

Title: The Big (Mall) Short: Pt. 1 The "Tuesday Morning" Rabbit Hole

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**\*\*TL;DR:\*\***

\* \*\*After realizing there is no actual "Tuesday Morning" RC Tweet, went down the rabbit hole to find abnormal trading volume on its current stock ticker TUEM (20 million on 1 day recently) & short interest (11% with 13 days to cover).\*\*

\* \*\*This was then surpassed by fuckery on its old pre-bankruptcy ticker TUES, including 26% short interest with 92 days to cover.\*\*

\* \*\*Tuesday Morning building leases were a part of CMBX.11, a bundle of commercial real estate loans, in one of its 10 biggest slices. These loans are like the CDOs in "The Big Short" (dogshit wrapped in catshit) but for malls & offices instead of houses. GameStop had some of the same financiers on certain leases, with some exposure on CMBX.6, a competing CMBS loan package. One research firm mentioned "shorting" CMBX.6 in 2019.\*\*

P.S. Posted this elsewhere on the stonk sub, but changed the title to get more visibility. Pt. 1 has some GME links, but pt.s 2-6 are all GME centered

EDIT 2: Extra TL;DR: Tuesday Morning, the store from all the Super stonk memes, was shorted—potentially naked—so much so it would take 3 months straight to buy back all the shares SHF borrowed before it went bankrupt. It may have also been shorted (along with GME) in bets that malls would fail (think "The Big Short" but malls v. houses) which helped it go bankrupt or helped put GME on death's door. ■ Its new company ticker may still be being shorted like crazy.

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**# 1. Backstory: The "Tuesday Morning" Meme**

On Apr. 13th, GME Chairman of the Board Ryan Cohen first posted this picture of a GameStop store in Culver City, CA:

<https://preview.redd.it/yq3zmxva94d81.png?width=914&format=png&auto=webp&s=0a142099836910f6a080771fe3a75b7c75990982>

Many GME holders, Super stonk users, and even GMEDD.com researchers jumped on potential connections to GME, including whether it might signal "diamond hands" based on the kid's Minecraft "diamond sword" toy, the store being close to both SpaceX & SLGG HQ, and more. Later Wu-Tang/PleasrDAO theories touched on RC's hoodie in this pic (and even that Wu-Tang Day fell on Tues., Nov. 9th last year).

But what I realized in looking into this RC tweet was that with all the “Tuesday Morning” memes, there was no actual tweet by RC featuring a Tuesday Morning storefront. For some reason, I always thought there was but there wasn’t. The “Tuesday Morning” phrase came when users noticed a pic of the mall that holds that GME store on Google Maps:

[From GMEDD.com](<https://preview.redd.it/bghkl90c94d81.png?width=1338&format=png&auto=webp&s=1d9c291bb5c06097a4c92dfd205543f21c055c28>)

Back then, some theories talked about whether the “Tuesday Morning” space might also be expanded into for an e-gaming space, especially after u kawstacos posted that the store had emptied out:

<https://preview.redd.it/lg29yzhd94d81.png?width=640&format=png&auto=webp&s=79e59aaa00847031bc1015fc027386b3523df8c3>

But, as far as I know, ideas for an e-sports venue there never materialized. This is also when we all found out GameStop already has an e-gaming center in Dallas with Complexity. (Coincidentally, Tuesday Morning is another homegrown Texas retail company (just like GME), and is based out of Dallas.)

I wanted to see if any other stonk DD had touched upon any more “Tuesday Morning” connections and stumbled upon this post by u shamelessamos92:

[No idea why this got no eyes on it, much less sticking at 0 upvotes.](<https://preview.redd.it/3o8hr8f94d81.png?width=1494&format=png&auto=webp&s=395a120ebcb4970d04762f28f0d0178aeef16621>)

As far as I could find, no other Stonk post made this mention of Tuesday Morning having weird stock movements.

## # 2. Approaching the Rabbit Hole: TUEM's Abnormal Trading Volume & Price Movement

After seeing shamelessamos' post, it made me want to dig further. Whether or not RC was trying to signal the company's price movement (which grew increasingly unlikely), it still was a weird enough graph that made me want to dig further, even as I hadn't even known the company was on the stock market.

