

Title: CMKM v GME - "Pretty good summary...Gets across point this could happen to any stock." - Dr. Trimbath

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****EDIT: Wow, mods debunking Dr. Trimbath now. What's next?***

****This is simply a summary of Dr. T's work to which she reviewed and commented "...Gets across point this could happen to ANY stock." Twitter link included.*****

****First, you guys ban DRSGME.org, then you ban the most pro-DRS advocate****

[u/millertime1216**](https://www.reddit.com/u/millertime1216/)****, and now you debunk Dr. Trimbath. WTF**

Reposting this because it's relevant now more than ever and because Dr. T read it last night and commented on it. [*https://twitter.com/SusanneTrimbath/status/1558268812444590080?s=20&t=40V-5xRm2jt967z7Ud2BhQ*](https://twitter.com/SusanneTrimbath/status/1558268812444590080?s=20&t=40V-5xRm2jt967z7Ud2BhQ)

****Will your broker fuck you when shit hits the fan? Lessons from CMKM where 68.5 billion phantom shares were discovered during DTC withdrawal****

****TA;DR:**** In 2005, investors of CMKM Diamonds, Inc. attempted to pull all their shares out of the DTC and direct register them in their own name. During this process, 68.5 billion phantom shares were discovered and brokers began deleting CMKM shares from investors accounts. Brokers also prevented many shareholders from direct registering and instead had physical certificates issued to *themselves*. While there are significant differences between CMKM and GameStop, this may be the closest example of what to expect as the float gets closer to being locked up in Computershare. If/when shit hits the fan, don't be surprised if the brokers pull the same kind of bullshit. DRS early and often.

****TA:DR end****

*This post is a selected summary of pages 208-227 of Dr. Susanne Trimbath's book "Naked, Short and Greedy."**1* *If you are unfamiliar with Dr. T (or a douchebag skill), please refer to footnote 1.*

On November 4, 2005, CMKM issued a press release announcing a distribution that would require investors to get their shares registered in their own name, i.e., out of DTC.⁽²⁾ Deadlines were set for DTC withdrawal and a shareholder task force was created. In July 2007, after several delays, the task force announced the total number of registered shareholders and shares. They also disclosed the existence of over 68.5 billion phantom shares, i.e., > 68.5 billion shares that could not be accounted for (should not exist).

****Most relevant to GameStop:****

Many of the investors were unable to direct register their shares because they were holding phantom shares. Although the investors had paid for these shares, the brokers either never obtained these shares to begin with or they had lent them out thereby passing on the "real" shares to the borrower. Dr. Trimbath dubbed these CMKM investors as "UnShareholders."⁽³⁾

A deeper dive into these UnShareholders revealed that:

* The following brokers were shown to either delete CMKM shares from UnShareholders' accounts or incorrectly told them certificates were not being issued: Fidelity, TD Ameritrade, UBS Financial Services, Inc., Royal Bank of Canada, eTrade Financial, Bank of America, Charles Schwabb, Bank One, Bank of America, Qtrade, Piper Jaffray, eNorthern Brokerage, LeumiTrade, Fortis Bank Bruxelles/BBH New York

* The following brokers told "UnShareholders" that they could not get certificates. However, these same brokers got certificates for themselves: Bank of America, Ameritrade, eTrade Financial, Royal Bank Canada, UBS Financial, Chase, Charles Schwabb, QTrade, Piper Jaffray, Bank Leumi, Bank One

* Charles Schwabb, Chase Bank and RBC Dain deleted investors share positions at a time when the firms had no shares either in depository or on the books of the issuer

* Schwabb deleted investor positions (10 million shares) and at the same time ordered certificates for their own trustee accounts

* RBC deleted investor positions (11.5 million shares) and told investors that there were no share certificates available. However, documentation shows that RBC received certificates for themselves and other customers.

* Chase deleted a high number of investor positions

In the end, all shareholders of CMKM got fukt, including those that were able to direct register. There was no real value in the firm – they did indeed mine diamonds; however, it was revealed that all mineral rights belonged to the founders of the company, not the shareholders. Multiple lawsuits were filed and some are still pending.

"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**" (Trimboth, p. 209). Although Dr. T tells the story using CMKM as the example, she emphasizes that this stuff happens to every company with publicly-traded shares, big or small.

Some key differences between CMKM Diamonds, Inc. and GameStop:

<https://preview.redd.it/p4hietsv6kh91.png?width=975&format;=png&auto;=webp&s;=fa4ab6e52d44fc33d63348558b45cff1f8e6a192>

*There were diamonds being mined but whatever mineral rights claim the founders of CMKM had was only ever owned by the founders. The assets never belonged to the company.

**<https://www.sec.gov/litigation/aljdec/id291bpm.htm>

The purpose of this post is to point out the behavior of the brokers during the DTC withdrawal process. Unlike CMKM, GameStop has an extraordinary future and is not going bust. The DTC, SEC, market makers, and brokerage firms will have a harder time sweeping things under the rug of the court system if and when things get spicy with GameStop. That being said, we are in uncharted waters.

If retail owns multiples of the float, which I firmly believe, what kind of behavior can we expect of the brokers if/when shit hits the fan? DRS, mofo.

^(1)Anyone who throws shade at Dr. Trimboth is either a shill or lacks the knowledge of her background. She is a business professor in Arizona who started her career at the Federal Reserve Bank and DTC. She has been fighting the corruption for a couple decades and has even lent her time to Reddit for multiple AMAs. BuT sHe HaS bEEEn PUshiNg HEr nEW BoOK "Naked, Short and Greedy." Yeah, moron, she lays out all the corruption in detail for us. Besides, she deserves every penny she gets from the sale of this book. She has been fighting the good fight long before any of us knew of the corruption.

^(2)DTC stonewalled any future attempts by other companies and got the SEC to grant approval for a rule change that prohibited requests for withdrawal of certificates that could be **instigated** by issuers. Hence, we would never see GameStop recommending that we direct register with Computershare. The fact that they mentioned Computershare in the last quarterly report should be telling. I'm hopeful they give

us an update in Q4, but I wouldn't be surprised if a new rule or undisclosed SEC threat prevents this.

^(3)Almost anyone who receives a 1099 with "unqualified dividends" when they believe they owned regular shares, are probably UnShareholders, too.