

Title: GME - Stock Dividend! Not a plain old stock split

Author: mlamping

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GME is doing a dividend. The dividend is not cash it's stock. Addressing all the questions and private messages.

Why it's called a "stock split" is that it'll drive the price of the stock down. But it's not a regular stock split.

Regular stock split, say 3:1, company has 10 shares at \$21 current price. After split they are now 30 shares and they're worth \$7 each. Market cap stays the same! ie \$210 ( $21 \times 10 = 210$ ). ( $30 \times 7 = 210$ ). (May go up or down after depending on the market) so nothing really happens you have more shares but the price is less per share so the total worth is the same

Dividend with stock is different.

They'll increase the shares in the company pool. Basically in there privately held stock shares. These aren't in the free float or publicly tradable without a vote. The company will then issue shares from this pool and give everyone who has a share 2 free shares. Price of the stock will be repriced like above.

Ok so what?

The short sellers in a regular stock split don't have to do anything. Their short goes from 1 to 3.

But a stock split by a dividend....

Wait, what's a dividend? It's when the company gives you something for owning the stock. Typically cash. So they can say for every stock, we'll give you \$2. But they can also give you stock.

So back to short sellers, when a dividend is paid by the company, the short seller pays the dividend too. Why, we'll if I bought the shares, I don't know who the seller was, but I still get paid. So if the seller is the short seller, he owes me.

So that's the brilliance of GME

They basically now make it that the short sellers need to give 2 shares for every share they have shorted. They can't just fail to deliver these shares. They have to pay by the deadline or margin call. If the shares are synthetic, and they can't pay, then jail. So they either have to buy the shares before the split to have ready before a specific date or they have to close their positions.

No cell no sell

Now let's see how corrupt this system can be!