

Title: Chess

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Is_self: False

EDIT: the title should have been count argument not count agreement. Autocorrect fuckery that I missed.
Sorry apes

Hello apes

I hope every one of you has a great weekend so far. Before I begin my DD, I want to point out the reasons that I decided to write this DD.

about a day ago, I read a DD Update: Units and How RC Checkmates SHFs (Link: [https://www.reddit.com/r/Superstonk/comments/opv8q2/update_units_and_how_rc_checkmates_shfs/](https://www.reddit.com/r/Superstonk/comments/opv8q2/update_units_and_how_rc_checkmates_shfs/))

While I was reading the DD, I saw a few things the writer misunderstood or got them wrong so I commented about them but before my comments draw the writer's attention, there were a number of apes already cheered about the writer's argument. therefore, I decided to write this DD to counter his DD and hopefully, apes do their own DD.

I already kinda know this DD will be downvoted and point finger at me and say I am a shill and nothing but fud. But apes I don't know how to prove but I am not spreading FUD or something

This DD might be long because I had to quote from the original DD and my own so buckle up.

* I am not a financial advisor. This is not financial advice or anything. This posting is purely for fun writing on the weekend

Unit definition

[First what's a Unit](<https://www.investopedia.com/terms/u/unitholder.asp#:~:text=A%20unit%20is%20equivalent%20to,purchase%20a%20portfolio%20of%20assets.>)

"A unit is ****equivalent**** to a share, or piece of interest. Unitholders are afforded specific rights that are outlined in the trust declaration, which governs the trust's actions. The most common type of unit trust is an investment vehicle that pools funds from investors to purchase a portfolio of assets."

"A unit is ****equivalent**** to a share" thats the important part of a unit, there's no shares or cash being issued but instead an equivalent like an NFT or Crypto.

\- above paragraph is from the original DD but if you click on the link this is what you see

[from Investopedia <https://www.investopedia.com/terms/u/unitholder.asp>](<https://preview.redd.it/s50fe1sil9d71.png?width=616&format;=png&auto;=webp&s;=3e84ecbf4ca4b1062c76580971e7c9bd817dd8ed>)

What the writer is missing is the very first sentence. "A unitholder is an investor who owns one or more units in an investment trust or master limited partnership(MLP)" without the first sentence unit sounds like just common stock. Well, technically the unit in this paragraph works just like stock for investment trust or master limited partnership (MLP).

MLP unit works just like stocks because it is tradable and looks just like stocks in exchanges. The biggest difference between MLP's unit and common stock is tax. If apes hold common stock and get dividends, apes will get a 1099-div form for tax return. But if apes own MLP's units and get dividends, apes will get 1099 form. Why? unitholders are limited partners of MLP.

for that reason above, apes should not use the definition of MLP unit in Gamestop's prospectus.

Gamestop's most recent prospectus

[From the beginning of GameStop SEC Filing talking about units for more clarity](https://investor.gamestop.com/node/18346/html#rom50019_13) (scroll up to the top)

"Each unit will be issued under a unit agreement and will represent an interest in two or more other securities registered under this registration statement, which may or may not be separable from one another."

The sentence above is the writer got it from Gamestop's most recent prospectus. Gamestop says the unit in their prospectus will represent an interest in two or more other securities registered under this registration statement.

So now apes know a unit is a group of securities. And may wonder "what are registered securities under this registration statement?"

Let's take a look at GME's prospectus

[From GME's prospectus](<https://preview.redd.it/7294eafqo9d71.png?width=963&format;=png&auto;=webp&s;=f263a57fe90972142a98a6464fb6a4b65d5c4272>)

This is the second page and apes can see this prospectus is for Class A common stock, preferred stock, depositary shares, warrants, stock purchase contracts, UNITS (!!!), and subscription rights.

[GME's prospectus table contents](<https://preview.redd.it/roqzf934p9d71.png?width=916&format;=png&auto;=webp&s;=20c6407c86279e1b5ca052ffd112f064094d8fcc>)

So apes know units are groups of securities that are registered under this registration statement aka prospectus so any other securities that are not in this prospectus will not be able to be in the units.

[infamous PG-13](<https://preview.redd.it/5511xphaq9d71.png?width=971&format;=png&auto;=webp&s;=49e8486983d1b102896350c07b26786bc336cdba>)

So the biggest question is what's the unit? What's RC marrying ■s beloved stock to?

Well the easiest most straight forward answer is the Power to the Players NFT Token(Auto Mod why so mean ■, can't link) which has already been minted and the [non cash dividend filing](https://www.reddit.com/r/GME/comments/nw6l55/noncash_dividend/?utm_medium=android_app&utm_source=share) backs that up.

The original DD writer says RC can marry the stock with NFT token. However, as I mentioned Gamestop can add different security in their units offer in this prospectus since NFT is not in it let alone whether or not NFT can be a security.

