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# Forward

Feel free to read my previous [Headspace Games DD](https://www.reddit.com/r/Superstonk/comments/pk5sf1/dd_headspace_games/). I go over the general idea, but others disagreed that it qualified as DD, and, somehow, disagreed that it was related to GME. The latter point is particularly rich since I used many examples directly from previous GME DDs. I've taken the former to heart and hope to meet higher standards in version 2.0.

Some people were also put off by my original TLDR. There has been an active effort to dissuade users from reading and writing DD. Many DDs have been actively buried to keep us from shining lights on related and key topics. For example, do you remember when people first mentioned Swaps? It was immediately and firmly naysay'd, then buried in a slew of DD about the ETF short interest. The ETFs' Short Interest % DDs were accurate, but we now have sufficient evidence that the initial Swaps DDs were accurate, too.

Another example was the Ants' buying power driving price up. More misdirection. To be clear, I appreciate our brothers and sisters from all over the world. There are many other examples if you care to browse through the old DD on the various GME-related subs.

The other side of the same coin is, "hype." I've enjoyed watching people push narratives. I've already called people out for that behavior, too, and alerted others to users engaging in this behavior.

I don't often speak up on these topics, but when I do, I don't fucking miss.

To the DD naysayers actively trying to suppress good DD, we are watching you.

And to the everyone else who disagrees with a DD or point someone makes, to those of you who keep it respectful with honest, constructive criticism, "Thank you. That's how we build good DD. Thank you for the constructive feedback."

Without further adieu, please enjoy my revised Headspace Games DD, v2.0!

# TL;DA: The Summary Form

Companies may ask executives to step down for a variety of reasons. Sometimes these reasons are poor leadership or a redundancy due to merger and sometimes these reasons are far more nefarious. In most cases, the company will give the executive a severance package, usually worth significant amounts of money. These severance packages are generally known as **Golden Parachutes**.

When the officer stepping down is high enough in the company to make a splash in the news, like a C-Level Executive, the company typically leaks information about the impending "retirement" early to soften the blow and spin the news coverage favorably.

Spin is a fundamental to news, hence the title, "Headspace Games." This dynamic changes what you read, how you read it, and that in turn helps determine your future actions. If the news offers a plausible reason, you may read the article, take it at face value, and go on about your day. You may even implicitly trust that news article, even if you do not trust the news company or The News in general. This helps seed a specific perspective within your mind, so that when more dramatic news breaks, your perspective is already tainted, swayed, or skewed favorably for the company.

We usually don't get the whole truth at the time, but we do usually find out more information as investigative journalists continue to dig deeper and present their findings.

Normally, these kinds of events get swept under the rug under the guise of, “business as usual;” however, as Apes have consistently shown their willingness to dig into the nittier and grittier aspects of the Stock Market writ large and the players involved, I think we will find that these golden parachute events to be the proverbial canary in the coal mine.

For example, when Bank of America shuttered many branches in specific cities, they cited the ongoing BLM protests as the cause, but the branches did not reopen afterwards. How many of you remember that and remember anything other than that stated reason? Are you aware they shuttered other branch locations that didn’t have protests? Or did you go on about your day, even when you didn’t take it at face value?

Many of you have spent countless hours identifying and digging into some of the major players. I think we can all agree that we have not found them all. At the time of writing V2.0, *Loop Capital entered the chat.*

I strongly suggest everyone help keep your eyes open for Golden Parachute events to identify other not-yet-identified players.

This DD provides historical examples as context to facilitate further investigations.

# ad·ja·cent

/■■j■s(■)nt/ adjective adjective: adjacent

1. next to or adjoining something else.
2. GEOMETRY: (of angles) having a common vertex and a common side.

E-Currency mining used to be Industry *Adjacent* to Gamestop, because people will purchase large volumes of graphics cards to mine coins. That demand effects the price of source materials used to produce gaming consoles. Now that Gamestop is selling high end graphics cards, what was once adjacent now overlaps. You could also argue console-based e-currency mining had the same result.

But I’d like to look at Industry Adjacent people and companies via their market connections.

By now, you’re all familiar with the revolving door of the self-regulatory organizations, you’ve identified most of the key players in the game, and you’ve kept your eyes on the prize.