What had actually started all of this and first pushed me down this Tuesday Morning rabbit hole on a Saturday night was—in essence—a treasure hunt, with me hunting down examples of abnormal trading volume spikes in meme stocks. I had started by looking into abnormal trading volume spikes in the main meme basket stocks outside of GME & popcorn (EXPR, KOSS, etc.), until I eventually was fanning out and looking at a very different chart for a very different stock after reading up on a list of retail companies hit hard by Covid last year. It made me look up Tuesday Morning and its ticker TUEM:

<https://preview.redd.it/4v6yzkij94d81.png?width=1564&format=png&auto=webp&s=191c23083a956bc7ef75dc5281669a4e7f7aae2d>

TUEM started trading on January 13th, 2021. It opened with about 200-500K worth of trading volume in mid-January, then its price edged up on 1-2.5 million shares traded between Jan. 21st-27th during the sneeze. Few other days last year also saw 1-2 mil. worth of volume (May 12th, June 14th, Oct. & Nov. 4th) and 2-3 mil. worth (May 6th, Sept. 27th), but those days still caused generally steep climbs or drops in the price.

<https://preview.redd.it/a4jqwfk94d81.png?width=1540&format=png&auto=webp&s=413729c42ec1d3ca354e7bbbe702d21e7ab7ac28>

But let's be honest: those days aren't what stands out most on this chart in terms of abnormal volume.

What **\*\*does\*\*** stand out are those giant Shrek dildos and red crayons clustered around mid-Sept., where the price flash crashed by half then bubbled back up over a few days. It dropped on nearly 7 million volume on Sept. 9. Everyone's favorite sphincter sommelier MarketWatch addressed it this way:

>Tuesday Morning Corporation (NASDAQ:TUEM) was sure having a rough Thursday morning. The retailer's stock was down by more than 39% on the back of fresh quarterly results.

>

>Tuesday Morning is not followed by many analysts (\*fOrGeT Tuesday Morning? Chukumba much?\*); Yahoo! Finance lists but a single one..."

TUEM did release quarterly results that week, **\*\*but then, in the span of the next few days, millions more traded before finding its biggest day of volume on Sept. 16 at nearly 21 million shares traded (!)\*\*** So a quick look at its chart saw that we have a company that just started trading in Jan. 2021 and already has such weird trading volume and—to some degree—price movement, even around the "sneeze". I looked to Fintel for more and saw it offered some answers: current short interest was ~11%, with 13 days to cover (!).

<https://preview.redd.it/c0zqx96l94d81.png?width=1574&format=png&auto=webp&s=ff43b1a5ccf4652b9ce869181c24e923bd22b3f7>

Apart from seeing the spikes in FTDs prop up around the time of that major flash crash, you'll even notice that it almost looks like FTDs existed even before it started trading or near the start of its run. The FTD numbers may not be much in the grand scheme of its float: at 86 million shares outstanding, TUEM's float is a bit above GME's.

One thing that same American apes might also point out is that a good number of apes have seen Tuesday Morning stores exist in malls before 2021. Tell us mayo-fondling Motley Fools, why that's possible?

>**\*\*"Also that month, it successfully relisted its stock on the Nasdaq one year after it had been pulled from the exchange due to the bankruptcy."\*\***

That's right. The nearly 50 year old retailer went bankrupt just under a year before trading algos got launched on it again.

### # 3. TUES and Why Did Tuesday Morning Go Bankrupt?

**\*\*Before it was TUEM, it was TUES.\*\***

**\*\*The discount homegoods retailer shares a lot of similarities with GME\*\*, apart from sharing space with it in strip malls and retail centers. Before its death rattle, it had some analysts championing it like their own pseudo-DFVs who raged against the dying of the TUES light after it went under, arguing that it was an "unusual bankruptcy opportunity" for a company with low leverage, growing sales after being flat for years before going under, and with enough cash to walk from leases (like perhaps the one we saw in RC's Culver City tweet).**

Company CEO Steve Becker laid bare that TUES really was trying to make big moves before the lights went out, including boosting its supplier base, improving brands & variety, while revamping leadership and its tech side of the company. Becker's pleas here reminded me a bit of GME, both before, as well as after in terms of the turnarounds that TUES wanted (bigger inventory, SKUs for example) was something GME was able to implement for itself.

