

Title: Old post related to u/crind newest post and flow chart...

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Url: /r/Superstonk/comments/nm5nx8/hedgadel_and_lendadel/

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Linked Post:

Body:

and why there might be 300k shares available to borrow every single day. Magically appearing out of nowhere, regardless if there was 1M or 10M volume.

The Problem

Shitadel must short GME every single day. As soon as they run out of fresh shorts, share liquidity will dry up and they're fucked!

But if they just release the shorts onto the market, they might end up in Apes cash accounts or Euroapes accounts that do not allow share lending. In that case I would at least expect to see some days with practically no shares available. But there are always at least 300k magically appearing every single day.

The possible fuckery cycle

Let's say they create 2 separate corporate entities. Hedgadel and Lendadel. One shorts GME and one fake longs GME.

1. Lendadel starts out with \$150M, they buy 300k shares for \$75M. And make them available to borrow.
2. Hedgadel borrows those 300k shares, but instead of selling them to the market...
3. Hedgadel sells 300k shorted shares to Lendadel in an OTC transaction. Lendadel now has 600k shares.
4. Lendadel then sells 300k shares to the market, refilling their cash for next days cycle. The other 300k are made available to borrow again.
5. Selling off the shares presumably creates 300k FTD, but if Lendadel and Hedgadel never properly report the sale of shorted shares, nobody will come knocking

And that cycle can repeat every single day. 300k shares just magically appear

Visualization

<https://preview.redd.it/cgvwaydbjn171.png?width=1043&format;=png&auto;=webp&s;=04fe51cd04f37fbe5e16a5ba1696b957240c4ae8>