

Title: Time Bomb
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Well hot damn...

Interesting find when it comes to dividend-paying stocks and short sellers. Turns out one of the best ways to punish a short seller is to issue a dividend through cash or stonk....

Why you may ask?

Because the short seller is now responsible to pay the dividend to the person they borrowed the share from.... Not only does this apply to cash dividends, but stock dividends as well. When a short seller borrows the stock from a lender, the lender still owns that share. So when a company starts declaring a dividend, guess who's on the hook ...yup.....

The short seller is already making payments based on the borrow rate for the security. Now they've got to find even more cash to make payments to the share lender in lieu of the dividend.... f*cking ouch.

<https://preview.redd.it/n1y76mdaitq81.png?width=640&format;=png&auto;=webp&s;=5bd1db4ab0eb93f4a727731fb6e70dc71b914b3f>

The news of this event is super bullish for long term investors because it helps form a tighter relationship to the company. However, it's really effective in encouraging short sellers to close their positions when they are already being smashed by rising prices.

From my understanding, these rules apply to both cash and stock dividends. While paying the borrow fee to hold the short position, the short seller will also have to pay the cash dividend, or make payments in lieu of the stock dividend.

[<https://finance.zacks.com/avoid-short-sale-dividend-payment-8493.html>](<https://preview.redd.it/9k9xswpzitq81.png?width=684&format;=png&auto;=webp&s;=3445e750baac347137b99438789d591f324cfdc8>)

So not only does this news generate hype for long term investors, Papa Cohen & friends also dropped a ticking time bomb on the short sellers' doorstep.

<https://preview.redd.it/ycz3hqfljtq81.png?width=657&format;=png&auto;=webp&s;=fc29cb63b28c594003568b4cbd9a47ff2b055952>

Who is eligible for the stock dividend? Basically anyone that buys stock before the declaration of the ex-dividend date. This is one of the main reasons why the stock price rises before the dividend is declared. If you're an existing shareholder, or purchase new shares before that date, you're in the money.

However, this also butt f*cks any short seller who shorted the stonks before that date. A stonk dividend is one of the best ways a company can force short sellers to....

<https://preview.redd.it/mivj7s7nktq81.png?width=688&format;=png&auto;=webp&s;=37c4d19236660a281a43704798d10c217f63f887>

Close their positions..

Wanna know how stock splits and stock dividends are different? Splits don't affect short sellers- dividends do.

<https://preview.redd.it/4pmrrdk5ltq81.png?width=910&format=png&auto=webp&s=7ab9b38662ad13dda90ad883961461b000905d39>

Yes, Ryan.... Yes they are.

DIAMOND.F*CKING.HANDS

\#GMEtotheMOON