, LLC ■
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Litigation Release No. 25380 / May 3, 2022 --- Securities and Exchange Commission v. BTIG, LLC, No. 1:21-cv-04521 (S.D.N.Y. filed May 19, 2021)

The Securities and Exchange Commission announced today that it has obtained a final judgment against broker-dealer BTIG, LLC ("BTIG"), charged with violating the order-marking and locate provisions of Regulation SHO, which regulates the short-selling of securities. BTIG agreed to pay over $690,000 to settle the SEC's charges.

On May 19, 2021, the [SEC charged](https://www.sec.gov/litigation/litreleases/2021/lr25092.htm) BTIG with violating Rule 200(g) of Regulation SHO when it mismarked more than 90 sale orders from a hedge fund customer-representing total sales of more than $250 million-as "long" and "short exempt" when those orders should have been marked as "short" from December 2016 through July 2017. According to the complaint, as a registered broker-dealer, BTIG had independent gatekeeper responsibilities to ensure that the trades it executed were correctly marked. The SEC alleged that BTIG ignored facts indicating that the hedge fund's representations that it owned the securities it was selling, and that it would deliver them by the settlement date, were false. In addition, the SEC alleged that because BTIG failed to borrow or locate the shares before effecting what were, in reality, short sales, BTIG also violated Rule 203(b)(1) of Regulation SHO.

On May 2, 2022, the court entered judgment by consent against BTIG, permanently enjoining BTIG from violating Rules 200(g) and 203(b)(1) of Regulation SHO. The court also ordered BTIG to pay disgorgement of $315,048, prejudgment interest of $64,258, and a penalty of $315,048.

The SEC's litigation was conducted by Timothy K. Halloran and supervised by Fred Block and David Gottesman. The SEC's investigation was conducted by Emily Shea and Michael Brennan and supervised by Kevin Guerrero and Jennifer Leete. Market specialists Leigh Barrett, Kevin Gershfeld, and Brian Shute of the SEC Enforcement Division's Office of Investigative and Market Analytics also provided assistance.

Source: https://www.sec.gov/litigation/litreleases/2022/lr25380.htm

TLDR; This case is relevant to GME and BBBY because it demonstrates a way of hiding short positions and FTDs: **lie until you get caught.**