

Title: Married. Divorced. Puts cannot get along...

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EDIT- this run up has seen Deep otm puts being bought. I genuinely couldn't have timed this DD better. Shame it's not getting more traction haha I need to get better at writing catchy titles.

Good morning Motos,

Continuing on my roll of DD posting while I have a week off, here is the the update to my "married puts DD" which I did way back just before the large block of deep out the money puts expired worthless back in July 16th (for reference this represented 40.4 million shares of GME).

You can find the [OG DD here](https://www.reddit.com/r/ApesMonkeyAround/comments/oetks2/a_look_a_mc_and_gmes_deep_otm_out_the_money_puts/) but it's not a required pre-read or anything, as I'll go over all the concepts again in this DD.

****Disclaimer-**** This isn't any form of advice, it's just what I've found from my digging and my current understanding. Which is always evolving and adapting as I learn new information. Also this DD will require some basic understanding of the options market and how the mechanic's of naked shorting & Fail to delivers work. I have DD on these as well, but I don't want to feel like a walking ad for myself, so ask in the comments or via DM if you want these guides.

****TL; DR?****

Simply put by analysing the existing option chain we can see that there is a minimum of \backslash^* shares of short interest being hidden in GME.

And more importantly we have another clear piece of evidence that manipulation and fraud of the stocks are still occurring.

****What this DD is, and what it isn't.****

First and foremost, this DD is not a way to calculate the total number of synthetic shares in existence.

For GME, to my knowledge, there has never been any official numbers on how many individual investors there are of GME, and also there has not been any sample data released that has a verified shares to shareholder ratio anywhere. Meaning that it's difficult to try and calculate any meaningful statistical analysis on this subject.

This DD, and by extension the OG DD can be used to show a ****BARE MINIMUM**** number of shares that have been hidden, as I'll explain later in detail but once the put expires the owed shares don't disappear.

This DD also shows in detail, one of the three main ways short interest can be hidden, to my knowledge. There is likely a lot more ways it can be hidden.

The main purpose is to show that fraud in the stock still exists and continues to this day. It's all well and good saying it is obvious and pointing generally at them but this is a hard facts, evidence and data led approach to conclusively saying that beyond a shadow of a doubt.

****What is a traditional married put?****

A married put traditionally is a strategy used where the holder of a long position (Someone that either has stock or options where they want the price of the stock to go up) buys a number of at the money put contracts equal to their long position.

This way if the stock goes up more than relative to the premium then they earn money, likewise if the stock goes down below the cost of their premium then they will either break even or earn some money depending on the type long position they hold and how much value is lost.

Let's show this with an example.

You own 100 shares of stock ABC and it is currently trading at \$150. To hedge you buy one Put contract with a strike of \$150 for Jan 2022 costing you roughly \$1,000 (remember one option contract equals 100 shares).

* If between now and Jan the price of your stock rises above \$160 you are earning profit as you've covered the cost of your premium (\$10 x 100 shares is \$1,000).

* If between now and Jan the price of your stock goes down below \$140 then you'll earn money off of the value falling, the lower it dips the more you earn.

It's not a perfect hedge as if the price ends between \$140 and \$160 you'll be out money. But the point is that you'll have protected your investment from downturns in price from what it is currently at.

****What is a divorced put?****

Firstly it's a term I coined after arguing with someone over the semantics of a name. I kept saying married puts and then explaining the variation but I kept getting told "That's not a married put" as such since the variation is that different I'm calling them divorced puts.

In a divorced put you need two parties. You need your OG shorter, who has short sold shares in a company that they need to cover but don't want to buy legit shares to do so with. Secondly you need a market maker (who is also very likely short on the same stock) who is willing to bend the rules a little and help out the OG shorter.

The OG shorter buys either deep in the money, or deep out the money put contracts, equal to their short position, from the market maker for a date far in the future.

>Technically It doesn't need to be deep itm or otm puts but by choosing deep itm or otm puts they can be pretty confident they are buying and selling to each other due to the relatively low open interest. Likewise it doesn't need to be dated far in the future but the further in the future the Put contract is the less open interest it will have and the longer the OG shorter and market maker have to try and get the price of the stock in question down.

The market maker then naked shorts and sells the OG shorter shares equal to their short position.

>Again, you can't decide who you buy and sell to on the open market. However using a combination of naked shorting during low volume times and dark pool abuse you can be pretty confident of who the shares are going to if you coordinate.

The OG shorter now has a short position, the equal amount of shares and put contracts worth the same amount of shares. The OG shorter then uses the shares given to close their short position just leaving them with the put contracts.

The Market Maker also lets these naked shorts become fail to delivers.

With this the short interest has been hidden and transferred into fail to delivers.

****Who's left holding the bag?****

So the question remains, who is left with the responsibility of covering the shares. Because eventually whether it be covering shares sold short or fail to delivers, someone has to pay them back at the end.

And, that comes down to whether the contracts were deep in the money or deep out the money.

If, like we are seeing this now, deep out the money contracts are being used then the expectation is for the OG shorter to exercise those contracts, they earn next to nothing off of doing so and because they don't have the shares in their possession to sell they become fail to delivers and the market maker gets given the needed shares to close it's fail to delivers.