What’s next?

It’s time to start broadening our perspective and start looking adjacent to the market for indicators. You all have been rightly focusing on the investment players, and you’ve turned your eyes towards Amazon, but Amazon is not Gamestop’s only competitor.

Let’s start by watching the skies for Golden Parachutes.

# gold·en par·a·chute

/■■■ld■n ■per■■SHo■ot/

noun INFORMAL noun: golden parachute; plural noun: golden parachutes

1. a large payment or other financial compensation guaranteed to a company executive should the executive be dismissed as a result of a merger or takeover.

I think we can all agree, while that definition is apt, it’s a bit narrow in scope. Let’s tweak it slightly.

1. a large payment or other financial compensation guaranteed to a company executive should the executive be dismissed as a result of a merger, takeover, or in lieu of criminal charges for recklessly irresponsible, illegal, and/or fraudulent behavior.

To be absolutely clear. There are good reasons to have golden parachutes. They, like every other tool, can and will be abused.

Many companies will dismiss high level and long-term employees by informing them they are going to retire. Sometimes the employer does that as an honest favor because the employee was a genuinely a good employee for many years and made a stupid but costly mistake that warrants termination. This is a favor, an honest thank you for your hard work, a compromise. Other times they let high level executives “step down” rather than embroil the company in bad news cycles, because it’s cheaper to pay the exec off than to shake off the financial impact from the hit to the business' reputation.. The former is fine, and the latter is the kind of situation that requires PR spin and news leaks.

Sometimes the golden parachute includes a large severance check. Most people call that a bonus. I prefer to think of it as at least part bribe, because these high level execs know where the skeletons are buried.

[Michael Clayton](https://preview.redd.it/4xra84w9chn71.png?width=500&format;=png&auto;=webp&s;=736f298d958efae0ad81f08061e9557cc19f12f3)

There’s a great scene in the movie Michael Clayton that illustrates my point. I’m sharing the quote below, but it doesn’t spoil the movie. It’s an amazing movie, and you should watch it.

>**Marty***:* “That’s 80. We’re calling it a bonus. You got a three year contract at your current numbers. That’s assuming this all works out.”
>
>**Barry***:* “You’re doing this now? Look, I agreed to this, okay? But there’s rules now. You want the contract, you’re signing a confidentiality agreement, it’s going to be bulletproof and it’s going to be retroactive. ‘Cause Marty’s too nice to say it, *but with everything you know about this place, and the clients here and the people who work here, it makes it a little weird when you come in asking for eighty grand.*”

#

# Historical Examples of Golden Parachutes

Let’s agree that Time Magazine is a reputable source of information. They ran [an article online on this very topic](http://content.time.com/time/specials/packages/article/0,28804,1848501_1848500_1848417,00.html) and provided the top ten Golden Parachutes. I picked three.

# #4 Carly Sneed Fiorina

https://preview.redd.it/gbaoie9cchn71.png?width=260&format;=png&auto;=webp&s;=b097c53654530b3f46b2075bbef02866cadd8f1f

>With Fiorina as chairman and CEO, Hewlett-Packard's value declined significantly and the technology giant endured massive layoffs. Fiorina led a largely unsuccessful merger with Compaq in 2002, going against the wishes of company founder Walter Hewlett. **Asked by the board of directors to step down in 2005, Fiorina left with $21 million in cash, plus stock and pension benefits worth another $19 million. According to HP executive compensation rules, departing executives are entitled to no more than 2.99 times their base salary;** anything more requires stockholder approval. Fiorina's parachute was more than that, so the stockholders filed a class action suit (a federal judge dismissed it in April 2008). Fiorina is now a Fox Business Network contributor and a top economic advisor to Republican presidential candidate John

McCain.

Emphasis added, mine.

# #5 James Kilts

https://preview.redd.it/snsrphtdchn71.png?width=260&format;=png&auto;=webp&s;=bc605bf8a9c29366d895505f13e36d5cd5f2ab06

>James Kilts wasn't fired from The Gillette Co., he just lost his job. When Procter & Gamble absorbed Gillette in 2005, the CEO position was made redundant. So **Kilts took a $165 million payout, plus another $13 million to cover the transaction's resulting taxes.** Suddenly, unemployment didn't seem so bad.

