

Title: CMKM and Gamestop: WHY can't GameStop ask shareholders to DRS their shares?

Author: suddenlyy

Created 2021-09-19 07:00:08 UTC

Permalink: /r/DDintoGME/comments/pr34bn/cmkm\_and\_gamestop\_why\_cant\_gamestop\_ask/

Url:

[https://www.reddit.com/r/DDintoGME/comments/pr34bn/cmkm\\_and\\_gamestop\\_why\\_cant\\_gamestop\\_ask/](https://www.reddit.com/r/DDintoGME/comments/pr34bn/cmkm_and_gamestop_why_cant_gamestop_ask/)

From what i can see, DRS is getting the attention and sentiment that it deserves. This is great - but i want to spread knowledge about 2 things that aren't as widely known.

1. Gamestop(or any share issuer) is legally prevented from asking its shareholders to DRS their shares.
2. The REASON that the above statement is true is important to think about.

First, lets establish that the first statement is true. Dr T states this in Chapter 18 of her book, and in her reddit AMA. I strongly encourage you to read chapter 18 to get more specific details, but here is the part where she talks about the cert pull:

PG 212

>On November 4, 2005, CMKM issued a press release announcing a distribution that would require investors to get their shares registered in their own names, i.e. out of DTC: ...

Pg 213

>"Although, certainly, other companies had used similar tactics to get their stock shares out of DTC, after CMKM's success in exiting the central depository, DTC stonewalled any future attempts by other companies. They got the SEC to grant approval for a rule change that prohibited requests for withdrawal of certificates \*\*that could be instigated by issuers.\*\*"

And from Dr T reddit AMA:

>Dr. THoC is a lot more of what I knowEverything Short - there's a lot of stuff in there that I'm not as experienced with. I offered you some comments on that, but I don't think I can be as helpful there.On HoC, some things you caught on to.For example:

>

>"\*\*DTC rule changes about not allowing issuers to say "I don't want to be in the depository".\*\*Most people would have missed that because that really came about as a result of one issuer telling their shareholders to pull their certificates out of the system\*\*So rather than leaving their shares with their broker, to get them registered in their own name.\*\*That had been done on a small scale before.\*\*But for this issuer, a lot of people/investors were organized, and pretty much everything came out.At that point, the DTC said issuers can't request this.\*\*Now, an individual can still ask to have their shares registered in their name.Gamestop has a direct stock purchase program where you can buy your shares directly from them, I think the minimum purchase is \$25 for a one-time buy.

So Gamestop cannot just ask us to DRS our shares - Now lets think about WHY this is so. This next part is obviously conjecture - DTC aren't gonna issue a press release stating "hey yall -were going to change the rules to prevent our crime from being exposed" are they? So here is my take.

So lets summarize..CMKM asked their investors to DRS their shares and were successful. This caused a big shit show for for DTC as it exposed tons of phantom. DTC then got a rule approved that prevents companies in the future from making this request from their shareholders.

in otherwords?? - evidence of crime(lots of phantom shares) was exposed, and DTC responded by making it illegal (or at least more difficult) for similar crime to be exposed in the future, by making it harder for a company to get a large # of their shares DRS'd - by banning companies from asking their shareholders to DRS their shares.

in my opinion, from the DTC's point of view when they passed this rule.. , i bet they were thinking

something like..

"Without a company itself advertising to their shareholders to DRS their shares, it would be very unlikely for a company's shareholders to DRS a large portion of their float - so the problem we had with CMKM( of plethoras of phantom shares existiing) is very unliekly to be exposed like this in the future"

And they would be correct - it would be very unlikely. Its so hard to organize an effort of getting millions of shareholders to DRS 10s of millions of shares. Most people dont DRS their shares, or even know that they can, or even know what the benefits are! How likely is it that a company will have millions of shareholders DRS 10s of millions of shares on their own??

Look what its taken for this process to start to happen with GME.. Gme is the perfect storm with the years of phantom share creation, DFV, Ryan Cohen, and millions of investors excited about a stock they love for 9+ months.

