

Title: Is Tether connected to GME?

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There has been something bothering me about Tether (USDT) in the larger picture surrounding GameStop and I finally got to the point of digging into it. So, without further ado, let's jump into the unregulated wild west of Tether and how it seems to me that it is connected to GME.

[Buckle up.](<https://preview.redd.it/xpymxn8y7pt71.png?width=474&format=png&auto=webp&s=d021bc52032ca59dd55f608d01797d6afc971df8>)

So, what is Tether? Tether is a crypto currency that is pegged to the USD 1:1. They do this by controlling the supply of Tether in circulation. You give them a dollar and they create a USDT to give to you. You give them a USDT, they destroy it and give you a dollar.

[An timeline of events for Tether](<https://amycastor.com/tag/finex/>) – Awesome work Amy Castor!

[Corporate Structure of

Tether](<https://www.trustnodes.com/wp-content/uploads/2017/08/bitfinex-organizational-chart.jpeg>)

[Background on Jean Louis van der Velde](<https://archive.is/DfBMP>)

[Background on Mr. Giancarlo Devasini](<https://nicolaborzi.medium.com/the-lawless-rollercoaster-of-bitcoin-enriches-few-investors-while-many-often-lose-everything-f9b4789444c2>)

Tether originally claimed that the currency is 1:1 backed by cash (and I believe it originally was), but at some point they started making investments with their reserves. This means they are operating on a fractional reserve system. They first

[admit](<https://web.archive.org/web/20190304165618/https://tether.to/>) this in February of 2019 on their website.

On March 31, 2021, they release

[this](<https://tether.to/wp-content/uploads/2021/05/tether-march-31-2021-reserves-breakdown.pdf>) comical breakdown of their reserves:

<https://preview.redd.it/lvhuirjb9pt71.png?width=1420&format=png&auto=webp&s=323160dbc3bf49bc6a9d22128cade5f3da12966a>

There has been a lot of suspicion surrounding their reserves and many have speculated that there are not enough to cover the current supply. Furthermore, Tether has failed to provide any evidence otherwise, even against popular request.

What does this mean? Basically, if everyone demanded their dollars back, and Tether had to liquidate all of their investments, they wouldn't have enough money to buy back the entire market. They would fail to maintain the \$1 mark. When this happens, I expect the price to drop to zero as investors accept lower and lower prices for the obvious worthless asset.

However, so what? I don't hold any Tether, I hold GME. Well, I'm getting there. We need to go through BTC and OSTK first though, stick with me.

Why does BTC matter? Well if you were involved with crypto in 2017, I'm sure you remember December. BTC hit \$20k for the first time and there was a lot of excitement. When did this run up start though? Basically around 4/20/2017. Nice.

<https://preview.redd.it/8tet46xe9pt71.png?width=2138&format;=png&auto;=webp&s;=df8d44c7cca9dd831c214fc8ad0f73793e5b4f25>

But why did it start? Well, let's look back at Tether.

<https://preview.redd.it/79uimxrg9pt71.png?width=2188&format;=png&auto;=webp&s;=279a017fa291e15024e10be6b4d737693cc172aa>

This happens to be the same time that Tether experiences some turbulence in its price, specifically, a price decrease. This means that they did not have money to buy back Tether from the market. Why were people selling their Tether? Well, it was announced that [four of Tethers main banks](<https://www.bitfinex.com/posts/200>) would no longer be doing business with them. People started selling. So, what does Tether do?

Here is the abstract from a [paper](<https://onlinelibrary.wiley.com/doi/full/10.1111/jofi.12903>) by John M. Griffin (University of Texas) looking at this specific event:

>This paper investigates whether Tether, a digital currency pegged to the U.S. dollar, influenced Bitcoin and other cryptocurrency prices during the 2017 boom. Using algorithms to analyze blockchain data, we find that purchases with Tether are timed following market downturns and result in sizable increases in Bitcoin prices. The flow is attributable to one entity, clusters below round prices, induces asymmetric autocorrelations in Bitcoin, and suggests insufficient Tether reserves before month-ends. Rather than demand from cash investors, these patterns are most consistent with the supply-based hypothesis of unbacked digital money inflating cryptocurrency prices.

My take away is, they basically minted Tether, bought BTC with it to artificially increase the price of BTC,

and then used those BTC as their reserves.

There was also something else I found interesting around this time, and that is Overstock. If you are not familiar with Patrick Byrne and OSTK, he is basically the OG for taking on naked short selling. Here is a [video of him from 2016](<https://www.youtube.com/watch?v=yZheZ-EHV5M>) explaining the exact problem that GME is currently experiencing and his solution (spoiler:something about taking them behind the barn and killing them).