Emphasis added, mine.

# #7 William McGuire

https://preview.redd.it/ii2cr9xechn71.png?width=260&format;=png&auto;=webp&s;=069056c1b13ab90a62bfb0d510923ea45b739732

>During his 15-year tenure as CEO and chairman of UnitedHealth Group Inc., McGuire turned the regional health insurer into the second largest managed care company in the U.S. **He received his thank yous in the form of stock options—$1.6 billion of them, to be exact—but he took some of them on the days the company's stock price hit yearly lows, profiting when the stocks went up again.** McGuire was asked to leave in October 2006 after federal prosecutors and the IRS requested documents concerning his stock options and executive compensation. **He later agreed to return $600 million in various payback agreements, including one with the SEC. But McGuire retained about $800 million in options.**

Emphasis added, mine.

# Analyzing These Three Examples from Time.com

I picked three examples from the ten that, in my opinion, showed a variety of good and bad behavior, and I specifically picked three people I knew nothing about to help eliminate any pre-existing personal biases. I also picked three unrelated industries, and I picked people of both genders. We are using these events as a baseline now so when we identify Golden Parachutes in the future, we have practiced analyzing Golden Parachutes before we need to so we can be better prepared to dig in and see if, or how, future Golden Parachute events are related to GME and/or market behavior driving GME.

In our first example, after Fiorina accepted a large payout in breach of her contract with Hewlett-Packard, the stockholders filed a class action lawsuit. That is, the stockholders filed one suit together instead of each filing a lawsuit. This helps lower attorney expenses and expedites the case into one case instead of many. Pretty normal. Sadly, [that case was later dismissed by Federal Judge](https://www.reallaw.us/2008/04/07/hp_class_action_defense_casesi/). We're not here to discuss that class action lawsuit or any other [strangely-connected cases](https://www.politico.com/story/2010/03/book-hp-eyed-fiorina-as-dad-ruled-on-case-033802).

Instead, I would like to highlight the last line in the paragraph that says, "*Fiorina is now a Fox Business Network contributor and a top economic advisor to Republican presidential candidate John McCain.*" The economic advisor part piques my interest.

The article lacks a date, but the website's Page Info indicates the article was originally published on Wednesday, October 8th, 2008, about the time [John McCain was running for President](https://en.wikipedia.org/wiki/John_McCain).

It would be easy, human nature even, to assume she got the role because she was good, her connections, or tie it into a Golden Parachute. Even though I have a *lot of questions*, I am not doing anything of the sort. I'm not interested in impugning her character, reputation, hard work, or skill in any way.

Again, we are establishing baselines from past known examples, so we can compare past events we are knowledgable about to future events, and use that basis to identify information that may be helpful to our DDs on GME and the market behavior that drives GME.

If you look at the stock prices of The Gillette Co., they were doing ok around 2005 and have raised the share price considerable. Was James Kitts worth a $165M payout and another $13M for the taxes (effective rate: 7.88%), I couldn't tell you. I researched James Kitts and found nothing untoward. In my opinion, this is a clear cut case of a positive Golden Parachute.

William McGuire's Golden Parachute actually seems reasonable to me. That compensation does not seem unreasonable given the inflated costs around US Health Care and market growth and positioning. I imagine he added a lot of current and future value to the company during his tenure. However, the method that he accepted is interesting, and his annual compensation a *mere* $125M as CEO. It is also interesting that his bonus was more than ten times larger than his annual compensation.

Maybe this example isn't so clear cut. I'd love to hear from those of you with Business & Economic degrees. Maybe this is normal. Maybe this example rings more similar to hedge funds paying employees large bonuses far in excess of the value the employees added. I mention this behavior because these types of behavior occur more frequently during specific phases of market cycles.

Generally speaking, an employer would rather give you a bonus than a raise. Real life is always more complicated, but raises are typically viewed both in absolute dollar values and as a % of gain year over year. If you get a 3% raise in year one, and a 3% raise in year two, you're not making 6% more than your starting pay, you're making slightly more, because the second 3% raise is now including the first 3% raise on top of the original salary.

