

Title: We've come a full circle

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Edit 1:

I forgot to add the following:

The B3 exchange is written as 'B3', but in reality it is B^3 (B cubed).](<https://imgur.com/HMPiLI0>)

Another way to write B^3 is $B \cdot B \cdot B$ or BBB or [Brick By Brick](<https://imgur.com/L5882tw>)

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Yo yo yo, this post was inspired by the most recent terminal discussions of the [two random Brazil firms](https://www.reddit.com/r/Superstonk/comments/ot5f7r/gme_daily_discussion_thread/h6xa735?utm_source=share&utm_medium=web2x&context=3) AND a prior analysis of some shtdl filings for exemptions from certain regulations. Charlie from Charlies Vids aka Gary Gensler's Workhorse aka u/Horror_Veterinar (if im not mistaken) did go down a similar rabbit hole as I did.

Before I begin, I do apologize ahead of time if I begin to jump around....I'm an ADHD crayon sniffing autist that sees patterns.

Alright, lets get to it. This is how it started:

I was given these numbers, doesn't matter how I got them, but I did: **33840**.

Had zero clue as to what the heck they were, so I began putting financial terms in front of the number and running searches. I got the following [hit](<https://imgur.com/00ggMfm>).

I was curious if Citadel had any similar filings for exemptions and was NOT surprised to find that they [did](<https://www.sec.gov/rules/ic/2011/ic-29851.pdf>).....Investment Company Act Release No 29581, filing shortened to IC-29581.

To reiterate: Citadel submitted applications to be exempted from sections from the Investment Act of 1940. These are their filings: [IC-29581](<https://www.sec.gov/rules/ic/2011/ic-29851.pdf>), from [federal register page 187](<https://www.govinfo.gov/content/pkg/FR-2013-07-10/pdf/FR-2013-07-10.pdf>): IC-30589, [IC-34143](<https://www.sec.gov/rules/ic/2020/ic-34143.pdf>), and [IC-34173](<https://www.sec.gov/Archives/edgar/data/1255158/999999999721000176/filename1.pdf>)

IC-XXXX	Filing Date	Amended Date
:- :- :-		
IC-29581	December 10, 2009	June 29, 2010
February 17, 2011		
October 7, 2011		
IC-30589	January 31, 2013	April 30, 2013
IC-34143	December 13, 2019	May 7, 2020
July 10, 2020		
October 15, 2020		
IC-34173	References 34143	Notice- January 13, 2021

What does this all mean? Well, I began to analyze IC-29581 and any other documentation referenced within the filing. I won't cover all, but I will cover what stood out in quotes, keywords, links, screenshots, etc.

[Page 1](https://imgur.com/NyFnNhO)

1. "Notice of application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the "Act") granting an exemption from all provisions of the Act, except section 9 and sections 36 through 53 and the rules and regulations under those sections. "
2. " Applicants request an order to exempt certain limited liability companies, limited partnerships, companies and other investment vehicles formed for the benefit of eligible employees of Citadel LLC and its affiliates ("ESC Funds") from certain provisions of the Act. Each ESC Fund will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act. "

So let us go to the [Investment Act of 1940](https://www.govinfo.gov/content/pkg/COMPS-1879/pdf/COMPS-1879.pdf) that continues being referenced. We will utilize [Investopedia](https://www.investopedia.com/terms/i/investmentcompanyact.asp) references as well.

1. Citadel filed an order of exemption under Sections 6b and 6e, located on pages 24-25, and include the fine print. [" The following investment companies are exempt from the provisions of this title :"](https://imgur.com/5qqINGW)
 1. [Section 6b](https://imgur.com/R0UQUIA) he he this is starting to come [together now](https://imgur.com/Qu7Un5)
 2. [Section 6e](https://imgur.com/jj62Cck) so we got two types, [3c1 and 3c7](https://imgur.com/ZWKSJWK)

[Page 3](https://imgur.com/wAmA6S2)

1. Keywords: ESC Funds, Eligible Employees, Employees' Security Company *within meaning of section 2a13 of the Act, Citadel will control ESC Funds within section 2a9 of the Act, diversified or non diversified management investment company.*
2. By creating an ESC (controlled by Citadel) , **they are exempt** from a lot of sections as shown in the Act:
 1. [Section 2a13](https://imgur.com/lzY93Hd)
 2. [Section 2a9](https://imgur.com/5lLofOV)

Let's get this straight....Citadel requested exemption from all sections within the Investment Act of 1940 EXCEPT for section 9 and section 36-53.

