

Title: Ryan Cohen, Despite Saying the Opposite, is Telegraphing the Strategy

Author: therealbigcheez

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Even though he said he hates when management telegraphs its strategy and panders to Wall Street, Ryan Cohen just (ironically) broadcast to the world what the end game will be: spin-offs and buy-backs, and he is preemptively validating it so no one can push back.

I obviously don't know what's going on in Ryan Cohen's head, but I do love me some good strategy games. I know that you can't always put your cards on the table, but you can give a good old wink-wink and hope the player across the table knows what's up, and I believe Ryan Cohen, through RC Ventures, did just that to a fellow meme stock Board. His strategy is impeccable.

Let's be real, the contents and ambition of this recent letter don't even compare to the original one that was sent to GameStop. While the original discussed a corporate turnaround, industry shift, and repositioning to lead the way through technology, this one just said: "be more efficient with your capital and resources." Not exactly an Earth-shattering position to take. Here's why I think there is more to this than meets the eye though:

1. RC Ventures is more than just a voice. This isn't Elon tweeting "GameStonk," this is a significant shareholder formally voicing opinions to the Board of Directors. He has a vested interest in the future of the company, and his opinion matters.
2. He provided rationale for an important move: a spin-off. The largest obstacle is likely governmental intervention, and they would require a valid reason to do anything that might disrupt the capital markets. "Because we feel like it" won't cut it, but "there is significant growth potential within a secondary brand that is both stifling and being stifled by our primary brand" certainly will. Especially given that this follows point #1 above.
3. He said he is not going to get involved. This provides him with some level of safety in the event that they do follow through. As Morpheus noted to Neo, "I can only show you the door. You're the one that has to walk through it."

Ryan Cohen didn't need to invest in other meme stocks to make money - this latest one is not going to go 100x by increasing its revenues and profitability. He did it to validate the strategy: **recall your shares and/or issue new ones to existing shareholders. That's how you beat the shorts and avoid getting boxed in the cellar.**