But in order for to be worth the company paying you, you have to add more value (usually measured in revenue and costs reductions) to the company than your paycheck, your overhead, and your share of the business expenses.

Bonuses are one time payments, and they don't affect future raises through compounding growth. If the company can choose between giving you a one time bonus of $10,000 or an equivalent % raise equal to $10,000, you bet your left leg they're going to choose the bonus whenever possible. Even if you are not going to stick for around another year, other employees will.

So when you see a CEO getting a cool $125M in compensation (salary, health benefits, company car, driver, etc) *who also get an additional $1.6B bonus in options tied directly to the company's welfare*, maybe you should stop and ask yourself how much value that employee added to the company. Arguably, that employee added more than $1.6B in value in both current and future gains.

Even after he agreed to return $600M in options, he still retained $800M, a little more than six times his annual compensation.

One might recognize I did not apply the *added company value comparison* to the $800M retained options like I did the $1.6B bonus, and you would be correct. William McGuire giving $600M options back after the fact doesn't change the original $1.6B comparison math.

One might also recognize I did not weigh in on how taking the options at a lower price point matters. I don't know what the company's ByLaws and his contract indicated, nor do I know that aspect of the law, and since I am not interested in researching that particular aspect further, I choose acknowledge but not speak to the topic.

Now that we have three baseline scenarios that range from, "This looks fine," to, "Maybe something here warrants further investigation," we want to broaden our horizons and look towards GME and people investing in/against GME.

# Example: Credit Suisse, 2020

On February 14th, 2020, Credit Suisse's CEO Tidjane Thiam stepped down, "[with a golden parachute of 30 million dollars (18.2 billion CFA francs). This is a balance of any account including salaries, bonuses and stock options.](https://www.archyde.com/credit-suisse-tidjane-thiams-little-golden-parachute/)"

Read that article, then read [this article](https://www.livemint.com/companies/news/credit-suisse-s-spying-scandal-started-with-a-fight-at-a-new-year-s-party-11570034837397.html). If you go digging around for his name and the word "spy" on a search engine of choice, it gets weirder, both with multiple allegations of internal spying, one that involved a suicide, and allegations of trying to poach clients from a neighbor.

It's also extremely weird that this kind of behavior was even tolerated at all. Given Credit Suisse bore the brunt of the Archegos dilemma, I have to ask - what other skeletons are in the closet?

These are the kinds of allegations that make big splashes (read: generates revenue) in the news, and this is a classic example of why spin matters.

# Example: Archegos & The News

I like the Archegos Saga. Archegos was directly involved in GME, and it is largely a solved problem. We have a pretty good idea of the scope, and it's probably wrapped up.

For those of you unfamiliar with the Archegos Saga, "Leveraged bet lost! Leveraged losses exceed assets! Bank counterparties take hits on chins!"

Look at four articles about Archegos during late March and April of 2021:

1. March 28th, [Nomura identifies $2B in losses from Archegos](https://finance.yahoo.com/news/nomura-flags-potential-significant-loss-001850199.html)
2. April 5th, [Reuters reports Credit Suisse takes hit of $4.7B from Archegos](https://www.reuters.com/article/us-usa-markets-blocktrades-creditsuisse-idUSKBN2BS222)
3. April 6th, [After Taking $4.7 Billion Hit, Credit Suisse Executives Step Down](https://www.institutionalinvestor.com/article/b1r91mcgy78msw/After-Taking-4-7-Billion-Hit-Credit-Suisse-Executives-Step-Down) ([Relevant SEC Filing](https://www.sec.gov/Archives/edgar/data/1159510/000137036821000031/a210406-99_2.htm))
4. April 27th, [Credit Suisse, UBS, and Nomura now face over $10B in combined losses from Archegos](https://www.cnbc.com/2021/04/27/ubs-nomura-push-global-banks-archegos-losses-over-10-billion.html)

In less than a month, the losses started at $2B and involved one bank and ended in excess of $10B and involved at least three banks.

[The Departed, \\"Maybe you should ask yourself some questions.\\"](https://preview.redd.it/hux1ukwgchn71.png?width=1164&format;=png&auto;=webp&s;=bf965b21229fa2e20ddcc96662efbcc768613f09)

Please stop and ask yourself some questions:

1. How many different news companies did you see cover the Archegos story?
2. How often did they run updated stories?
3. How many banks were reported involved?
4. How many banks were actually involved?
5. What were the reported losses?
6. What were the actual losses?
7. How long did it take to "finish" the story?
8. Did the story end, or did the news cycle move on to the next story?
9. How many executives stepped down?

