

Title: Cross Post - The Nail in the Coffin: How Shorts are Affected by Stock Split Dividend

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TLDR: Stock Split Dividend will be allotted to Share Holders and disbursement is issued by going through Journal Entry.

So I've been Googling how Shorts would be affected by a stock split dividend and how it would proceed. Lo and behold, there is nothing on the internet pertaining to a **stock split dividend** and how shorts will be affected. The only thing I could find is about repaying the loaner a stock dividend in cash.

(It's as if no one in the financial markets wants to discuss this scenario, so I'm hoping this sub can come to a good understanding as to what could potentially happen.)

If you're not familiar with what is going on, GameStop is proposing an increase to the **authorized number** of the common stock from 300,000,000 to 1,000,000,000 in order to implement a **Stock Split** in the form of a **Stock Dividend**.

Proposal 5 from

[\[https://investor.gamestop.com/node/19696/html\]](https://investor.gamestop.com/node/19696/html)(<https://investor.gamestop.com/node/19696/html>). Also, it has been stated that they already have the ability to do a stock split dividend with the current authorized 300,000,000.

<https://preview.redd.it/rm1ck0scoit81.png?width=843&format;=png&auto;=webp&s;=3e14e89ff6112847b81ce397bc9f68b465b1fb5c>

The biggest confusion I have come across is the difference between a **Stock Split** vs a **Stock Dividend** and what I believe is the Nail in the Coffin.

Check out this info graph about Stock Dividend vs Stock Split. [[**https://www.educba.com/stock-dividend-vs-stock-split/](https://www.educba.com/stock-dividend-vs-stock-split/)]



<https://preview.redd.it/x7lfo8r9oit81.png?width=955&format;=png&auto;=webp&s;=57fde964e5a9e743eed80d4524ecd8345fbff9bb>

Numbers 4 and 5 are the main ones that affect GameStop.

In GameStop's Stock Split Dividend, **shares** are allotted to existing share holders and are passed through Journal Entry.

Now, I'm not sure how this works for shares being lent out by institutions like BlackRock and Vanguard, but if I'm understanding this correctly, lent out shares does not constitute you to being a share holder. Case and point:

<https://preview.redd.it/txby2x0boit81.png?width=809&format;=png&auto;=webp&s;=b23e8c3e7be0e0eb976063b6871fc55980191169>

From reading the above, **having the right to vote** means you are the **existing share holder** and with **Vanguard not "owning"** any of their **5,837,633 shares**, they will not be entitled to a Stock Split Dividend (Please correct me if I'm wrong and I'll edit this) given the time the Stock Dividend is distributed.

Journal entry, **#5** from above, **will not have Shorts or Lenders on the book** since the shares were lent out and sold short. The above screenshot, to me, shows a small glimpse to GameStop's Journal entry.

How is this the Nail in the Coffin?

****Simple: Lender Share recall.****

A Lender share recall will trigger Shorts having to close their position and return the borrowed shares before the ****record date**** for a Stock Split Dividend.

What if this doesn't trigger a Lender share recall?

Well, the total number of shares of GameStop's common stock outstanding as of April 8, 2022 was 76,347,215. ****If I'm not mistaken, whether you are DRS'd or not currently, if you own a share of \$GME you are entitled to a Stock Split Dividend****.

Say there is a 10:1 Stock Split Dividend (for sake of math), that's a total of 763,472,150 common stock ~~that will need to be distributed to share holders~~.

****WHEN JOURNAL ENTRY**** reaches that amount and ****Surpasses**** that amount, that will be another ****Nail in the Coffin**** for GameStop to bring to the SEC, DOJ, etc. Will retail get to know the number? Probably, probably not.

The market is already being manipulated, can't they manipulate this?

ABSOLUTELY AND I'M SURE THEY WILL TRY TO.

For the people that can DRS and are still on the fence, this is just more prudence to putting your shares under your name by means of DRS.

For those that can't I believe there have been multiple posts debating on what to do so please reference those. I will edit if posts are linked in comments.

****Please let me know what you guys think and I will edit accordingly.****