Well, lets take a look at a few examples of the sections **the ESCs are exempt** from, Section 10-35:

Accounts and Records

1. Section 31, pg 85- Maintenance of Records:
 1. ["shall maintain and preserve such records..."](https://imgur.com/W89tx7K)
 2. [Even minimal record keeping they are exempt from.....](https://imgur.com/EbSKjj1)
2. Section 32, pg 87- Accountants and Auditors:
 1. ["independent public accountant"](https://imgur.com/qoYsEJC)

Lets do one more hahaha

1. Section 34, pg 89- Destruction and Falsification of Reports and Records
 1. "unlawful for any.....willfully to destroy, mutilate, or alter any account, book, or other document..."
 2. "unlawful for any person to make any untrue statement of a material fact in any registration statement, application, report, account, record, or other document filed or transmitted..."

[Yeah, you read that correctly.](https://imgur.com/qAA20vY)

So.....what information do they provide? Let me disappoint you further by continuing with [sections 5, 6](https://imgur.com/dPS35vp), and 7 of IC-29581, the exemption application for the ESCs.

1. Section 5- "acquired only by 'Eligible Employees' and 'Qualified Participants' "
2. Section 6- "Eligible Employee is an individual who is a current or former employee, officer or partner of Citadel or director of Citadel that is an 'interested person'....." Keywords: Managing Member/Director, Vehicle
3. [Section 7](https://imgur.com/8qOPLHd)\- " The Managing Member will send each person who was a Member at any time during the fiscal year then ended (except for the first year of operations of an ESC Fund if no investment activities took place in such fiscal year), audited financial statements within 180 days after the end of the fiscal year. " Keywords: audit

So we got a few filings referenced, lets take a look at rule 1-02d from Regulation S-X:

1. [Their definition of audit....](https://imgur.com/ZadEaEb)
2. [GAAS](https://www.investopedia.com/terms/g/gaas.asp) rules from Investopedia: [General Standards and Standards of Field Work](https://imgur.com/eBISnNc) and [Standards of Reporting](https://imgur.com/2sNaUVy)

So we established documentation and truthful statements are allowed to be wishy washy AND Citadel can invest in whatever they want under the guise of ESCs through exemptions of Acts, regulations.

This is starting to sound just like ENRON and their use of [SPVs/SPEs](https://www.investopedia.com/terms/s/spv.asp).....

[he he he](https://imgur.com/O2tRQJw)

[another one](https://imgur.com/inOWYIL) "REIT- tax designation for a corporate entity investing in real estate for the purpose of reducing or eliminating corporate tax."

[Here](https://imgur.com/V53BzLX) is a great example! [Hmmm](https://ccrcorp.com/section16/articles/s-ec-proposes-to-exempt-employees-securities-company-from-section-30h-of-1940-act/)

The random brazilian firms tie in from Bloomberg

Credit to u/EquityRatio for putting this info in front of me:

Constancia Investimentos

" constanciainvest.com.br - founded in 2009

* They have three funds. Two funds that started in 2009 and 2011 are long-only.

* In 2018 they started a "new" fund with this description: Equities-based strategies that produce returns with low correlation to the Brazilian benchmarks. Noticed they didn't describe it as long only like the other funds.

[Snapshot 1](https://imgur.com/lfOHFLs) and [Snapshot 2](https://imgur.com/sCP0Bjx)

* It looks like their new low correlation to Brazilian benchmarks and possibly not long fund ~~is doing way much better than other funds~~. I edited this because I noticed it's not reporting the same comparison vs Ibovespa which is a benchmark index of about 70 stocks traded on the B3

[Snapshot 3](https://imgur.com/KIXgvO0) "

I then found this past month's [Federal Register Index](https://www.govinfo.gov/content/pkg/GPO-FR-INDEX-2021/pdf/GPO-FR-INDEX-2021.pdf) and searched for '30589'. Just took the same numbers from the IC-30589 filing and looked in there. Got a few hits:

1. [pg 21- Brazil....](https://imgur.com/1qCa1Qv)

2. [pg 118- Brazil.....](<https://imgur.com/1MMW7u7>)

Let's see if I can get anything there with Citadel:

1. [Energy Department section pg 43, CITADEL ENERGY MARKETING LLC - 227847(may 24) AND CITADEL SOLAR LLC - 14895(March 19)](<https://imgur.com/dMcz2ps>)