NOW-

i dont know if DRS will be the catalyst itself - but it does expose with clear hard evidence the phantom shares.

when this happened with cmkm, brokers ended up DELETING the phantom shares from peoples accounts.

why did brokers delete the fake share positions? we dont have all the details - its not as if any brokers issued a statement explaining "hey heres why we have decided to delete peoples shares".. but here is my take(again - chapter 18) : they were in a rock and a hard place - shareholders were asking to DRS their shares, and eventually the brokers could no longer do that, because the transfer agent for cmkm at some point would be unable to DRS any more shares - becuase at some point the float would have already been DRSD. so the broker now has to say "sorry sir/maam we can no longer DRS your shares because all the real shares are accounted for - what you have are just phony shares. anyways, any other questions i can help you with? have a great day!"

so, even if it doesnt cause the moaass by itself - at the very least DRSing the float should escalate the situation we find ourselves in with GME ..imo. By escalation i mean more attention, more eyes watching and.. DOJ.

Again, in chapter 18, at some point during the CMKM fiasco, DOJ got involved.

Pg. 215

>The Department of Justice and others would eventually bring eventually bring charges for the issuance of unregistered shares..In other words, instead of pursuing the over-arching problem of phantom shares created in the clearing and settlement system, the authorities were only able to pursuer criminal violations against a handful of actors in the shares of one unique company

more escalation, more eyes, more buys+holds, more pressure, . LFG

Just try deleting our GME shares, motherfuckers. With the world watching and with Ryan Cohen at the helm - JUST TRY! (but really though - when shit starts to hit the fan - we should all probably expect some type of FUD, MSM trying to get the public to focus on anything other than the CRIME that is going on, and who the perpetrators are)

PS.

Also relevant, why have very few people heard of or know about the CMKM story? Shouldnt this have been big news at the time - peoples shares getting deleted???

PG 209. of Dr T's Naked Short and Greedy

>the allegations of fraud and corporate abuse are the reason why no one heard the rest of the story, the one where brokers were allowed to cheat investors by taking their money and never giving them any shares of CMKM.

PG. 216.

>..As I explained above, none of the journalists that contacted me would run the story because of the allegations of fraud and criminal activity against CMKM, its founders/managers and/or transfer agents. One reporter even called CMKM "fraud city" .. None of the reporters would print the story or even make reference to the plight of active-duty military, hard-working families and American veterans who were cheated.

I DO NOT KNOW the specifics of the allegations of fraud, or whether they were true or not. AS WE HAVE SEEN on our subreddits, it could easily have been AND I WOULD SAY MAYBE PROBABLY WAS at least partly a (successful) FUD campaign to smear the CMKM company, muddy the waters and get people distracted on things other than "hey we just deleted your shares" - just spitballing guys, i dont know for sure.

Endnote: this is my first DD, and i think im probably not that great at it - but i thought much of this info isnt widely known yet and i want it to be! so i gave it my best shot. NOT FINANCIAL ADVICE i am a lowly smooth brain with autism, i dont know shit all i did was buy and read a fuckin book!! and i recommend you do the same!

edit:

folks, one more thing i forgot to add.

As i read chapter 18, i couldnt help but conclude that our "stock market" is literally bernie madoff's scheme on a higher level.

Bernie madoff would take your money and send you statements showing that you had "shares" - but madoff never bought or sold any shares. it was all just words on a page. a ponzi scheme.

Folks have compared the market to madoff before on these subreddits but i didnt really understand until now. i thought it was an exaggeration. but it really IS madoff's monster in a much bigger way.

>From pg 211:

"This CEO and all the CMKM shareholders suffered from the same delusion - they thought naked short selling was their only problem. I could not make them understand that the system was going to cheat them with or without short sellers, naked or otherwise. \*\*When one broker can sell shares to your broker and simply fail to deliver at settlement, they do not have to bear the expense of short selling with stock borrowing for settlement or bear the cost of monitoring and reporting naked short sales.\*\* \*\*They simply do not deliver any shares on settlement date and the system lets them. In the meantime, your broker is not required to tell you that he took your money and did not get your shares. There will be no record of any short sale\*\*."

our problem is not naked short selling - it is FTDs!! Its the main message of her book, and its what she stresses all the time! the bold part above is LITERALLY. BERNIE. FUCKING. MADOFF'S. PONZI. SCHEME.

and it aint just 1 entity( like citadel) either - its the whole system.