10. Did they get a severance package?

I’m not asking these questions rhetorically. The first article alone mentioned there were eight different banks involved, but Credit Suisse, UBS, and Nomura consumed the news cycles. Is this because Archegos borrowed small sums from the other five banks? Or did the other five banks do a better job of keeping their mouths shut about their losses?

This was a slow news cycle. It occurred over a month, and dozens of media companies all had the bandwidth to cover it. I do not think this will be the case in the future. I think in the weeks leading up to, during, and after the MOASS, the news cycle will shift. The total duration of the news cycle will decrease, and any coverage on these Golden Parachute behaviors will be competing with coverage for other market dynamics.

This is not opinion. Unfortunately, the best example I have lies *squarely* within US politics. I provide this information only to substantiate my claim.

In 2016, the United States had a President. *Almost every single day for the next four years straight* generated a new, outrageous, emotionally charged story in the media. The constant stream of new news cycles occurring before we even finished processing the previous news cycles was exhausting and polarizing.

**We will not get into politics.** Mods and others, please understand why I do not provide source material to substantiate this claim. I argue it would be like looking into the sun during an eclipse.

But wait! None of that is an example of a Golden Parachute! Oh, contraire, mon chéri!

1. "[Employees lose $500M from company bonus pool.](https://www.nxtmine.com/news/articles/economics/the-money-is-gone-archegos-employees-lose-500-million-from-company-bonus-pool/)”
2. “[Archegos employees face $500m losses from crashed bonus fund](https://www.ft.com/content/9de1d6cd-423d-4b56-b479-982ec085a6b6)”

The employees *lost* their Golden Parachutes.

https://preview.redd.it/xq8qe2rlchn71.png?width=290&format;=png&auto;=webp&s;=4188947ea504a1083757df7732aaaabb1c4c902b

Some may argue this excessive bonus behavior does not qualify as Golden Parachutes. I firmly disagree. A Golden Parachute does not have to occur just before the floor publicly falls out from under.

# Example: Bust Out

So far we’ve covered four different Golden Parachute examples, but we haven’t touched on the most sinister form - the Bust Out.

u/jumpster81 wrote [a fantastic DD about Bust Outs](https://www.reddit.com/r/Superstonk/comments/np33hr/amazon_bain_capital_and_citadel_bust_out_the/), and you should take the time to read it. Here is the snippet I would like to focus on:

>Romney started off with good intentions, buying failing businesses and turning them around, notably Staples.
>
>But Mitt liked to make money, and he soon discovered a new way to make it. A less honest, but faster and more lucrative way. Bain Capital would acquire failing businesses then bust them out. Infact \[sic\], Bain would use the business itself as collateral for the loan to buy the business, ya, use the business’ own credit to buy the business. This process is known as a Leveraged Buy Out (LBO)
>

>Once Bain had control of the business, often they would install their own board members and executives, they would then distribute massive bonuses to executives that the failing business could not afford. Sometimes, Bain would use the business' credit to purchase competitors, as they did with Toys R Us and FAO Schwarz, but we will get to that in a bit.

Jumpster81 already did a fantastic write up, and the analysis stands. We'll loop back around to this more when we tie all these aspects together.

# What journalism used to mean and what it means today

Coverage is finite, the stories will fly. Once that occurs, the news media will have to pick and choose which stories to run. They already do not have enough time to cover the stories they want to cover, much less do proper coverage during a deluge. As the deluge increases, quality decreases.

If you'd like to see some of the behind the scenes work that goes on at news stations all over the world, you can watch the TV show, Newsroom. It delves into it, art imitates life, etc.

For continuity, let's continue looking at Archegos coverage. Here is the [oft-hated Jim Cramer spending an entire five minutes talking with Dave Faber about Archegos *and how it's not over* yet when the losses were at $4.7B](https://www.youtube.com/watch?v=s6ODUjZ14Ho), from April 22, 2021. *Five days later*, news broke the total losses from Credit Suisse, UBS, and Nomura exceeded $10B.