Conversely, if it's deep in the money contracts that are being used it is expected the OG shorter won't exercise the contracts (citing the fact that it doesn't cover the cost of the premium) and the market maker will keep the fail to delivers to deal with themselves. They did get paid a hefty price for those deep in the money contracts after all.

As an alternative, instead of exercising deep out the money puts the OG shorter could also give the market maker a flat payment for something. It's not like Citadel have just stated they are redeeming \$500 million from Melvin Capital or anything lately.

****Example of divorced puts.****

I've always found shit easier when I can walk through an example. So I'll do that for you now, if you understood the above and aren't interest in an example just skip to the next bit.

So OG Shorter has short sold 100,000 shares of company XYZ when it was valued at \$100 a share. The price of XYZ has risen to \$250 a share and is at a level where if the OG shorter was to cover they would be at a severe financial loss. As such they call in their Market Maker friend.

The marker sells the OG shorter 1,000 put contracts at \$5 strike, dated Jan 2022. The market maker also naked shorts 100,000 shares and sells them to OG Shorter. They then let their naked shorts become 100,000 fail to delivers.

The OG shorter uses the 100,000 shares they were sold to cover and close their short position. They now only have 1,000 put contracts.

From now and until Jan 2022, the market maker stays in a battle to continually reset the fail to delivers. Abusing the T+2 time line to ensure that the true figure of fail to delivers is never revealed.

Come Jan 2022, and the puts are about to expire. Either they are exercised or they are not. If they are exercised they can become fail to delivers or are re-shortened on the OG shorters end, or if the puts aren't exercised the market maker keeps them and just tries to deal with the fail to delivers.

****Why it can't be used to calculate synthetics.****

As you see from the above when the puts expire, the fail to deliver aspect doesn't disappear and that share is still owed.

So the 40.4 million GME shares that were represented in the July 16th divorced puts are still needing to be dealt with and covered.

****What are my parameters for looking for puts I deem to be eligible?****

In the OG DD I set parameters to see if I could consider a put eligible to be consider or not.

Originally open interest had to be above a certain level for the week and the strike had to be below a certain price to be considered in my calculations. I'm still sticking with the puts being below a certain price however I'm no longer sticking to weeks with big open interest only.

The reason for this is simple. I've spent the past 10 or so weeks doing a recap/look ahead posts for both GME and the movie stock. And even in low open interest weeks I've seen evidence of strikes hiding shares of short interest. It means a lot more work went into this quarter's breakdown but it was worth it to

feel more confident in my assertions.

As for price, last time I decided 2/3rds of the current price was fair to look at. As this would be far enough away from the money to be a traditional hedge. I still feel that this is a fair assumption, so with this in mind my strike will be \$105 and below for GME.

Last time I also did it as a solid block, this time I'm also expanding my shares into ranges. This is because I feel more confident that lower ranges will be indicative of the divorced puts than higher ranges. The ranges will be spilt up evenly into three brackets.

GME will have \$0 to \$35, \$36 to \$70, and \$71 to \$105.

As for Puts Deep in the money, this is a harder one to look at. As a lot of these could have been bought at all time highs as a hedge. As such I will only consider Puts above \$450 for GME which is roughly 3x the current price.

****A breakdown of the numbers.****

<https://preview.redd.it/7847egtwbj71.png?width=450&format=png&auto=webp&s=045d94a98d510faac a5a427d34eaad31771db816>

So I've followed the above parameters and did a break down. Like I stated earlier, this time I was also interested in the ranges as well.

In short we can see a total of 426k Put contracts, representing 42.6 Million shares are being hidden in GME's option chain.

Just over two thirds, 37.3 million of those shares are being hidden in put contracts with a strike of under \$35.

Like I stated earlier, the OG Shorter and Market Maker are using deep out the money puts opposed to deep in the money puts.

When today's total is added to the 40.6 million shares worth of puts that expired worthless on July 16th we can see at a bare minimum of 83.2 million shares from the real short interest are being hidden as Fail to Delivers.

When added to today's short interest of 7.7 million shares it gives us a new MINIMUM real short interest of 90.9 million shares or 143% of the float.

****Note of caution and** **hopium.****

First my note of caution. Not all of these Puts will be for hiding short interest. Some may be for people legitimately buying Puts for shares they own as a hedge or as a bear bet. The further out the money or deep in the money they are the less likely this is. That's why I picked the strikes I did, if there is another update on this you'll see the strike considered is constantly in flux but I try to choose a strike that will account for 95% of the puts being bought as part of this tactic rather than just a hedge.

A note of hopium. This isn't the only way to hide short interest. There is also something called a Synthetic Long Put. This uses atm (at the money) Calls and Puts to hide your short position. This is harder to calculate what the hidden short interest is as you have to know what the price was when the position was opened (not what it currently is at). These Calls and Puts will also get lost amongst legitimate Calls and Puts which will generally be higher in open interest. So, there will more short interest hidden else where.

****Parting words.****

I have a[twitter,](<https://twitter.com/BOBoonRoss>) and [a YouTube.](<https://www.youtube.com/c/BOBoonRoss>) I post everything to YouTube, and I also chat away on twitter and give smaller updates on things that don't merit a reddit post or YouTube vid.

I also post everything on reddit, so consider giving me a follow on reddit if you don't follow YouTube or Twitter.

Hope this helps folk and I hope everyone has a great day!

Peace out!