Title: Gamestopped: The Mechanics of Cellar Boxing and Bankrupting Companies: Part 1
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Like a lot of you, the last 2 years has been an extremely eye opening experience in how are markets operate. More specific, how they operate to benefit the few to the detriment of the many. The game truly is rigged, everything is connected, and believe it or not, we are in the end game (not just hype). I will show you what I have discovered, explain exactly how SHF always seem to make money and never lose, the actual mechanics of cellar boxing a company or multiple companies and how they've gotten away with it, the connections between the index funds, CToe and Gamesop (why GME had a negative correlation to index funds in the beginning, but now is directly correlated), exactly why GME runs when it does, drops when it does, and finally, the true nature of our chairman's genius.

I want to preface this buy saying I am not a financial expert, I'm not a professional writer, I'm a random electrician and I'm writing all of this from a phone. Every cent I own is in GME and while I'm 100% confident in this information, I do not recommend trying to trade on this information. These guys literally own everything and there are no limits to their ability to manipulate price, especially now that it's almost over.

Everyone here is aware of the general idea of how cellar boxing works. Shf short a stock to into the ground, using MM's, Banks, and swaps until they declare bankruptcy. But how exactly do they do it?

First they need insiders. They need people in key positions to 1) give them the financials before earnings 2) prevent any kind or turnaround or surprises 3) pump the public and retail investors with hope so they keep buying. This is why RC is about action and not just the talk. This is why pretty much the entire C Suite was let go when he took over.

The next thing they need is a MM. The reasons should be obvious, but they provide the infinite liquidity needed. Third, they need banks. Lots of banks. Probably 80-90% of all major banks are involved. The banks provide the swaps to hide the short positions and more importantly, take the risk off SHF books so they can short even more.

You're an owner of a Hedge Fund, with hundreds of billions of dollars under management. You have rich clients paying you a lot of money to beat the index funds. But unless you're in Congress, how can you consistently do this year in and year out? So you use a strategy that literally cannot go tits up. You have the media, banks, and analysts pump up a company before earnings. This creates the buying pressure. After earnings, you short the stock heavily. This is obvious when you look at the history of GME. The chart goes back till 2002, and without fail, after Earnings, the stock gaps down sometimes 15-30%. You will usually see a flat candle either the day after earnings or a few days later. This is in my opinion, a setup for the swap. You need the price below the 200 day MA and a tight spread between the open and closing price.

The problem now is you have may have just shorted 25% of the company. You don't want to buy back in because they would raise the price to fast and also you would take profit, owing taxes.

So instead you enter into a swap agreement with a bank. Basically, you swap your short position (and the risk), to the bank, and in return you pay interest and more than likely the difference in price of the stock at the end of the contract if it rises. With GME, it looks like those swap contracts were typically 2 years long. This means you unload your short position and can now go long on the stock. You just have to make sure the price is at or under the price when you entered into the swap and under the 200 day MA,at the end of the 2 year cycle. This means the price will always have to trend down in the long run. It will have ups and downs in the short term, but always trending down. They just repeat the cycle. Pump before earnings, then short it down. Offload your shorts with swaps, then repeat. This is how Shitadel for example can show a long position in baby.

One important detail to understand in spotting these swaps is that the volatility must be kept low or else the bank would require more collateral. On the chart, it'll look like a very flat candle, and it's a lot of volume, it'll have wicks both up and down as they stabilize the price. the % change from the previous day will be very small, typically less than 1%, and sometimes 0, with the spread between open and close typically being less than a few cents.

https://imgur.com/a/tNl1k3n

https://imgur.com/a/VwneIaK

This is an example of a swap rollover from an existing swap contract and a new swap setup after earnings to offload your new shorts. They roll their existing contract on 3/28/18, then shorted it down after Earnings and setup a new swap. Every two years the original swap ends and they must either roll it over or take the short position back (which they never do)

When it closes they take the short position back on their books. This is bad if you've been rolling that swap for almost 20 years and there could be potentially hundreds of millions of shorts on that swap. Here's an example of a swap positions that does not get rolled and goes back onto the books SHF books:

2020 Multiple Swap Failures

https://imgur.com/a/t82YLfV

10/07/16 rolled like it was supposed to, but the 10/8 and 10/10 closed out. It's important to know that if a swap will end on a Sat, it closes on the Friday before, and Sunday it rolls to Monday. Whoever couldn't roll that swap (could be multiple) got margin called and was forced to buy them back from the market on 10/8/2020, and 10/9 and other dates. That's not to say that all 300 million volume was from those swaps but GG did say over 90% of retail orders never hit a lit exchange. Now take a look at the very next day, 10/09/2020. 300 million more in volume.

2016 Swap Rollovers

https://imgur.com/a/ZRaYOqw

2018 someone messing with HF swap rollover dates setting them up for what happens in late 2020 and January 2021. I will go into the importance of 8/31 and this chart in another post, but suffice to say, the price running above the 200 day moving average is really bad for them when they have to roll a swap as we see in 2020

https://imgur.com/a/RU45wSl

[link to part 2](https://www.reddit.com/r/Superstonk/comments/xi04w9/gamestopped_the_mechanics_of_cellar_boxing_and/?utm_source=share&utm;_medium=ios_app&utm;_name=iossmf)