

Title: Short Interest above 100% alone isn't proof of crime - but oh boy...

Author: InnerPositive6730

Created 2022-07-29 14:56:35 UTC

Permalink: /r/GME/comments/wb6xna/short\_interest\_above\_100\_alone\_isnt\_proof\_of/

Url: [https://www.reddit.com/r/GME/comments/wb6xna/short\\_interest\\_above\\_100\\_alone\\_isnt\\_proof\\_of/](https://www.reddit.com/r/GME/comments/wb6xna/short_interest_above_100_alone_isnt_proof_of/)

TL/DR; Even with legal shorting, 1000 shares can become 3000 shares.

Up until my shower epiphany this AM, I assumed SI% > 100 was proof of crime. Now I'm not so sure.

Starting a discussion to have folks find the flaw, or confirm the logic. Let's start with a scenario.

Investor A has 1000 shares of GME with Broker X. Broker X calls A to see if they want to make some money loaning shares (to investor B in this case). For whatever reason, they say ok.

Investor B takes the loaned shares and sells them to investor C, hoping to make money on a short position.

Investor B will eventually owe 1000 shares back to A, but not the exact shares he borrowed (stocks are currently fungible). Any 1000 of GME will do.

Now Broker X calls investor C to see if THEY want to make money loaning the shares they bought from B. They also for some reason say yes.

So Broker X loans C's shares to B as well, who in turn sells them to D.

So at this point, the "float" in this scenario is 1000, and B legally (for now anyway) created a short position of 2000 shares, or 200%.

The problem, of course, will come if and when B is forced to close their short position. There's only 1000 shares out there, and they owe 2000 shares total to A and C.

Oh snap. I didn't realize I would be making this point- but what I just realized, too, is through this example, A, C and D all believe they own 1000 shares of GME. So even though none of the shares were synthetic(all borrowed shares were located), the float still tripled.

What am I missing? Is this right?