<https://preview.redd.it/uuxa7e3m94d81.png?width=1280&format=png&auto=webp&s=bc203f94b721bc579e01667c24f8e8c1ab199870>

So in short, what happened? In part, it could have faced stiff competition from TJX, which owns Marshalls and TJ Maxx, is—and was—one of Tuesday Morning's biggest competitors. Critics of Tuesday Morning said their inventory wasn't particularly "exciting", and that it faced harsh competition from those TJX properties. Looking at charts for companies like TJ Maxx, no immediate or abnormal stock movement stuck out around the time that TUES went under.

Some also said there were major missteps in planning its major distribution center in Phoenix, AZ, or having too many under-performing stores, sometimes far too close together. Other critics said that because its revenue was primarily driven by in-person shopping at its stores vs. online transactions, this had hurt it and was only accelerated by Covid.

One critic stuck out harshest against TUES: Neil Saunders, managing director of GlobalData Retail.

Saunders has commented on other failing businesses in the past, including Toys 'R Us ("As the competitive dynamics of the toy market intensified, management failed to respond and evolve. As such, the brand lost relevance, customers and ultimately sales...") and Bed Bath after its AH spike ("Anything with the use of the word 'marketplace' and 'digital sales' and things like that tends to have a very positive inflationary effect on stock..."), but not ever directly commented on GME. His words:

>"While consumers do not expect off-price discount retailers to have a perfectly curated selection of merchandise, they do demand that the range is reasonably coherent and contains interesting finds...Unfortunately, Tuesday Morning often fails to deliver (heh) this. Many stores are not so much an Aladdin's cave of exciting treasures as a jumbled flea market of whatever buyers could seemingly get their hands on...While the shop floor of off-price retailers may look random, putting together a range requires enormous skill and a certain degree of flair. In our view, Tuesday Morning lacks both."

[Ouch. You can look here and decide for yourself.](<https://preview.redd.it/tfmyj2zm94d81.png?width=1024&format=png&auto=webp&s=fd9d044f38b90a912b3a146cf957daecc3a4273d>)

When Covid started in March 2020, Tuesday Morning did furlough workers, but also tried to renegotiate rent (50%) for its leases which 50 buildings allowed. \*\*But the others? Many threatened to terminate TUES' leases or even lock out Tuesday Morning from its stores.\*\*

Tuesday Morning wasn't the only one to dive bomb at that time and get hit hard with lease issues: TUES went bankrupt just days after Le Pain Quotidien, a French bakery chain, filed for Chapter 11 bankruptcy as well. But just like TUES wanted to become a beautiful butterfly when it would metamorphose into TUEM, in July 2021, Le Pain Quotidien announced that it was coming back too. This happened after it was able to exit from ~60 leases, in a move the presiding judge saw as "unusual". (For what reason it was unusual, I'm not sure yet.)

But no matter for both. For Becker & Co., in May 2020, Tuesday Morning went bankrupt.

It became the 5th retail company to go under due to Covid since the pandemic hit stateside in March 2020. The company filed for Chapter 11 bankruptcy, saying that long Covid closures of all ~700 stores hurt too much even while it got a \$55 million loan ("credit facility", like GME recently got) to help in late March 2020. TUES' Chapter 11 would help shed debt and liabilities, even as it still hoped to restructure as a stronger company. (Post bankruptcy, now TUEM, Tuesday Morning added 2 Burlington of Burlington Coat Factory executives: Marc Katz (Interim Finance Chief) & Fred Hand (Chief Executive), as part of that restructuring.)

#### # 4. "Shorts" Cometh Before the Fall

At this point, many of you are wondering that considering TUEM has such weird movement, maybe TUES did too? And you'd be right.

