

Title: Fantastic DD on BlackRock

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Is\_self: False

### ##PREFACE

This post is about **BlackRock** (<https://i.imgur.com/EHtH9nB.jpg>) and how I believe they're involved in the Gamestop saga. I'm a simple man with few wrinkles, if you had asked me what a call option was last year I would have assumed you were talking about the automated choices you get on some robotic phone lines, so yeah this may come across as childish and naive. I'll be mostly just looking at 13F documents to look for patterns and to try and build a picture of events as they unfolded. I've read many posts about BlackRock but I've yet to see one post that ties everything together **like I see it in my head** (<https://i.imgur.com/7OvFsrl.jpg>).

Please note I don't come to any definite conclusions here, this is just my opinion and it's definitely not financial advice. I also didn't know Reddit posts had a 40k character limit so this is posted in 3 parts. **Yeah it's big** (<https://i.imgur.com/eqMXsM8.jpg>), but I've tried to break it down into sections to make it easier to take in.

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### ##TOO APE, DIDN'T READ:

BlackRock might be a force for good, but too soon to tell.

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### ##TLDR:

\*(This is as short as I can make this)\*

- BlackRock is run by Larry Fink who debatably knows Wallstreet better than anyone else and he seems to be on a mission to clean things up.

- BlackRock built one of the greatest market risk detection systems on the planet called Aladdin so Fink clearly knows what's happening with Gamestop.

- I tracked GME institutional ownership back to March 2017 and found GME was getting shorted as far back as that.

- BlackRock was **willing to accept US Treasury bonds as collateral** (<https://i.imgur.com/leRVj8G.png>) in share lending (possibly the only company to do so), and from Atobitt's everything short we know Shitadel had easy access to UST bonds. This implies BlackRock gave Shitadel a cheap way to start shorting GME.

- BlackRock had held millions of GME for years and then sold shares in bulk at 2 points; when Gamestop needed shares for a stock buyback and when RC wanted to buy shares, both times BlackRock seemingly sold at a big loss. This seems like BlackRock was doing both parties a favor.

- Fidelity and Dimensional Fund Advisors had also lent out GME for years, they then decided to sell all of their GME shares in Q1 2021, to do this they first had to recall the shares and I believe this caused the January squeeze, due to their shares having been rehypothecated for 4 years.

- It wasn't only Gamestop where Fidelity sold shares, they sold their entire supply of 21 other stocks which all squeezed in Jan, so I think Fidelity caused these squeezes too.

- I then looked at the 2020 market crash and **BlackRock** went into this without buying puts to protect themselves like they had done during previous crashes (<https://i.imgur.com/XuoZ0lk.png>), they also sold \$ hundreds of billions worth of stock and then bought right back into the exact same positions mere weeks later. To me it seems BlackRock (possibly with the help of Vanguard) helped crash the markets so they could get the **SLR** (<https://www.risk.net/definition/supplementary-leverage-ratio-slr>) (leverage) rule relaxed. This rule change meant the shorts could go even harder on their short positions thanks to banks having easier access to US Treasury bonds.

- BlackRock made it easy for the shorts to borrow shares, then made it easier for shorting to happen during the pandemic and they sold GME to Gamestop and RC when they both needed them (at great cost to themselves). It just seems to me that BlackRock laid out a long trap over the past 4 years to hurt the shorts and cause the MOASS. Fidelity and Vanguard may have had a hand in this too; Fidelity also sold to Gamestop during the stock buyback and then caused all the squeezes in Jan, and Vanguard pretty much copied BlackRock's actions during the 2020 crash which led to the SLR rule change. Why did they do all this? Partially for self-interest, BlackRock & Vanguard have increased their positions in a lot of heavily shorted stock so will benefit from the many imminent squeezes (I'm eagerly awaiting the next 13F documents to see how their holdings look now). I also think they enabled the MOASS for the reason below:

- My opinion is that BlackRock et al wanted to crash the markets so they can be rebuilt with sustainability in mind. **BlackRock** is apparently the key to redistributing \$120 trillion worth of investment into sustainable companies (<https://uk.finance.yahoo.com/news/great-reset-blackrock-fueling-120-210000214.html>), and I believe this will happen during and after the MOASS; BlackRock will pull out of any non-eco-friendly companies and push money into eco-friendly ones.

- Larry Fink has been urging CEOs to release ESG data for their companies, ESG stands for Environmental, Societal and Governance and it measures non-financial factors like pollution, deforestation, gender and diversity policies, bribery and corruption, lobbying, executive compensation and many more points showing how "good" companies are at their core. I believe post MOASS high scoring ESG companies will boom while the others will dwindle.

- Gary Gensler has also started pushing hard for ESG data to be released, implying this concept is accepted by the US government too.

- The Great Reset is a term relating to sustainability and meeting net zero targets, it started getting used during the pandemic with the idea of "building back better" but so far, there's been very little done towards this so far.

