

Title: stock dividend vs banana split

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Just was reading about stock splits vs stock dividends and came across something interesting.

A stock dividend occurs when the company uses the amount of money that would be paid as a cash dividend to purchase additional common shares for the shareholder. A stock split happens when a company issues two or more new shares for every existing share an investor holds.

Taken from <https://www.sapling.com/6570302/difference-stock-dividend-stock-split>

So if I'm understanding this right gamestop is planning on returning money from issuing new shares last year. If they are planning on returning all \$1.67 billion they raised last year they would be buying up to 10 million shares if they bought at \$167(roughly today's closing price) to hand out to us for free. I'm just trying to figure out how this works. I don't understand why they would have to raise the number of shares they would be able to issue from 300m to 1b. They must be expecting a discount on buying the shares back due to diluting the share price by issuing the stock to just purchase it back and hand out. Let's just say they issue the remaining 300m shares as a reference and ignore the billion number for a minute. This should drop the price to \$42.47 by dilution at its current market cap \$12.74b. Now at this price buying \$1.67b is 39.3m shares for them to purchase and hand out. But wait they raised more money issuing shares to buy back on the way down to the \$42.47 let's just say \$104.74 is their average half way between \$167 and \$42.47, so they made \$23.46b on the way down from the additional 224m shares they issued. So add that to the \$1.67b and they have \$25.13b to buy back at \$42.47 which is 591.7m shares. But wait there are only 300m shares they issued. So we will say they only bought the 224m shares they issued to return to us at a cost of \$9.5b. This leaves them with \$15.63b, a stock dividend of 2.95 shares for each share, a market cap of \$12.74b and \$15.63b. Now is it possible to have a market cap below cash on hand? I don't know. Just a rambling idiot.

None of this makes sense because I'm probably just an idiot with this theory. But if I'm right about this it may explain something else with corporate America that makes me sick to my stomach. We weren't the first to discover infinite money glitches. Ours just happens to be an infinite money glitch on an infinite money glitch. So the floor is infinity times infinity.

My brain hurts. I need a banana split now.