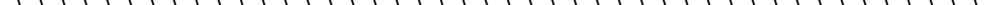


Everything fits within ALL corners of the fraud triangle. Citadel commits violations just to make a few

Anyway, these violations occurred between \*\*July 2017\*\* and \*\*October 2019\*\* while the Fed's tapering program was kicking off. It's extremely hard to be conclusive about the little details when you can only see a portion of the puzzle, so I usually start these DDs by finding WIDE holes that scream for attention- this violation is one of those holes. Citadel Securities has been [slapped 58 times]([https://www.reddit.com/r/GME/comments/m4c0p4/citadel\\_has\\_no\\_clothes/](https://www.reddit.com/r/GME/comments/m4c0p4/citadel_has_no_clothes/)) for regulatory violations and those are JUST within the stock market. To me, the reason why THIS violation is so monumental is because it represents their \*\*FIRST treasuries violation\*\* ([first page]([https://www.finra.org/sites/default/files/fda\\_documents/2019061038301%20Citadel%20Securities%20LLC%20CRD%20116797%20AWC%20jlg.pdf](https://www.finra.org/sites/default/files/fda_documents/2019061038301%20Citadel%20Securities%20LLC%20CRD%20116797%20AWC%20jlg.pdf)) under background). FINRA issued them a \$275,000 fine along with a censure order, meaning they really disprove of Citadel's actions, here.

When you have related parties, or affiliated parties, the biggest concern is that a relationship materially affects the way that business is conducted. For example, you should disclose situations where subsidiaries are conducting transactions with the parent entity. Or if the subsidiary is wholly owned, which means you're doing business with yourself, at least in practice. The failure to disclose this information may materially mislead investors.

Likewise, Party A may need to remove something from their balance sheet (bad loans, etc.) and simply use Party B as a dumpster. This is EXACTLY what [Enron](<https://www.journalofaccountancy.com/issues/2002/apr/theriseandfallofenron.html>) did with their **\*\*special purpose entities\*\*** **\*(REMEMBER THAT TERM)**, or **SPEs\*\***. When Enron had to incur huge losses, they simply shifted those losses to shell companies and left the "good" stuff on their books.



Ok.... when you send transactions to the TRACE system, they ask you to prove they are legitimate. If they are legitimate, and occur with an affiliate, FINRA needs to know that.. This is to prevent frauds like Enron from happening again.

Breaking this down:

- Now we begin to uncover the corners of the fraud triangle \*(pressure, incentive, opportunity)\*. Citadel was obviously compliant for 86% of their treasury reports, so WHY would they feel the need to "unintentionally" OVER-report 14%....

Presenting [**\*\*Citadel Securities Institutional, LLC\*\***](https://sec.report/Document/0001649718-21-000001/CSIN StmtFinCndtn2020.pdf)\*\*\*\*

Think it's the same company?

<https://preview.redd.it/4wcm9m94tgr61.png?width=814&format=png&auto=webp&s=b0b3d452794547d5df6382723a8da98dfe571aa3>

Let's walk through this again..

<https://preview.redd.it/n5ykt829tgr61.png?width=862&format=png&auto=webp&s=3ef1a464413629ee22759e0d1528e1e2a4406550>

<https://preview.redd.it/ynqzaew9tgr61.png?width=961&format=png&auto=webp&s=26807d8e726d1c3ccb6fb9af734fe890e5ef000a>

CSHC US LLC \*\*("CSUH")\*\*???? Who the hell is this?

Had to go back to a financial disclosure in 2016 to dig up this lil' jewel....

<https://preview.redd.it/fx0r57obtgr61.png?width=1185&format=png&auto=webp&s=0256f01be3951e02f6dec40b1200a79e575dbe>

**\*\*CLP Holdings Three LLC ("CLP3").\*\*** .....

WTF....

On January 1, 2016 "CLP3" merged into ("CSUH")....