- The government has been quiet about the Great Reset, but John Kerry (currently serving as the first United States Special Presidential Envoy for Climate) said last year that the government will support the Great Reset and that the Great Reset "will happen with greater speed and with greater intensity than a lot of people might imagine" call me a tinfoil hat, but that sounds like a reference to the MOASS to me.

- Finally I looked at how the DTCC have been working on **Project Ion** (<https://www.dtcc.com/~media/Files/Downloads/settlement-asset-services/user-documentation/project-ION-paper-2020.pdf>) and **Project Whitney** (<https://www.dtcc.com/~media/Files/Downloads/settlement-asset-services/user-documentation/Project-Whitney-Paper.pdf>) for the past 6 years, both of these are about digitizing securities to be traded on blockchain, particularly Ethereum (sound familiar?)

- The SEC recently just happened to bring on a crypto expert (Gary Gensler) as their Chair around this time.

- Additionally 45 different countries are currently researching CBDCs (central bank digital currencies) and the Federal Reserve is looking into a digital dollar too, which may come out with the arrival of a new crypto stock market.

- The DTCC's own papers say that a point of resistance for a new digitized system is fighting the status quo and not fixing what isn't broken. Cue the MOASS. This will decimate the markets leaving a perfect opportunity for a new blockchain based stock exchange where the digital dollar can be introduced too.

- Gamestop's crypto announcement could well be one of the first companies to trade on this new system.

- Overall I believe there's been a 4 year plan in motion to crash the markets to the point they can be rebuilt from the bottom up. BlackRock might have enabled this, but Shitadel & Co were the perfect stooges to demonstrate just how badly the current system can be abused and why change is needed.

- Finally there seems to have been a FUD campaign against BlackRock and the concept of the Great Reset, almost as if Shitadel is pissed off all of this is happening and they're now spreading FUD about these things just like with Gamestop.

- I honestly believe that our buying and holding isn't just yielding us tendies, but that we're part of the greatest revolution ever that will help fight climate change and weed out corruption.

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### ##HONORABLE MENTIONS:

\*(in alphabetical order)\*

- **u/Atobitt** (the maestro himself) wrote **The Everything Short**([https://reddit.com/r/GME/comments/mgucv2/the\\_everything\\_short/](https://reddit.com/r/GME/comments/mgucv2/the_everything_short/)) which I'll explore in Section 5.

- **u/BarTPL0** wrote **this post**([https://old.reddit.com/r/Superstonk/comments/mysvq9/dtcc\\_anticipates\\_completion\\_of\\_prototype/](https://old.reddit.com/r/Superstonk/comments/mysvq9/dtcc_anticipates_completion_of_prototype/)), the only one I've seen on Superstonk which mentions Project Ion, I'll mention this in Section 9.

- **u/Bladeace** wrote a post called **The NYSE threshold list: collapsing shorts and launching the MOASS**([https://reddit.com/r/Superstonk/comments/oao9oo/the\\_nyse\\_threshold\\_list\\_collapsing\\_shorts\\_and/](https://reddit.com/r/Superstonk/comments/oao9oo/the_nyse_threshold_list_collapsing_shorts_and/)) which I'll look at in section 4.

- **u/BurnieSlander** wrote **The Matrix is Everywhere. A Quant DD**([https://reddit.com/r/Superstonk/comments/nzajpv/the\\_matrix\\_is\\_everywhere\\_a\\_quant\\_dd/](https://reddit.com/r/Superstonk/comments/nzajpv/the_matrix_is_everywhere_a_quant_dd/)) which I'll touch on in Section 5.

- **u/Criand** has more wrinkles than a pruned avocado and I could read his posts all day long, but I'll just be looking at his **The Bigger Short**([https://reddit.com/r/Superstonk/comments/o0scoy/the\\_bigger\\_short\\_how\\_2008\\_is\\_repeating\\_at\\_a\\_much/](https://reddit.com/r/Superstonk/comments/o0scoy/the_bigger_short_how_2008_is_repeating_at_a_much/)) post in Section 7.

- **u/Get-It-Got** wrote **this post**([https://www.reddit.com/r/Superstonk/comments/ns7k6q/could\\_gamestop\\_lift\\_off\\_unravel\\_corporate\\_junk/?utm\\_source=reddit&utm\\_medium=usertext&context=3&utm\\_name=Superstonk&utm\\_content=t1\\_h1lw3ow](https://www.reddit.com/r/Superstonk/comments/ns7k6q/could_gamestop_lift_off_unravel_corporate_junk/?utm_source=reddit&utm_medium=usertext&context=3&utm_name=Superstonk&utm_content=t1_h1lw3ow)) on HYG — IShares IBOX \$ High Yield Corporate Bond ETF, which I'll touch on Section 6.