2. You can find the same two on pg 73 under the Federal Energy Regulatory Commission section.

1. Extra info: [one](<https://www.federalregister.gov/documents/2021/01/26/2021-01638/emulsion-styrene-butadiene-rubber-from-brazil-preliminary-results-of-antidumping-duty-administrative>), [two,](<https://www.federalregister.gov/documents/2021/06/08/2021-11954/emulsion-styrene-butadiene-rubber-from-brazil-preliminary-results-of-antidumping-duty-administrative>), [three](<https://www.federalregister.gov/documents/2021/06/09/2021-12078/emulsion-styrene-butadiene-rubber-from-brazil-final-results-of-antidumping-duty-administrative>), [four](<https://www.federalregister.gov/documents/2021/05/24/2021-10847/citadel-energy-marketing-llc-supplemental-notice-that-initial-market-based-rate-filing-includes>), [five](<https://www.federalregister.gov/documents/2021/03/19/2021-05729/citadel-solar-llc-supplemental-notice-that-initial-market-based-rate-filing-includes-request-for>)

So how does Constancia Investimentos and their 3 funds tie in with the federal register index and Citadel?

The 3 funds trade on the [B3 Exchange]([https://en.wikipedia.org/wiki/B3_\(stock_exchange\)](https://en.wikipedia.org/wiki/B3_(stock_exchange))) along with the [Ibovespa Index.](https://en.wikipedia.org/wiki/%C3%8Dndice_Bovespa)

[Who owns the B3?](<https://imgur.com/TaR2UDH>) They use [CAT](<https://imgur.com/lvofq5r>)S [oh looky, CME owns a 5% stake and merged with CETIP SA](<https://imgur.com/xRwVfSD>)

What is [Paris Bourse](<https://imgur.com/3U5BRuv>)? aka [Euronext Paris](https://en.wikipedia.org/wiki/Euronext_Paris) purchaser of CATS [Transactions are cleared through LCH.Clearnet?](<https://imgur.com/ZaKga7v>)

This rabbit hole DOES NOT FUCKING END....

[LCH WIKI]([https://en.wikipedia.org/wiki/LCH_\(clearing_house\)](https://en.wikipedia.org/wiki/LCH_(clearing_house))) I can see why anyone hardly ever gets caught....there's so many parents, subsidiaries, spinoffs, never ending.....

[Who is CETIP SA](<https://www.marketswiki.com/wiki/Cetip>)? Partnered with [Clearstream](<https://en.wikipedia.org/wiki/Clearstream>) owned by Deutsche Borse AG. Coined ***bank for banks*** and part of the [Liquidity Alliance!](<https://imgur.com/B67P7so>) Cetip also partnered with the Intercontinental Exchange (ICE) to create [Cetip Trader (trading tech)](<https://imgur.com/V67sPD2>), the shady one mentioned at the end of the documentary Ghost Exchange. [Did someone say bonds on ICE?](<https://www.theice.com/market-data/products/release-notes/consolidated-feed-cetip>)

[Liquidity Alliance](<https://www.clearstream.com/clearstream-en/strategy-and-initiatives/partnerships-1/liquidity-alliance>)\- "formed in response to the growing need for collateral due to the regulatory overhaul following the financial crisis."

So the the extra info links on the Brazilian rubber + Arlanxeo Brasil S.A, parent organization [Lanxess](<https://en.wikipedia.org/wiki/Lanxess>)

= [Citadel taking a large short against Buffet on Lanxess](<https://imgur.com/FHhVM8u>) [article](<https://www.varchev.com/en/citadel-has-a-big-short-against-a-company-buffett-invested-in/>)

What I cannot find is any extremely detailed portfolio information of those 3 Brazilian funds that popped up or related filings. [Only found this.](<https://www.investing.com/funds/constancia-fundamento-fundo-de-inve-holdings>)

I do recommend going to the [website](<https://www.govinfo.gov/>) and typing in Citadel, or any other keywords to see if there are hits. I need to take a break and going blind from going through all of this.

There are approximately 4,552 records.

u/Lunar_Stonkosis u/Darth_Vacumm u/serizzzzle u/Itsmeitsyouitus

TL;DR

If you don't want to read, then nothing's changed and its all shady loopholes exemptions. ■■

If you do read, then some help in connecting Citadel with filings of the funds would be very welcome.

Thank you for your time. ■■