So WHO is [CLP Holdings Three LLC](https://www.sec.gov/rules/sro/box/2015/34-74267.pdf) ?!?!?!?!?

[...found this from 2015 \ (bottom paragraph, PG 2)...](https://preview.redd.it/ggcw60wetgr61.png?width=650&format=png&auto=webp&s=af20238b93bc4cd513c841c6cf939a9df924ff70)

1. Citadel Parent Owns 100% of CLP Holdings Three LLC, which became "CSUH" in 2016
2. CSHC US LLC ("CSUH") is the ONLY member of CSHC US LLC ("CSHC")
3. CSHC US LLC ("CSHC") is ALSO managed by Citadel Parent.....

So basically.....

No wonder why FINRA was pissed. It \*LOOKS LIKE\* Citadel took treasuries from Citadel Securities and transferred them to Citadel Securities Institutional, but reported them as sales transactions to TRACE.....

<https://preview.redd.it/zedlmj1lgr61.png?width=802&format=png&auto=webp&s=28a1318da187c5aea37d339e157acfb75a022cef>

They do this in almost every f\*cking violation they get...

[remuneration](https://www.finra.org/sites/default/files/notice\_doc\_file\_ref/Regulatory-Notice-15-47.pdf)?

A normal market transaction might sell a treasury security for \$1,000. In this case, the \$1,000 is entirely represented by the bond's value.

An affiliated market transaction might sell a treasury security for \$990, with \$10 in remuneration for a total of (\$1,000). In this case, the bond is **ONLY** worth \$990, but the \$10 in remuneration makes it **APPEAR** like a \$1,000 bond..

FINRA asks for companies to disclose this because it can be heavily abused, obviously...

This is what happened to Citadel Securities. There were 45,638 instances between July 2017 and October 2019 where Citadel Securities did NOT appropriately indicate this....

If you fail to indicate this, and ALSO report internal transfers as normal transactions, it REALLY starts to look like you're covering your tracks....

**\*\*Citadel..... Why you TALKIN' like a duck?\***

<https://preview.redd.it/ur98wqavtgr61.png?width=703&format=png&auto=webp&s=0ea8d3c64afc1f06fa3f700dc04b9132f24ce7ee>

Call this the smoking gun.....

Really.... it doesn't get much more obvious than this....

Citadel Securities gets busted pushing transactions into the TRACE system when they were really just

**\*\*However, it appears the SEC and FINRA are working as totally separate agencies while the SEC is supposed to be overseeing FINRA.... I'm convinced the money flows directly to the SEC from FINRA fines and the SEC is at risk of losing that revenue if they actually start cracking down on these pigs.\*\***

I am presenting a genuine case, here.

If you're wondering where the auditor (PWC) is in all of this, they just have to verify the statements are FAIRLY PRESENTED. \*\*THEY DON'T HAVE TO SAY ANYTHING ELSE! All audit firms are now in the business of consulting, like Arthur Andersen did with Enron. They all sit in a room and discuss the best way to present this sh\\*t without looking like a giant fraud.\*\*

You want to see how bad the situation has become? Check out this [10K]([https://www.sec.gov/ix?doc=/Archives/edgar/data/0001820727/000110465921046086/tm218735d1\\_10k.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001820727/000110465921046086/tm218735d1_10k.htm)) (PG 4) from one of Citadel's recent 13G/A filings on 2/16/2021. Keep in mind, this is an acquisition company that \*specializes\* in purchasing companies that are headed for bankruptcy...

[ MUDRICK CAPITAL ACQUISITION CORPORATION II ](<https://preview.redd.it/3as170q7ugr61.png?width=1871&format;=png&auto;=webp&s;=3ba5b3f536def5931ff633895a79bc2f3440f50d>)

This is so much more than speculation..... Citadel is a \*duck\*.

DIAMOND.F\*CKING.HANDS

\*\*\*This is not financial advice\*\*\*