- **u/--GrinAndBearIt--** made **this post**([https://reddit.com/r/Superstonk/comments/ms4syp/blackrock\\_currently\\_has\\_3\\_exmember\\_inside\\_the/](https://reddit.com/r/Superstonk/comments/ms4syp/blackrock_currently_has_3_exmember_inside_the/)) which I'll look at in Section 8.

- **u/hell-mitc** wrote **this post**([https://reddit.com/r/Superstonk/comments/mrstka/its\\_just\\_a\\_bug\\_bro\\_part\\_4\\_it\\_has\\_to\\_be\\_a\\_fucking/](https://reddit.com/r/Superstonk/comments/mrstka/its_just_a_bug_bro_part_4_it_has_to_be_a_fucking/)), if you're reading this I hope I can put your mind at ease in Section 7.

- **u/ringingbells** made **this meme post**([https://www.reddit.com/r/Superstonk/comments/oizcqz/an\\_actual\\_unpopular\\_opinion/](https://www.reddit.com/r/Superstonk/comments/oizcqz/an_actual_unpopular_opinion/)) which I'll address in Section 5.

- **\*/u/SamBradfordSuperFan\*** recently wrote [**\*\*this post\*\***](https://reddit.com/r/Superstonk/comments/okjctq/explaining\_the\_gme\_token\_it\_has\_launched\_the/) explaining elements of Gamestop's crypto token and how there's a need to wait for Ethereum update EIP 1559. I'll look at this in Section 9.

- **\*\*Special thanks to /u/variousred\*\*** who proof read this post, offered suggestions and helped make me feel this wasn't all just a load of rubbish.

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## ##TOPICS WE'LL BE COVERING

### ■■■(\*\*PART 1\*\*)■■■

#### ##1. WHAT IS BLACKROCK?

#### ##2. LARRY FINK

#### ##3. ALADDIN

#### ##4. GME INSTITUTIONAL OWNERSHIP

### ■■■(\*\*PART 2\*\*)■■■

#### ##5. SHARE LENDING

#### ##6. BLACKROCK'S EXPOSURE

#### ##7. THE 2020 CRASH

### ■■■(\*\*PART 3\*\*)■■■

#### ##8. THE GREAT RESET

#### ##9. CRYPTO MARKETS

#### ##10. NEGATIVE SENTIMENT

#### ##11. CONCLUSION

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\*If you already know a decent amount about BlackRock and Aladdin then feel free to start at section 4.\*

Otherwise buckle up and let's get on with this!

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#### ##1. WHAT IS BLACKROCK?

- BlackRock (BR) is a massive international investment company that's been around since 1988. They have \$9 trillion in assets under management (according to latest 2021 figures) and they use the money from investors to buy assets, such as shares, exchange-traded funds (ETFs), bonds, real estate etc.

- They charge fees for their services and their investors are typically very wealthy. They take a strategic approach offering bespoke portfolios based on the needs of individual customers. Just like Fidelity, BlackRock is very customer oriented and while their main goal is to make money for their clients, they do this in a controlled and measured way aiming to maximize returns while minimizing risk.

- Hedge funds differ from the above approach in that they use high-risk investment strategies in the hopes of getting massive returns. A favourite hedge fund tactic is obviously naked shorting, which is highly profitable when it works (tee-hee). I'm gonna be blunt here and assume if you're investing with Shitadel, you don't really get a choice where your money is used. BlackRock is starting to offer portfolios which contain only eco-friendly companies, but I imagine with Shitadel your money just gets dumped in a big pot to be used for shorting or investing in mayo.

- BR manages about \$1 trillion of pension and retirement funds for millions of Americans, which shows just how many large investors trust BlackRock. Their stock portfolio currently shows over 5k companies with a combined value of \$3.4 trillion and they own over 10% of equity in hundreds of large companies (Gamestop included).

- \*\*Did you know that as of 2021 BlackRock is no longer the largest asset manager in terms of assets under management? The new top dog is: >![\*\*Fidelity with \$10.4 trillion in AUM\*\*](https://i.imgur.com/LbdqeTc.png)!<

- If you search "BlackRock controversial" you'll get hundreds of horrible sounding points which on face value may make you not want to trust a company like this. I will be addressing a lot of these in this post \*but\* my goal here isn't to convert you to trust BlackRock or even to like Larry Fink who runs it, only to educate you on some points you may not know.

**SUMMARY:** BlackRock is a huge investment company managing trillions of dollars of investment.

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## ##2. LARRY FINK (the man in charge)

- Mr Larry Fink is a 68 year old gentleman who started working on Wall Street when he was 23. He's built himself up to be one of the most powerful men in the US, but he seemingly prefers to stay out of the spotlight. I bet a lot of you reading this have never even heard his name before (I certainly hadn't until recently).