Dividend

[dividend in GME's prospectus](<https://preview.redd.it/vtlnvuyar9d71.png?width=840&format=png&auto=webp&s=515b145b8501ff0eeab7f29cd8ffb728f700656c>)

The writer's fancy new update is from GME's prospectus about dividends.

"In the event of a distribution other than in cash, the **Preferred Stock Depositary** will **distribute property received** by it to the **record holders** of depositary shares entitled thereto, **in proportion** to the **number of such depositary shares owned** by those holders, unless the **Preferred Stock Depositary determines** that it is **not feasible** to make such **distribution**, in which case the Preferred Stock Depositary may, **with our approval**, adopt a method it deems equitable and practicable to effect the distribution, including the **public or private sale** of such **property and distribution** of the **net proceeds** therefrom **to holders** of depositary shares"

However, if apes read few more pages before this paragraph above, apes will know what this dividend for

[GME's prospectus](<https://preview.redd.it/icc9s1vwr9d71.png?width=842&format=png&auto=webp&s=de9736b50b8f95fa100d39e331229b8683c8d80b>)

This chapter is for DEPOSITARY SHARES. Under this depositary shares chapter, there is dividends and other distributions section. Therefore, apes can assume the dividends and other distributions are for depositary shares, not common stocks.

But just for fun let's get deeper to know preferred shares and depositary shares.

[preferred stock definition <https://www.investopedia.com/terms/p/pREFERREDstock.asp>](<https://preview.redd.it/psfd5p80t9d71.png?width=662&format=png&auto=webp&s=9068a442e62d56a26cf3020ce80aea4494bba910>)

[depositary share definition from <https://www.lawinsider.com/dictionary/depositary-shares>](<https://previe>

w.redd.it/s96ze6xqt9d71.png?width=1059&format;=png&auto;=webp&s;=09bf9c5f50dfb6518022753e2cf0b9c91d69d264)

[another depositary share definition from <https://www.quantumonline.com/glossary.cfm>](<https://preview.redd.it/ja42g6xqt9d71.png?width=793&format;=png&auto;=webp&s;=6a25c7e88e9683bd45261588d5b7c387f82a6b3a>)

Now apes know what preferred shares and depositary shares are. Those shares holders give up on corporate governance rights to get the dividends and some protection. Whenever preferred stocks come out, I usually say they are "bond in stock form because they have similar characteristics."

Since dividends and other distributions are under the depositary share chapter so the dividends are nothing to do with common shares.

Wrong breakdown

GameStop sells NFT to its "Preferred (chosen) Stock Depositary" and Gives a free dividend forces SHFs to pay ■s ■s before ■ and every share is still tracked on the blockchain. Checkmate.

Clarification: They can either cover (MOASS) or they can buy the NFT which will fund Gamestop's dividend, when they buy the NFT they are still Naked and Short, so they are obligated to cover the dividends for anything over what Gamestop issued

The writer seemed to break down "preferred(chosen)" and "stock depositary" but it is wrong. it is "preferred stock" and "depositary"

[from GME's prospectus](<https://preview.redd.it/fqjyys6gv9d71.png?width=910&format;=png&auto;=webp&s;=de94fdc0ca3b70fad80b7840f9a8f6e803943126>)

In the prospectus, GME says they have the authorization to issue 5 million preferred stocks. It simply shows the writer broke down the words wrongly.

Let's get a bit deeper here. What is depositary?

[from SEC <https://www.sec.gov/Archives/edgar/data/1102266/000119312509143029/dex421.htm>](<https://preview.redd.it/pu3f3ixww9d71.png?width=1850&format;=png&auto;=webp&s;=0e914da612a27d5a475ee60f038379ccbea40e2d>)

It was hard to find the exact meaning but according to SEC's FORM OF DEPOSITARY AGREEMENT FOR DEPOSITARY PREFERRED STOCK. depositary is simply a bank that holds preferred shares for a company.

When prospectus is filed?

[from investopedia <https://www.investopedia.com/terms/v/prospectus.asp>](<https://preview.redd.it/vwcjh3s5z9d71.png?width=651&format;=png&auto;=webp&s;=ff2d2c2152167052e5e2acc434283267a530d623>)

So when a company sells securities, in this GME's case 5 million common shares, the company files prospectus. So every security GME mentioned in their prospectus is the current offer (ATM 5million in this case) and possible securities they may sell. KEY POINT HERE IS SELL

I don't know what RC's tweet means and honestly, I even tried to understand what possibly means.

All I can see is Chairman tries to communicate with apes. And sometimes I can see some good DDs that are inspired by RC's tweets. And to be honest, this DD is no different. I was inspired to write this to read another amazing ape who saw RC's tweet and did his or her or their own research and wrote the DD.

Thank you apes who survived this far

TLDR:

1. a unit is a group of security
2. a unit in GME's prospectus only can have registered securities in the same prospectus
3. Dividends in the prospectus is for preferred shares and depositary shares, not common shares
4. prospectus is when a company offers securities to sell
5. Based on this apes can't assume NFT dividend