

Title: To Win the Game, GameStop's Mastering the Rulebook

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MASTERING THE GAME: GAMESTOP'S FIDUCIARY DUTY

Greetings friends! I think it's time we sit down for a chat. Today's topic: DRS, GameStop's fiduciary duty to its shareholders, and what it means for all of us.

None of this is financial advice, I'm just a guy who thinks the best move for me is to DRS all I can who also loves reading the rulebook to a board game 10 times before I play.

Y'all purple-circles know DRS, so let's go to step 2.

What's fiduciary duty? In simple terms, it means they must act in our best interest. There are 3 components of that duty as defined by [Cornell Law School](https://www.law.cornell.edu/wex/fiduciary_duty) which stood out to me in particular:

1. Good Faith
2. Disclosure
3. Care

[AKA: play by the rules and maximize shareholder value. And Cornell...spellcheck man...](<https://preview.redd.it/02s3nw0imhg81.jpg?width=1591&format=pjpg&auto=webp&s=9f09e78edd3fd87a329d4e6188dc99b430cb3814>)

[In other words: for important moves, tell us honestly what you know.](<https://preview.redd.it/yme5x0rjmhg81.jpg?width=1588&format=pjpg&auto=webp&s=655b0fb3853c2272226d0e27166c93ad37f973aa>)

[In a nutshell: take the necessary time to arm yourselves with quality data and analyze it appropriately before making any decisions that would have a material impact.](<https://preview.redd.it/pwmyoy1lmhg81.jpg?width=1594&format=pjpg&auto=webp&s=5f027751fa6e34e5f2bd6a3cf46651fdbd1d83d0>)

They are doing this now.

Rather than RC scooping up 6 million more shares, (which he has every right to do and MAN do I wish he just would,) they are playing the long game. The fair game. The "you can't mess with us because we're so by-the-book" game. Business as usual. Duty of Good Faith.

They also are fulfilling their Duty of Disclosure with the first ever inclusion of information regarding shares directly registered with their Transfer Agent. It's not "important" to business performance; not to shareholder value; and not to company outlook. It is simply informing shareholders about a key piece of information that we all know to be relevant to a decision they will be making soon.

And their Duty of Care, taking their time, not just jumping to accept at face value what the ape community has been shouting from the rooftops for months (even though we all know the God tier DD is insane), but to systematically prove that the rumors are true by using what cannot be refuted as a source of quality information: their Transfer Agent's official records.

They know there are too many shares in existence, and it is *diluting* shareholder value. They just need to

prove it and intend to follow up with more Duty of Good Faith to fix it, once and for all.

DO YOU WANT TO PLAY A GAME?

So what's the plan? An arithmetic strategy, GameStop is simply counting directly registered shares, setting up a dangerous game of chicken. Only we're sitting inside the US President's armored vehicle while brokers are on Playskool roller skates. They simply cannot win and must relent.

Let's simplify the equation:

- * Insiders hold X
- * Institutions and funds hold Y
- * Brokers hold Z (note: this includes their customers' holdings)

****X+Y+Z = Shares Outstanding**** (AKA the legal number of shares)

The tricky part is that brokers can operate in a vacuum and are not obligated to disclose their clients and their holdings. Basically, it seems that in a world of naked shorting where shares exceed the existing supply, they can report whatever they feel like. This is where DRS catches them with their pants down.

Enter N: the number of shares registered with Computershare by all you lovely people. We now have:

****X+Y+Z+N = Known Circulating Shares**** (not to be confused with Shares Outstanding)

Y'see...to get back down to Outstanding Shares, the number of those N shares need to come out of somewhere, because they're gonna get double counted real quick if they are not, and they all *used to be* part of Z, the broker shares (for simplicity's sake, let's limit to brokers). When the number is small (like, say, 5.2 million) it's not so noticeable, given that shorting is a legal practice, but as it gets larger...tucking up under the belt only works so well. The class is gonna notice.

So now the brokers are put in a bind, because they are legally obligated to report what they hold on a quarterly basis in a 13F filing, including a list of all securities held and the number of shares. Here's where the game of chicken plays out: what will they report, knowing that GameStop is going to publish DRS numbers again in just over a month? Do they flinch? They know how many shares have been transferred away from them...but do they report business as usual? Or do they start reporting they hold Z minus N shares?

Maybe not this time around, but sometime soon, my money's on them pulling back.

SO...WHEN WILL GAMESTOP DO SOMETHING ABOUT IT?

Everyone talks about locking 100% of the float with DRS, but is that what's *really* needed, or can (and should) they act before? Is there a different tipping point where the evidence is irrefutable? That's what I don't know, what I'm most curious about, and that I'd love your take on.

When does info gathering turn into decision making? When does it become GameStop's corporate fiduciary duty (which we know they're good at) to take action against the dilutive practice of proven, egregious, naked short selling?

Let's go through the timeline:

- * 12/31/2021 – Q4 cutoff for 13F
- * 1/31/2022 – Q4 end for GME – ***WE ARE JUST PAST HERE***
- * 2/15/2022 (ish) – Q4 13F filing due
- * 3/15/2022 (ish) – GME Q4 earnings release
- * 3/31/2022 – Q1 cutoff for 13F
- * 4/30/2022 – Q1 end for GME
- * 5/15/2022 (ish) – Q1 13F filing due
- * 6/15/2022 (ish) – GME Q1 earnings release

Calendar Q1 has ended, and brokers have a week or so to file 13Fs. GameStop's fiscal Q4 ended with the DRS count for disclosure locked down, and we know it's greater than 5.2 million.

Will Known Circulating Shares exceeds Shares Outstanding? How much higher would it need to be for GameStop to take action? 10%? 25%? 50%? We know anything above the 76.35 million shares is 1-for-1 synthetic, and there's going to come a time when we get into the territory where it's hard to keep a straight face and say "there is no naked short selling occurring."

I'm not sure when, and I make no declaration, but the rulebook GameStop is abiding by says these dates are important. These, or for any of the corresponding ones for quarters thereafter. GameStop will win this game through their master class on playing by the rules, fair and square.

What do you apes think?

****TLDR**:** GameStop is playing by the rules, using DRS count to carry out their fiduciary duties to their shareholders. There's a breaking point coming and brokers are going to lose the game of chicken...I just don't know when.

...and oh yea...keep them purple circles coming!