<https://preview.redd.it/bgzzerrq94d81.png?width=2184&format=png&auto=webp&s=c533b92ded55dd6a8a5a7b90eea88e5895ad5f6a>

The stock ultimately stopped trading after being listed on June 5th, 2020, \*\*but not without encountering crazy high volume a few days before, including 50 million shares traded on May 28th (notice how barely visible the average daily volume is on the bottom row of this chart).\*\*

But the biggest potential fuckery callout was found in one SeekingAlpha article:

[From "Tuesday Morning...Why are 12 million shares still sold short?"](https://preview.redd.it/0cb0kdor94d81.png?width=980&format=png&auto=webp&s=923851d03d2c968fccf2a6db4d2e9c9c8aaada91)

Yes, you read that right. \*\*More than 92 days to cover. Literally nearly 3 months straight needed for SHFs to buy back to make things right.\*\*

A few years before it shut down, that SeekingAlpha writer discussed that yes, shorts might have found one of its biggest Achilles heels in its supply chain (see Arizona distribution center, or trucking deliveries from CA to TX and back) and if it fixed issues like retail peer Olli did (a Wall Street darling that popped from \$20 to \$88 around that time) then maybe it could turn around. Even CEO Becker called out poor foresight in planning stores across both coasts (Olli was mainly on the East Coast), but it was still seen as a "Short Me" sign on its back to hedge funds that gave this insane number especially once it was dropped from market indexes. \*\*But fucking still, you had 26% short interest (!) for ~12 million shares shorted out of a float of ~46 million outstanding shares to trade!\*\*

The comments on that article include some comments ranging from shocked to surprised, but mostly confused:

>Yet you are absolutely right that with improvement expected, \*\*it makes no sense to be short at \$3\*\*  
\*\*\*(\$3? A lot like GME)\*\*\*\*. But the stock, on a fundamental basis, while modestly undervalued, has become a value trap, of sorts.\*\*

>I'd almost guarantee that this is being looked at. Perhaps Becker has high confidence he can turn TUES around and keep TUES independent, but a buyout is likely a wildcard he's keeping in his pocket. \*\*PS:

This is what makes such a huge unhedged short position seem unlikely.\*\*

<https://preview.redd.it/2p81fb8t94d81.png?width=1340&format;=png&auto;=webp&s;=3f57a87d8ce16c0fd68294ffab67a381950ce84a>

So it seems as if in its worn down history, Tuesday Morning has been shit on by shorts, including as TUES (~26% short interest, 92 days to cover) as much as TUEM (11% short interest, 13 days to cover).

#### # 5. Tunneling Through to CMBS Loans: Pulling Layers Back From the CMBS Onion

For Tuesday Morning, the rabbit hole I dug into the most included leases, just like the ones Le Pain tried desperately to get out. While researching Tuesday Morning, I ran across an analytics firm called Trepp Analytics that was covering. It mentioned that Tuesday Morning had hoped to sell itself to get out of bankruptcy. Then I came across this chicken nugget:

>\*\*\*"A large number of CMBS loans are backed by malls with Tuesday Morning as a tenant. 'An example is the \$46.5M Redlands Town Center loan which makes up 4.88% of GSMS 2017-GS6. That deal is part of CMBX 11," Trepp Analytics reported.'\*\*

CMBS? What's that? Well if you remember Ryan Gosling from "The Big Short", he talked about how mortgages could be bundled into towers called CDOs. Banks and hedge funds got rich off these, and then got rich betting against them on the way down once they crashed in 2008.

[dogshit wrapped in catshit](<https://preview.redd.it/bfyqe58u94d81.png?width=680&format;=png&auto;=webp&s;=f998f26428a062398ac3bd459cc4f93116c378be>)

Well in 2021, TheIntercept wrote that one of the new CDOs of "dogshit wrapped in catshit" is not mortgages being bundled, but instead offices and commercial real estate. This includes loans to retail companies like Tuesday Morning or Gamestop.