- Fink founded BlackRock in 1988 with the help of some others. Vanity Fair wrote a pretty **in depth** piece on Fink which you can **find here** (<https://www.vanityfair.com/news/2010/04/fink-201004>), that's definitely worth a read if you get the chance, I will be pulling a lot of bits out of that article but I probably won't do his full background justice

- Fink studied real-estate finance and later received offers from top investment banks. He chose First Boston and worked trading bonds and later with mortgage-backed securities. Over the next decade he built a name for himself and **helped develop the multi-trillion-dollar debt-securitization market** that transformed the face of finance. Unfortunately this later helped bring the economy to its knees in the 2008 crisis, but inherently it was a good innovation and initially made housing more affordable and made money for his company.

- Over time he helped make \$1 billion for First Boston and many believed that he would eventually go on to run the firm, but **unfortunately in the second quarter of 1986 his department lost \$100 million**. Almost overnight, Fink says, he went "from a star to a jerk." People stopped talking to him in the hallways; he was ostracized.

- "It was very painful," Fink recalls. "I was not treated as a partner or with the dignity that I expected. Relationships changed and that was difficult for me to handle," he says. "As a result," during the two years before he left First Boston, "I was losing my self-confidence." Leaving was very difficult. "I loved First Boston," he says. Even now, 22 years later, he is visibly upset remembering the time, gripping his chair so tightly his knuckles are white. Fink says he didn't know what to do next; all that was certain was that he was tired of Wall Street—of the way it treated people, its employees and its clients.

- He says **he lost money at First Boston because no one really understood the risks involved**. The

computer systems were inadequate, and so were the programs that measured the impact of key variables such as changes in interest rates. "We built this giant machine, and it was making a lot of money—until it didn't," Fink says. "We didn't know why we were making so much money. We didn't have the risk tools to understand that risk. It's what I tell everybody today: you should analyze your portfolio just as much when you are making money, because you could be taking on too much risk". Seared by his fall from grace at First Boston, \*\*Fink vowed never again to be in a position where he did not fully understand the risks he was taking in the market\*\*.

- Fink went on to form BlackRock in 1988 and operated within Blackstone (not his company), he was given a \$5m line of credit and turned this into \$20b over the next 5 years. He had a disagreement with a partner over control of the funds and he split off from Blackstone to run BlackRock by himself, his company boomed and went on to become the largest asset management company on the planet.

- Many CEOs began turning to Fink for advice and during the 2008 crash the then chairman of the New York Fed called Fink personally for help in managing the \$30 billion of toxic assets that the Fed took over. During the crash itself all funds across the market were hemorrhaging billions, and \*\*Fink said that the government needed to step in and guarantee them before the credit market collapsed, which the Treasury Department did within hours of Fink's call\*\*.

- If I understand that point correctly, \*\*Fink is the one that made the 2008 bailout happen\*\*. Imagine the power involved where someone can suggest to the government that they spend over half a trillion \$ to halt a crash, and having that happen within hours.

- It is hard to understand Fink as a person unless you spend time watching him in interviews and reading tons of background on him, but [**here's some character testimonials**](<https://i.imgur.com/4zRIIG7.png>) from the above article if you haven't read them already.

- I want to finish this section by talking about one of BlackRock's biggest financial mistakes, the iconic Manhattan housing complex Stuyvesant Town and Peter Cooper Village. This deal cost \$5.4 billion and went into default very quickly. Investors who bought equity in the deal also lost their money, including the \$200 billion California Pension and Retirement System (calpers), the nation's largest pension fund, which effectively lost \$500 million.

> At the mention of these blunders, Fink, who has been sprawled in his chair, suddenly stiffens. His voice takes on a harsh tone that is leavened only by his visible anxiety. \*\*\*"When you manage money, you are going to make mistakes. You are not going to be 100 percent perfect. Our job is to minimize those problems, to cauterize them,"\*\* Fink says, his voice rising. \*\*\*"We're not perfect, and I've never said to anyone that we are going to be perfect.\*\* Our investors had all the information we did and they did their own due diligence." He exhales deeply. "Our real-estate division is struggling because of bad performance, and we're making changes. I don't care if the whole industry blew up, our job is to do better than the industry, and we didn't in real estate," he says. \*\*\*"I am not making excuses. I lose sleep over these problems."\*\* The Stuyvesant Town loss was "an embarrassment," he says. Then his voice drops to a whisper. \*\*\*"I mean, my mother gets her pension from calpers."\*\*\*

- Whether you believe Fink's words or not, to me he comes across as an honest down to Earth person who shows remorse over his mistakes. I highly doubt mayo man Ken would lose sleep over his bad business deals, nor would he feel remorse if one of his deals affects his mother's pension fund. To me these two men come across as stark opposites.

**\*\*SUMMARY\*\***: Fink is good at what he does (making money), he's likeable and honest and seems to show remorse over bad decisions. He was forced out of a company he loved because of a bad trade and he vowed to always know the risks involved in the future. He became the go to guy for many CEOs and even the US government.

