Title: Fuck The DTCC Part 2 - Pet Quarters Children and Animals must be protected
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We all know what happened in 2008 market wide, but were you aware that a small growing pet company was targeted by naked short sellers and death spiral financing? They tried to fight the DTCC about it but lost. Must be crazy conspiracy theories right?

Reading this made my fucking blood boil as its happening on a larger scale without anyone being held accountable till date. Everything in this case is exactly what we are experiencing with Gamestop.

Source

https://casetext.com/case/pet-quarters-v-depository-trust-clearing

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Pet Quarters is an Arkansas corporation that sells pet supplies online. Pet Quarters, as a young and growing company, sought additional financing from outside investors. Allegedly, Pet Quarters fell victim to an elaborate "death spiral financing" scheme where the outside financiers conspired to use their financing agreements with Pet Quarters to short sell Pet Quarters stock and intentionally drive down Pet Quarters stock price. This alleged scheme is the subject of Pet Quarters v. Badian, No. 4:04-cv-697 (E.D.Ark.), currently stayed pending the arbitration of several parties in New York.

The Defendants are the major participants in settling and clearing securities transactions in the national markets, and each occupies a different function in the system. The Depository Trust and Clearing Corporation ("DTCC") is a New York corporation and the holding company of the Depository Trust Company ("DTC") and the National Securities Clearing Corporation ("NSCC"). DTCC is an industry-owned firm, meaning it is owned by the brokerage firms, investment and clearing banks, and mutual fund companies that are members of the national markets. DTC and NSCC, as wholly-owned subsidiaries of DTCC, are SEC-registered clearing agencies that carry out the settling and clearing of transactions.

DTC is the primary securities depository for the national markets and accounts for the book-entry movement of securities from firm to firm. DTC maintains physical possession of paper stock certificates and, through its nominee Cede Co., is the record holder of all securities registered with it. The participating brokerage firms and banks are the beneficial owners of those same securities. This system allows for the efficient record keeping of securities ownership in the national markets.

NSCC is the settlement and clearing arm of this system. NSCC provides a medium for the book-entry movement of securities. Generally, a seller and buyer of securities agree to a transaction on the trade date. Three days later, on the settlement date, the seller delivers the securities to the NSCC and the buyer delivers the purchase funds to the NSCC through their DTC and NSCC accounts. NSCC then delivers the securities to the buyer, resulting in an increase in its book-entry position, and credits the funds to the seller.

The dispute in this case arises out of the Stock Borrow Program ("SBP"). Sellers do not always deliver the sold shares to the NSCC by the settlement date. This is known as a "fail-to-deliver." Depository Trust designed the SBP to address this problem. Originally, when a fail-to-deliver occurred, the buyer had to either wait for the seller to deliver the shares or cover the trade by purchasing replacement shares on the open market, making the seller responsible for any increased purchase price caused by its fail-to-deliver. Under the SBP, Depository Trust participants volunteer to have their security positions loaned to the buyer that did not receive its shares. NSCC will loan shares to the buyer, and then when the seller does deliver the shares, those shares are returned to the loaning participant. Under the program, all parties are supposed to be returned to their appropriate book-entry position: the seller has sold the shares for the funds, the buyer has received shares under the transaction, and the loaning participant has had shares returned to it. The SEC has approved the SBP. SEC Release 34-17422, 46 Fed. Reg. 3104 (Jan. 13, 1981); SEC Release 34-50758, 69 Fed. Reg. 70852, n. 57 (Dec. 7, 2004).

However, Pet Quarters alleges that the SBP creates "phantom shares" in the market and that naked short-selling schemes take advantage of this. According to Pet Quarters, when a fail-to-deliver occurs, both the brokerage firm that loaned the shares and the brokerage firm that receives the shares act as owners of the same security. In turn, the borrowing brokerage firm is free to sell or re-loan the shares again if another fail-to-deliver occurs. Furthermore, according to Pet Quarters, a fail-to-deliver may remain open for an extended or indefinite period of time, and NSCC takes no action to close these open positions. Pet Quarters claims this results in an inflated quantity of electronic shares in the marketplace, which in turn dilutes the value of the shares. Pet Quarters also contends this inflation of the market is good for Depository Trust because it profits from each transaction made, and if more shares are available to trade, it makes more commission. Pet Quarters argues its suit is not an attack on the SBP; it claims it is challenging Depository Trust's misrepresentations of the SBP's defects and its failure to disclose all the facts about the SBP.

Pet Quarters sued Depository Trust in Arkansas state court, raising only state-law claims (doc. # 1). Depository Trust removed the lawsuit to federal court (doc. # 1), and Pet Quarters moved to remand the case back to state court (doc. # 14). This Court adopted Magistrate Judge Jerry W. Cavaneau's Proposed Findings and Recommendations (doc. # 41), concluding this Court had jurisdiction over the case because it presented a substantial federal question (doc. # 60). The Court held oral argument on the motion to dismiss on January 29, 2008.

That's just the first part of the case I have pasted, PLEASE read through and you will see the complicit actions of the DTCC to whoever the fuck they want to target

#LEAVETHEDTCC