Title: This must not be forgotten
Author: ronaranger
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One of the more egregious examples of naked short selling was relayed in a [story run on FinancialWire](http://www.rgm.com/articles/motleyfool.html) in 2005. A man named Robert Simpson purchased all of the outstanding stock of a small company called Global Links Corporation, totaling a little over one million shares. He put all of this stock in his sock drawer, then watched as 60 million of the company's shares traded hands over the next two days. Every outstanding share changed hands nearly 60 times in those two days, although they were safely tucked away in his sock drawer. The incident substantiated allegations that a staggering number of "phantom" shares are being traded around by brokers in naked short sales. Short sellers are expected to cover by buying back the stock and returning it to the pool, but Simpson's 60 million shares were obviously never bought back, since they were never on the market.

Any alleged advantages from the liquidity afforded by short selling are offset by the serious harm this sleight of hand can do to companies or assets targeted for take-down in bear raids. With the power to engage in naked short sales, market makers have the market wired for demolition at their whim.

What can be done to halt this destructive practice? Ideally, federal regulators would step in with some rules; but as Jim Puplava observes, the regulators seem to be in the pockets of the brokers. Lawsuits can have an effect, but they take money and time.

Apes together strong!

\#gme

sauce: https://www.huffpost.com/entry/short-sellers-investors_b_985701