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### ##3. ALADDIN & RISK MANAGEMENT

- What distinguishes BlackRock from other investment companies is its state-of-the-art system for

evaluating and managing risk. Aladdin is a system of 5,000 computers running 24 hours a day, overseen by a team of engineers, mathematicians, analysts, and programmers. This computer farm can monitor millions of daily trades and scrutinize every single security in its clients' investment portfolios to see how they would be affected by even the most minor changes in the economy. Apparently as of 2020, Aladdin managed \$21.6 trillion in assets.

- In 2000, BlackRock launched BlackRock Solutions, the analytics and risk management division of BlackRock. The division grew from the Aladdin System (which is the enterprise investment system), Green Package (which is the Risk Reporting Service) PAG (portfolio analytics) and AnSer (which is the interactive analytics). Through BlackRock Solutions, customers pay for advice on the markets and can test their portfolios in the risk systems. This division now has about 140 clients, the best known of which happens to be the U.S. government. \*\*Yeah, the freaking US government pays BlackRock for market advice.\*\*

- Aladdin can simulate every imaginable shift in interest rates, every conceivable change in the financial markets, and stress-test the performance of hundreds of thousands of securities in numerous global-crisis scenarios. Here's a thought, you know those liquidity tests being done on Shitadel & Co? I'd wager that Aladdin might be the system being used for those.

- [\*\*This article\*\*](<https://www.businessinsider.com/what-to-know-about-blackrock-larry-fink-biden-cabinet-facts-2020-12?r=US&IR;=T>) says "Vanguard and State Street Global Advisors, the largest fund managers after BlackRock, are users of Aladdin, as are half the top 10 insurers by assets, as well as Japan's \$1.5tn government pension fund, the world's largest. Apple, Microsoft, and Google's parent firm, Alphabet — the three biggest US public companies — all rely on the system to steward hundreds of billions of dollars in their corporate treasury investment portfolios."

- The overall point I'm making here is that Larry Fink seems true to his word in that he takes risk seriously. BlackRock seems to be the exact opposite of a hedge fund like Shitadel which seems happy over-leveraging themselves on positions with potentially unlimited loss, I can't see Larry Fink doing that any time soon.

**\*\*SUMMARY:\*\*** Fink has clearly become one of the most powerful people in finance, he's created an incredible risk assessment system and has US officials coming to him personally for advice. BlackRock's Aladdin system may be the one the government is using to do the liquidity tests on Shitadel & Co, either way BlackRock and Fink are likely highly aware of what's happening with Gamestop, so let's go on to explore GME's ownership over the years including BlackRock's involvement in this.

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#### ## 4. GAMESTOP INSTITUTIONAL OWNERSHIP

- First point I want to make here is about BlackRock's overall portfolio value. They've been the largest asset management company for a while but according to their 13F filings their securities portfolio only seemed to really boom at the start of 2017 [\*\*as seen here\*\*](<https://i.imgur.com/BoDFvIs.png>). For this reason I'm mainly only going to be looking at Q1 2017 and onwards.

- [\*\*Here's a graph of GME institutional ownership going back to 2017\*\*](<https://i.imgur.com/f8y4R3z.png>). Yeah that's a lot to take in and it might not be very clear if you're on a phone (apologies). A caveat here is that there could be smaller companies with GME that I can't trace (without trial and error through thousands of 13f reports), but I hopefully caught most of the big ones. \*\*Here's some observations I can see straight away\*\*:

- \*\*1.\*\* BlackRock and Fidelity held the largest GME positions for the majority of the last 4 years.

- \*\*2.\*\* UBS never really has a large GME position despite being the 3rd biggest asset manager in 2020, so I will rule them out of any further analysis.

- \*\*3.\*\* BlackRock, Vanguard and Fidelity all pretty much stay level or increase their GME positions until mid 2019 and then start to sell. I wonder why that was?

- \*\*4.\*\* Fidelity & Dimensional both have large GME positions for 4 years then they decide to sell ALL of their shares in Q1 2021, that seems odd.

- Now to make it clearer let's sum institutional ownership together, compare this to share price and include the total outstanding shares, **[\*\*all of that all looks like this\*\*]**(<https://i.imgur.com/IKfwMQH.png>). Ok, that's easier to follow and straight away I'm seeing a reason why institutions began selling GME in 2019, **\*\*Gamestop underwent a massive stock buyback\*\*** where they reduced their total shares from over 100 million to around 65 million, here's how it went:

Date | Total Shares Outstanding

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Jun-19 | 102.27 million

Sep-19 | 90.46 million

Dec-19 | 65.92 million

- I'll talk about this stock buyback further a few paragraphs down, but let's finish analyzing the graph first. The other thing that stands out to me is the **\*\*inverse proportional relationship between institutional ownership and price\*\***, **[\*\*here's some comments to show you what I mean\*\*]**(<https://i.imgur.com/AQSad8R.png>). **\*\*Why would price drop as institutions buy more shares?\*\*\*** Increased demand should push the price up, not vice versa. Maybe it was the public selling off and lowering the price, but then why would institutions buy more? They seem to be investing in a failing stock, so what are they getting out of it? **\*\*The only conclusion I can come to here is that GME was being shorted as far back as 2017\*\***; it seems institutions were buying stock and immediately lending this out, Shitadel borrowed this and shorted it dropping the price. Further evidence of Gamestop being shorted is seen when institutions start selling from mid 2019 to the end of 2020 which seems to make the price shoot up, this is likely because their lent shares had been used in shorting and when they recalled those shares to sell it forced closing of short positions pushing the price up.

- Institutions can make a lot of money lending shares, **[\*\*as this chart about BlackRock shows\*\*]**(<https://i.imgur.com/5hiFyUW.jpg>). Back in 2018, Elon Musk called BlackRock out for their share lending program claiming that they were helping short sellers. Apparently our very own Mr **[\*\*Dave Lauer defended BlackRock's actions here\*\*]**(<https://i.imgur.com/6yL8fuU.jpg>). Dave is correct here (as he usually is), lending shares is not in itself an issue, it creates additional revenue stream for the lender and there's no guarantee shorts will succeed if they do use the borrowed shares for shorting. It's like trying to blame the cashier who sold a knife at Walmart if that gets used in a crime. I know that there's a lot of contention about share lending on Superstonk, but I honestly believe that the MOASS wouldn't be a possibility if share lending hadn't happened.

- Now let's examine the **[\*\*stock buyback\*\*]**(<https://i.imgur.com/hAAUbHX.png>) in 2019. **[\*\*This article\*\*]**(<https://www.businesswire.com/news/home/20190819005633/en/Scion-Asset-Management-Urges-GameStop-to-Buy-Back-238-Million-of-Stock-with-Cash-on-Hand>) talks about **\*\*Dr Michael Burry's letter\*\*** that he sent to Gamestop's Board of Directors in 2019, in that letter **\*\*he urges Gamestop to buyback 80% of their outstanding shares\*\***, he points out that GME shares were at a record low price yet volume for GME was rising. He goes on to mention that 60% of the shares are shorted and that Gamestop's cash levels are much higher than the current market cap from the stock, so it all points to poor capital allocation by Gamestop's management. He says that them doing a stock buyback would be a bullish move and could help start turning Gamestop around, I believe DFV draws on these points in his original Gamestop thesis. I don't know if this is worth mentioning, but Dr Burry starts his letter by saying he owns 2.75 million GME shares, **[\*\*but he had only held these for 2 months\*\*]**(<https://i.imgur.com/bmzMo9L.png>) at most when he wrote that letter, so he doesn't seem to be a deep value investor here, to me it suggests he saw this as an opportunity for a squeeze and wanted to take advantage of that.

- Let's take a quick look at **\*\*what stock buybacks are\*\*** (feel free to skip this paragraph if you already know). **[\*\*Investopedia\*\*]**(<https://www.investopedia.com/ask/answers/042015/why-would-company-buyback-its-own-shares.asp>)



covers it well, firstly a stock buyback is not the same as a stock reverse split even though both reduce the number of shares available to investors, this is because **\*\*with a buyback the issuing company is actually using company money to buy the shares to reduce numbers and this pushes the share price up\*\***, whereas in a reverse split the amount of shares is reduced without any shares being bought so that technically keeps the value the same. With a stock buyback **\*\*the issuing company can purchase the stock on the open market or from its shareholders directly\*\***. In recent decades, share buybacks have overtaken dividends as a preferred way to return cash to shareholders and though smaller companies may choose to exercise buybacks, blue-chip companies are much more likely to do so because of the cost involved. This will be why Dr Burry recommended this method, Gamestop had the cash on hand to do this and it would have gone on to push the share price up (allegedly), and because companies will announce stock buybacks before they happen this has a knock-on effect where investors will FOMO into the stock thinking that it will go up in value pushing the price up further. **\*\*This means that one of the greatest advantages of a stock buyback is that it hurts short sellers\*\***, simply because overall supply of the stock is reduced so that will push the price up meaning short positions lose money (on paper). **\*\*Overall stock buybacks are a bullish move\*\***.

