Title: Motley Fool Meltdown PART 2. Second article in 3 hours - GME BOARD ARE GONNA DILUTE, DO NOT BUY, GME IS A "WING AND A PRAYER". We. Are. Winning.
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The move doesn't seem to really benefit shareholders.

If you had **GameStop** (GME 3.47%) on your bingo card as the stock that follows **Alphabet** and **Tesla** in splitting its stock, congratulations!

The video game retailer announced it would seek shareholder approval to expand the number of shares outstanding from 300 million shares to 1 billion shares to "provide flexibility for future corporate needs," after which it would split its shares.

Yet if you read GameStop's SEC filing, you get a sense of what the video game retailer is really after with the split.

Reading the fine print

First, there is no ratio applied to the split. Investors don't know if they'll receive two shares for every share they own, 3-for-1, or some other ratio. Tesla also didn't provide any detail when it announced its split, but Alphabet said it would be splitting its stock 20-to-1.

According to GameStop's filing, the purpose of the share increase is "to implement a stock split of the Company's Class A common stock in the form of a stock dividend and provide flexibility for future corporate needs." The details will eventually come, but only after shareholders approve tripling the share count. You'll be flying on blind faith until then.

The second, and arguably more important statement in the filing, is that GameStop will also ask shareholders to approve a new equity incentive plan for executives. Under the existing plan, 6.5 million shares are available to be issued as compensation, but the new plan, if approved, will make 8 million shares available. It suggests GameStop will be further diluting shareholders by selling even more stock.

Like the stock split announcement, though, no additional details were provided on the compensation plan, and while both proposals have already been approved by the board, if shareholders agree, then the board will have to go back and approve it a second time.

A wing and a prayer

The problem for investors is GameStop's stock is running higher on a whim, not on the basis of its business. Shares of the retailer rocketed as high as $345 a share last year on the meme-stock trading frenzy as investors piled into heavily shorted issues, but they've steadily fallen since, until the recent rally revived them again.

GameStop chairman Ryan Cohen, though, hasn't really offered any specifics on what he's doing to change the retailer's direction. Like with AMC's gold mine investment, the only tangible thing investors have seen is GameStop is launching a non-fungible token (NFT) marketplace. That hardly seems to be transformational for its business to address the increasingly digital and online nature of gaming, so without any idea of where Cohen is taking GameStop, stock traders are pushing shares higher.

If the market starts valuing GameStop on its actual business again, which in recent quarters had shown progressive declines, a split-adjusted stock could suddenly collapse and be worth a lot less. Investors would do well not to get caught up in the euphoria around the video game retailer but wait until more details become available before making a decision.