So, in 2017, he announced a SEC authorized blockchain-based trading platform and a [ICO for t0](<https://www.sec.gov/Archives/edgar/data/1130713/000113071317000045/pressreleasetzeroico.htm>).

[Here is a podcast of him talking about it](<https://badcryptopodcast.com/2017/10/16/patrick-byrne/>)

I will admit, I need to dig this deeper, but it basically seems like t0's ICO was a way to remove naked shorts from OSTK.

During this time, the same a\$\$hat we have seen writing articles against GME on Motley Fool wrote [this article](<https://archive.ph/2MnxV>) (it's a link to an archived site so you don't give them ad revenue - hehe) against OSTK:

<https://preview.redd.it/fi61s0n5apt71.png?width=2370&format=png&auto=webp&s=2b6f075b49c634630b278ac2025f98851e9abbec>

OSTK experienced a significant run-up:

<https://preview.redd.it/ntnxcj47apt71.png?width=1200&format=png&auto=webp&s=c6934dc20a175b8041c054ab05999986cade54b2>

Tether continued to experience volatility:

<https://preview.redd.it/wyr4fdo8apt71.png?width=2632&format=png&auto=webp&s=7953bdbbee43df130002d8886607a21a7b55b9c20>

And BTC reached a never before seen high:

<https://preview.redd.it/xiu1e3o9apt71.png?width=2730&format=png&auto=webp&s=d2fd91342b2870aa7d22c7ae081a311587f56c24>

This continued until both BTC and OSTK plummeted in January of 2018.

My speculation is that they plummeted due to a new financial asset being offered in December 2017: [BTC Futures](<https://www.coindesk.com/markets/2017/12/18/cme-bitcoin-futures-price-above-20k-in-first-day-trading/>). I explored this some in a previous post about [CME Group](https://www.reddit.com/r/Autisticats/comments/ojrh8x/chicago_mercantile_exchange_cme_group_and_citadel/), but basically they are cash settled (meaning no BTC is transacted) self certified (as in they approved it themselves with the CFTC) futures contracts on BTC. Why is this important? Well, if you can control the price of BTC, as shown above with Tether, then you can make sure your futures contracts always pay out. These futures contracts would be very helpful if you needed to offset losses, say due to a large naked short position in the quickly rising OSTK stock.

Okay, well, what about GME? Well, I think the exact same thing is happening with GME. Basically, the infinite money machine of Tether is providing enough capital to avoid margin calls through crypto futures. What happened after the run up in GME in January? CME Group starts offering [ETH futures](<https://www.coindesk.com/tech/2021/02/17/valid-points-how-cme-ether-futures-work-and-why-they-matter/>). What happened before the May run up? They start offering [Micro-BTC futures.](<http://investor.cmegroup.com/news-releases/news-release-details/cme-group-announces-launch-micro-bitcoin-futures>)

More futures = more assets

Oh, and the price of BTC, ETH, and pretty much every other crypto if you control BTC, is controlled, so you can make sure they always pay. What has Tether done in the past year? [Ballooned to over \$69B that cannot be located.](<https://www.ndtv.com/business/a-crypto-mystery-wheres-the-69-billion-backing-stable-coin-tether-2568271>)

Other things of interest:

In [this](<https://tether.to/statement-on-tethers-settlement-with-the-cftc/>) statement, the CFTC (the same one that the CME Group self certified its BTC futures with) basically said they reviewed Tethers operations and found no issue. Ha, okay...

["On November 5, 2018, as an executive of Tether Mr Devasini lent 900 million dollars to Bitfinex and as an executive of Bitfinex, Mr Devasini signed the receipt to Tether."](<https://nicolaborzi.medium.com/the-lawless-rollercoaster-of-bitcoin-enriches-few-investors-while-many-often-lose-everything-f9b4789444c2>)

This whole account is dedicated to exposing the corrupt entity of Tether:
https://twitter.com/Bitfinexed The founder of Tether actually hates this account so much that he put a bounty on doxxing them so he can file lawsuits.

Apparently there are also USDTUSD Futures contracts and they have had some volatility recently around the same time GME did:

<https://preview.redd.it/zwoh0rr2bpt71.png?width=2910&format=png&auto=webp&s=744dc45b8e60979cdb79bef238477693df548711>

Also, since banks are extremely resistant to working with crypto, Tether is one of the few who will trade crypto for USD and USD for crypto. It's almost like the banks want to funnel everything through Tether..

One last thought. Remember when [Citadel offered \$600M in notes](<https://www.spglobal.com/marketintel/ligence/en/news-insights/latest-news-headlines/hg-bonds-citadel-finance-places-600m-of-notes-in-bond-market-debut-terms-62989441>) (and got rated BBB-, ha!) in March of this year? Who holds those? Could it be Tether?

So, what do you think? Is Tether connected to GME?