<https://preview.redd.it/4coaprlv94d81.png?width=2774&format;=png&auto;=webp&s;=487482aacd93e8f1a7da00d5a060b7018806fc76>

>\*\*During the crash of 2008, the whole world learned just how dangerously nude Wall Street was. Now evidence is accumulating that suggests that many financial institutions are skinny-dipping once more\*\* — via similar types of lending that could lead to similar disasters as the water recedes again due to the Covid-19 pandemic...\*\*A longtime industry analyst has uncovered creative accounting on a startling scale in the commercial real estate market, in ways similar to the "liar loans" handed out during the mid-2000s for residential real estate.\*\*

>

>\*\*Now it may be happening again — this time not with residential mortgage-backed securities, based on loans for homes, but commercial mortgage-backed securities, or CMBS, based on loans for businesses\*\*. \*\*And this industrywide scheme is colliding with a collapse of the commercial real estate market amid the pandemic, which has business tenants across the country unable to make their payments.\*\*

Loans for businesses like Tuesday Morning can be found in these loans. In fact, I found a number of property portfolios openly featuring CMBS loans that propped up malls around the US, each featuring Tuesday Morning as a tenant. Whether it was suburban malls in California (Starwood Mortgage Capital (SMC) in a \$10 mil. refinancing deal), North Carolina (Absolut Financial's 2016 \$11 mil. loan), or Virginia (KeyBank's 2019 \$25 mil. loan for a Safeway "anchored" site), several instances existed of CMBS debt being supported or refinanced featuring Tuesday Morning as a tenant (or leading tenant).

<https://preview.redd.it/bv6foffw94d81.png?width=248&format;=png&auto;=webp&s;=b00e4d45766ba14605448045385ae1049f759c0e>

And yeah, that Starwood Mortgage Capital (SMC)? Who refinanced CMBS debt at that California suburban mall that leased to Tuesday Morning? Fun fact: they also originated loans for 3 GameStop properties (as far as I know). Many of those are wrapped up in CMBS loans, like the ones that "The Bigger Short"'s whistleblower had warned about.

And how about CMBX 11? Trepp mentioned that Tuesday Morning's leases existed in a CMBS called CMBX 11. Even if it sounds like a new Nvidia graphics card that I can't afford, instead CMBX 11 is a name of a group of CMBS loans, or commercial mortgage backed securities.

Well let's look at CMBX 11, which is a package of loans of commercial mortgage backed securities.

<https://preview.redd.it/wnmwn5cx94d81.png?width=1978&format;=png&auto;=webp&s;=9c7aba713396efd0b308c4429a357ca44a960cf>

\*\*"A large number of CMBS loans are backed by malls with Tuesday Morning as a tenant". 'An example is the \$46.5M Redlands Town Center loan which makes up 4.88% of GSMS 2017-GS6." \*\*Now "GSMS 2017-GS6" may sound like word salad, but this loan (bottom row) was considered #10 of the largest loans behind CMBX.11 as of 2020.\*\*

\*\*1/5th of all CMBX.11 is retail loans like Tuesday Morning and Tuesday Morning had at least one store, that California store that Trepp mentioned, in CMBX.11.\*\*

CMBX.11 is just one set of mortgage loans that exists. Here's a 2019 report by MP Securitized Credit Partners commenting on one another one:

>CMBX.6:

>

>\*\*Shorting CMBX.6 BB & BBB- rated tranches provides a great opportunity to capitalize on this dislocation...\*\*

>

>\*\*Our thesis for shorting the CMBX.6 is based on the performance of the 17% of mall loans in this index\*\* – a small percentage of loans having such a large impact demonstrates how leveraged the bonds are to the outcome of these properties. Additionally, since a loan cannot pay off above par, any outperformance for the non-mall properties would not offset projected losses on the mall loans. \*\*If the macro economy weakens, we would expect performance on the non-mall loans to be worse than historical averages, which would result in additional upside to the short.\*\*

Malls? CMBX.6? Well, we've just started, but I hope that going into the next post, I can begin to at least pull back some of the layers on the onion that are loans backing commercial, office, and retail spaces—just like what we saw in Tuesday Morning—just like the ones you see in this chart. \*\*Don't forget to look at the company in the second to last row:\*\*

[From the 2019 MP Securitized Credit Partners report.](<https://preview.redd.it/b9jzikfy94d81.png?width=1414&format;=png&auto;=webp&s;=6aa6ec4c22175bf696fcd06324f22222676786d6>)

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EDIT 3: Pictures, "Bigger Short" background

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