- Gamestop went through with the stock buyback (whether at Dr Burry's suggestion or not) and reduced their total shares from around 102 million to 65 million. **[\*\*This pushed the share price up (although only slightly)\*\*]**(<https://i.imgur.com/ID4eSC2.png>) and it seems **[\*\*institutional ownership dropped by 5 million shares to help complete the buyback\*\*]**( <https://i.imgur.com/obqQf88.jpg>), that suggests Gamestop bought the majority of the 36 million shares on the open market and got some help from institutional investors. Let's take a closer look at **[\*\*which companies sold GME during this time\*\*]**(<https://i.imgur.com/CceC0r3.png>), so quite a few including Dr Burry's company Scion, but BlackRock and Fidelity sold the most by far with 5 million and 6 million shares respectively. But **[\*\*why would BlackRock & Fidelity sell at this time after holding through a price crash for years?\*\*\*]**(<https://i.imgur.com/Lpnt1Mj.png>) Both of these companies had held millions of shares when the price was around \$25, so **\*\*to now sell around \$5 means they would make an 80% loss. Were they just helping Gamestop out here?\*\*\*** I tried to research if companies are obligated to sell during a buyback like this, but nothing I found suggests that's the case. It seems if Gamestop was unable to get the full 36 million shares they wanted then they simply would have had to buyback less stock.

- Little side note here, an investment company called Hestia-Permit group jumped on board buying a bit over 3 million shares during this time (which doesn't seem helpful when a company is trying to buy back stock). **[\*\*Hestia had made some sort of deal with Gamestop\*\*]**(<https://news.gamestop.com/news-release/s/news-release-details/gamestop-announces-agreement-hestia-capital-and-permit>) allowing Hestia to vote in some specific board members. In my opinion Hestia likely wanted to push the idea of the stock buyback and thought they'd have more sway with board members to get this passed, if this is true then Hestia likely just wanted to make a bit of quick profit like Dr Burry seems to have wanted too.

- Let's move forward in time a bit, the next big player to join the scene was Ryan Cohen where he started buying shares in Q3 2020, he initially buys just over 6.5 million shares at first and then increases that to 9m by the end of Q4 2020 (last Christmas). I want to look at how Ryan Cohen (RC) joined the scene, Gamestop had completed their stock buyback and had reduced the free float by 36 million shares, which isn't good when someone wants to swoop in and buy a ton of GME. This makes it seem that some institutions had to sell their shares to RC so he could come on board. **[\*\*This graph shows which companies likely sold shares to RC\*\*]**(<https://i.imgur.com/y0qSTkF.png>). So Hestia and Scion sold big chunks of GME (around 6 million) but these two had only held their shares since Q3 2019, so about a year at this point. During that time **[\*\*GME share price remained mostly flat (in the long run)\*\*]**(<https://i.imgur.com/05ym6UB.jpg>), to me this adds credence to the idea that these two companies did get on board to take advantage of the stock buyback, it obviously didn't pay off as they thought so they sold in bulk. There are theories floating around that Dr Burry would not have wanted to have held GME during the Jan squeeze, because he could be liable for another lawsuit just like after 2008 and like what happened to DFV. Whatever the reason Dr Burry & Hestia sold, they had held for a year and pretty much broke even. But **\*\*BlackRock sold 2 million shares seemingly at an 80% loss again, they were definitely under no obligation to sell shares to RC, so were they doing a favor for RC?\*\*\*** If so then it seems BlackRock first helped Gamestop with their stock buyback and then they helped RC get his GME shares, both time at great cost to themselves. Was this a part of some greater plan?

- Q3 2020 ends and RC has 6.5 million shares, but we all know he ends up with 9 million, so where do the

other 2.5 million come from? The eagle eyed among you may have spotted [\[\\*\\*this before\\*\\*\]](https://i.imgur.com/yfdC4AL.png), yeah Gamestop releases more shares at exactly the time RC wants to buy more. [\[\\*\\*Let's take a closer look at that\\*\\*\]](https://i.imgur.com/jnix50b.png). \*\*Gamestop made 5 million more shares become available and RC increases his position by 2.5 million from this\*\*. Was that really just a coincidence? Gamestop just happened to release more stock at exactly the time Ryan Cohen wanted to buy more? [\[\\*\\*Here's Gamestop's SEC filing for this share release\\*\\*\]](https://news.gamestop.com/node/18351/html), so from reading that we can see that Gamestop sold these shares on the open market and that they were planning to use the money "for working capital and general corporate purposes, which may include funding our ongoing digital-first omni-channel growth strategy and product category expansion efforts." This really seems to me that Gamestop helped RC out here.