Hate Jim Cramer all you want, but please stop and watch that video. It is filled with *dynamite*. For example, Dave points out Credit Suisse's lack of visibility into the risk at the moment, unlike their competitors. In every other industry, we refer to that as real-time dashboards and reports.

Rephrasing that slightly, "not following industry standards allows a means for plausible deniability in the upper ranks of a company managing *$1.5T AUM*." **I'm not arguing anything criminal here.** But I am arguing *IF* there is anything criminal *at all* going on, apparently Credit Suisse does not have the ability to identify the behavior or define its risks in real-time.

Fucking McDonald's has a real time dashboard. The DMV has a real time dashboard. What company doesn't have a real time dashboard of some type these days?

[Fucking McDonalds has real-time dashboards for people's orders!](https://preview.redd.it/bgselxaochn71.png?width=1304&format;=png&auto;=webp&s;=fc2dd4c362b2b7250448c93bdeafc946c11b1fb3)

Later Dave claims Archegos raised $140M in fees for a Prime Broker, unconfirmed at the time, to which Jim replied, "*$140M in fees? That's a red flag. That's the biggest red flag I've ever heard.*"

You can Hate Jim Cramer all you want for walking like a duck, talking like a duck, and quacking like a duck, but he's pointing out another duck's arson. I feel like he's a duck expert.

They also list relationships with eight different banks. How many banks can you remember from other coverage?

The clip is *five full glorious minutes of spot-on dialogue*, and it demonstrates exactly the behavior that is going to change.

What if there were two companies like Archegos going under? Jim and Dave would have to split their time and resources covering them. Two and a half minutes each? Three minutes for one and two minutes for the other? Which company do you assign to the better researcher and writer?

Don't like Cramer? Fine. Pick your news source of choice. Criand? Atobitt? Some other exceptional DD writer? Which story of the many do they choose to investigate?

Most of these companies involved in the GME Saga have been around since long before the internet. Even if the companies haven't, the people working there have, They understand newspapers only had so much room per day and TV Reporters only have so many minutes. If you throw enough news at a reported, they will have to pick and choose which stories to run. So you release all of your bad news stories on the same day, [usually Fridays](https://politicaldictionary.com/words/friday-news-dump/). Fridays were trash days. I don't keep up with the news any more. I don't know if Friday is still trash day. Maybe Thursday is. You pick which day is trash day.

What happens when there is more than one trash day in a week? What happens when every day is trash day?

Simply put, good journalism takes time (and money!) in every measurable way. It takes time to research, time to write, time to review and edit, and time to publish regardless of the method. Despite computers and the internet automating entire industries, the pace of business has only increased. And the quality of *most* journalism has not improved.

Here in the US, [the media has consolidated](https://www.youtube.com/watch?v=hWLjYJ4BzvI) heavily, and it's scary. The video is all of a minute and thirty-eight seconds long, but I imagine you will stop at the twenty second mark.

Don't want to watch that YouTube link? I understand. Perhaps you have read Jack Tazman's, "[How Wall Street short sellers are trying to control the Gamestop narrative](https://upsidechronicles.com/2021/09/05/how-wall-street-short-sellers-are-trying-to-control-the-gamestop-narrative/)." Jack provides a YouTube snippet of news reporters reading the same script about Amazon.

The flow of information is the most powerful tool we have. But for those of you unaware or just getting into this for the first time, you may need to start getting yourself in a headspace where you realize both the news stories and the news media are well honed, specialized tools that weaponize information, including the lack of information, for a purpose. It's not the grunts writing the stories. It's whoever is picking the stories and the stories' tones.

(You don't have to stay in that headspace, but you would do well to acknowledge it.)

You are going to see anonymous sources citing heavy losses, an increase in divorces to protect assets, allegations that border on slander and liable from "reputable" news channels, and more.

Pause.

It doesn't matter whether or not you think the source is reputable, because you are not their audience.

The people who listen to that news source think it is reputable, just like the people who invested in GME think the data and DD is reputable.

# Tying it all back into GME

At this point, we've covered five different examples of golden parachutes, we've covered different variations of golden parachutes, we've covered the news media spin, and we've covered how these behaviors are exacerbated during fraudulent times.