- Last Christmas ~~I gave you my heart~~ [\[\\*\\*top GME ownership looked like this\\*\\*\]](https://i.imgur.com/A7Quxq1.png), with BlackRock, Fidelity and Ryan Cohen all holding 9 million GME shares with only a 275k range between them all. \*\*What Fidelity and Dimensional Fund Advisors did next blew my mind at first\*\*. Going from Dec-20 to Mar-21 these 2 companies sell practically \*ALL\* of their GME shares after holding these for years through the price crash, [\[\\*\\*seriously look at this\\*\\*\]](https://i.imgur.com/4AgPF1y.png) and then [\[\\*\\*this is how long they had each held for\\*\\*\]](https://i.imgur.com/HN5Byn5.png). I don't think it takes too much guesswork to see why they sold at this time, price was at the highest point it had been in years (likely from RC's buying pressure plus there would have been a lot of share recalls around this time pushing the price up). But [\\*\\*here's another reason why these 2 companies might have wanted to sell around this time\\*\\*](https://u/Bladeace), check out [\\*\\*/u/Bladeace\\*\\*](https://u/Bladeace) 's post called [\[\\*\\*The NYSE threshold list: collapsing shorts and launching the MOASS\\*\\*\]](https://reddit.com/r/Supestonk/comments/oao9oo/the_nyse_threshold_list_collapsing_shorts_and/), that's an amazingly well written post talking about the 'threshold securities' list, here's a snippet:

> The New York Stock Exchange provides a list of 'threshold securities', which are securities that are regarded as difficult to borrow due to a large number of recent failures to deliver. When a security is on this list, there are limits on a market maker's ability to short sell the security in question and obligations regarding delivery requirements.

- [\\*\\*/u/Bladeace\\*\\*](https://u/Bladeace) includes [\[\\*\\*this chart\\*\\*\]](https://preview.redd.it/yfmbrye3lb871.png?width=685&format=png&auto=webp&s=c28e1c25971667b38fc8717aba790de881771e86) which shows just how bad the Gamestop FTD issue was around this time. So the GME lending market is getting choppy and it seems [\\*\\*Fidelity and Dimensional have had enough at this point and decide to sell their shares. That means they first have to recall them\\*\\*](https://u/Bladeace) from Shitadel & Co but remember Fidelity and Dimensional have likely had their shares lent out for the past 4 years. [\\*\\*Question: do you think the borrower \(Shitadel & Co\) only sold on 1 share per every share borrowed, or do you think they sold many shares in some form of rehypothecation abuse?\\*\\*](https://u/Bladeace) My opinion is definitely the latter.

- The only evidence I have for this next point is circumstantial but [\\*\\*I'm really starting to believe that Fidelity \(with the help of Dimensional\) caused the Jan squeeze\\*\\*](https://u/Bladeace). I'm well aware that that's a bold claim, I mean these 2 companies only held 13 million GME between them in December 2020 and the squeeze saw days of up to around 200 million volume, so that doesn't add up. [\[\\*\\*Here's GME volume around the time of the squeeze\\*\\*\]](https://i.imgur.com/qecs1MB.jpg) so yeah some crazy volume days. If you sum up GME volume by month it looks like this:

Month | GME Volume

-- | --

Sep-20 | 254m

Oct-20 | 360m

Nov-20 | 161m

Dec-20 | 251m

Jan-21 | 1262m

- Looking at the average volumes per month, [\\*\\*Jan 2021 probably saw around 1 billion more volume than usual\\*\\*](https://u/Bladeace), for a stock with 70 million shares that's a ridiculous increase. To me [\\*\\*this was likely tied to Fidelity and Dimensional recalling their 13 million GME shares\\*\\*](https://u/Bladeace). Is it insane to think that over 4 years, the shorts re-lent Fidelity's & Dimensional's GME shares (1 billion / 13 million) = 77 times over? All that would have to

look like is this: Melvin borrows 13 million GME shares, then says "Hey Susquehanna, I have 13 million GME shares on my books, want to borrow these off me?", Susquehanna borrows them, then says "Hey Ken bro, we have 13 million GME shares on our books, want to borrow these?" rinse and repeat 77 times, then those companies can all sell the shares on their books to crash the price. Plausible? If so it's easy to see how Fidelity & Dimensional were holding up a tower of GME 1 billion shares high and then recalling the original shares meant it all came crashing down like a house of cards.

- Apparently Fidelity didn't just sell off their GME at this time, they did the exact same thing with 21 other stocks which all squeezed in January. I've unfortunately run out space on this post so I'll cover that properly in the next section.

**\*\*SUMMARY:\*\*** I looked at GME ownership going back to 2017, it's pretty clear Gamestop has been shorted since at least that far back as the price was dropping despite institutional ownership increasing. BlackRock had held millions of GME since 2017 when the price was around \$25 and later sold millions of shares to Gamestop and Ryan Cohen when the price was around \$5, so this came at great cost to them, was BlackRock just helping Gamestop and RC out here? Fidelity and Dimensional Fund Advisors sold all their GME in Q1 2021 and I believe this caused the Jan squeeze. I finished by saying Gamestop wasn't the only stock Fidelity dropped at this time that underwent a squeeze, we'll explore that idea in the next section.

##[Continued in Part

2]([https://reddit.com/r/Superstonk/comments/ommfz1/blackrock\\_the\\_great\\_reset\\_part\\_2/](https://reddit.com/r/Superstonk/comments/ommfz1/blackrock_the_great_reset_part_2/))