Let's go back to [Dr. Burry's letter](https://www.businesswire.com/news/home/20190819005633/en/Scion-Asset-Management-Urges-GameStop-to-Buy-Back-238-Million-of-Stock-with-Cash-on-Hand), [Mr. Cohen's letter](https://www.sec.gov/Archives/edgar/data/1326380/000101359420000821/rc13da3-111620.pdf), and [Hestia's presentation](https://www.sec.gov/Archives/edgar/data/1326380/000092189520001510/ex1todfan14a12166002_051920.pdf). Each wrote to Gamestop's Board of Directors to provide guidance.

**FYI: The restoregamestop domain has been purchased. Do NOT visit restoregamestop dot com.**

Notice the language about the bonuses for the Board. Notice the language about ineffectual leaders. Notice the language about Board Members without relevant experience. Notice how the writers addressed cost management, like real estate, bonuses, and dead weight.

How do the excessive bonuses tie in to Fraud? The good news is they don't, not directly, at least. And, if there was direct connection to fraud, I believe those who may have been responsible have been removed from the Board, and a new CFO brought in to review everything. *My* concerns are allayed.

However, there is an indirect link between large bonuses and Fraud. I argue we were overdue for a significant recession before COVID hit, but the political stimulus package that went to Wall Street first (Trillions) and the wee, tiny little stimmy packages ($600 per person) went to Main Street helped stave off the recession for a time. But that means we are still in the final run up stage before the crash, and that phase of market cycles has the most fraud.

*Fraud will always exist*, but there is a phase in the market cycle where the volume of fraud and the rate of growth of fraud both increase. This is the greediest and most speculative phase of the market and usually peaks just before a crash, **not** a correction.

[Dr. Burry discusses fraud as a market indicator in The Big Short.](https://preview.redd.it/3yi6ejirchn71.png?width=1280&format;=png&auto;=webp&s;=fab40661e58e02e2e268c096727be0e37a559063)

You can [watch the clip here](https://www.youtube.com/watch?v=nl2WeqE3tC4).

Do the pieces fit together more clearly now that we know what we are looking for?

Golden Parachute behavior doesn't have to be a nefarious Bust Out Scheme with sleeper agents on the Board. And it doesn't have to be so sinister as to deliberately short a company to bankruptcy. And it doesn't have to have egregious payouts over time or upon step down. There are lots of forms of Golden Parachutes and we've covered a few.

But the Gamestop Saga sure seems to be the genuine trifecta.

# Why is this important?

The Stock Market is a zero-sum game. When someone else loses, their losses are up for grabs. [Even if the damned auctions have barbed wire around them so we can't get in](https://www.reddit.com/r/Superstonk/comments/oscepm/the_simplest_explanation_is_usually_the_correct/), some other major player may sell off assets to raise capital, and those assets may be undervalued and available for the taking.

You all are adults. It's your money. Make your own financial decisions.

All of these market-adjacent indicators and forewarnings of doom for those businesses are potential opportunities for us.

[And if some shmuck execs gets a golden parachute by selling their stock before a market crash while citing, "ethics,"](https://www.bloomberg.com/news/articles/2021-09-09/fed-s-kaplan-rosengren-to-sell-all-stocks-amid-ethics-concerns) in the midst of all this bullshit instead of getting walked out in handcuffs, you can assume they have some skeletons in their closet. Every time they fire an employee without shutting the business down is another chance for [another skeleton to come crashing out of the closet into someone else's unsuspecting arms](https://www.livemint.com/Money/TYUUtwYOj0VIPhFFyLICQM/How-flash-crash-trader-Navinder-Singh-Sarao-went-from-genius.html).

# What can you do?

Now that we have a solid baseline for comparison, know what to look for, and know what changes to look for, what can we do?

1. Be aware! FUD doesn’t work when you understand what’s really going on.
2. Keep your eyes peeled for opportunities as you see fit. If there’s a stock you want, maybe it will hit your wildest dreams price point. Who knows.
3. As a value investor, I would be wary of working for, working with, and investing in any businesses who give egregious bonuses, especially while the company is faltering.

Hope this is helpful.