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GME

SYSTEM FAILURE IMMINENT



REGULATORY FAILURE



THE GAMESTOP DEBACLE EXPOSED A SCAM CENTRAL TO THE STOCK TRADING SYSTEM.

A decade ago, a Biden confidant tried to stop it.
Now there's another chance.

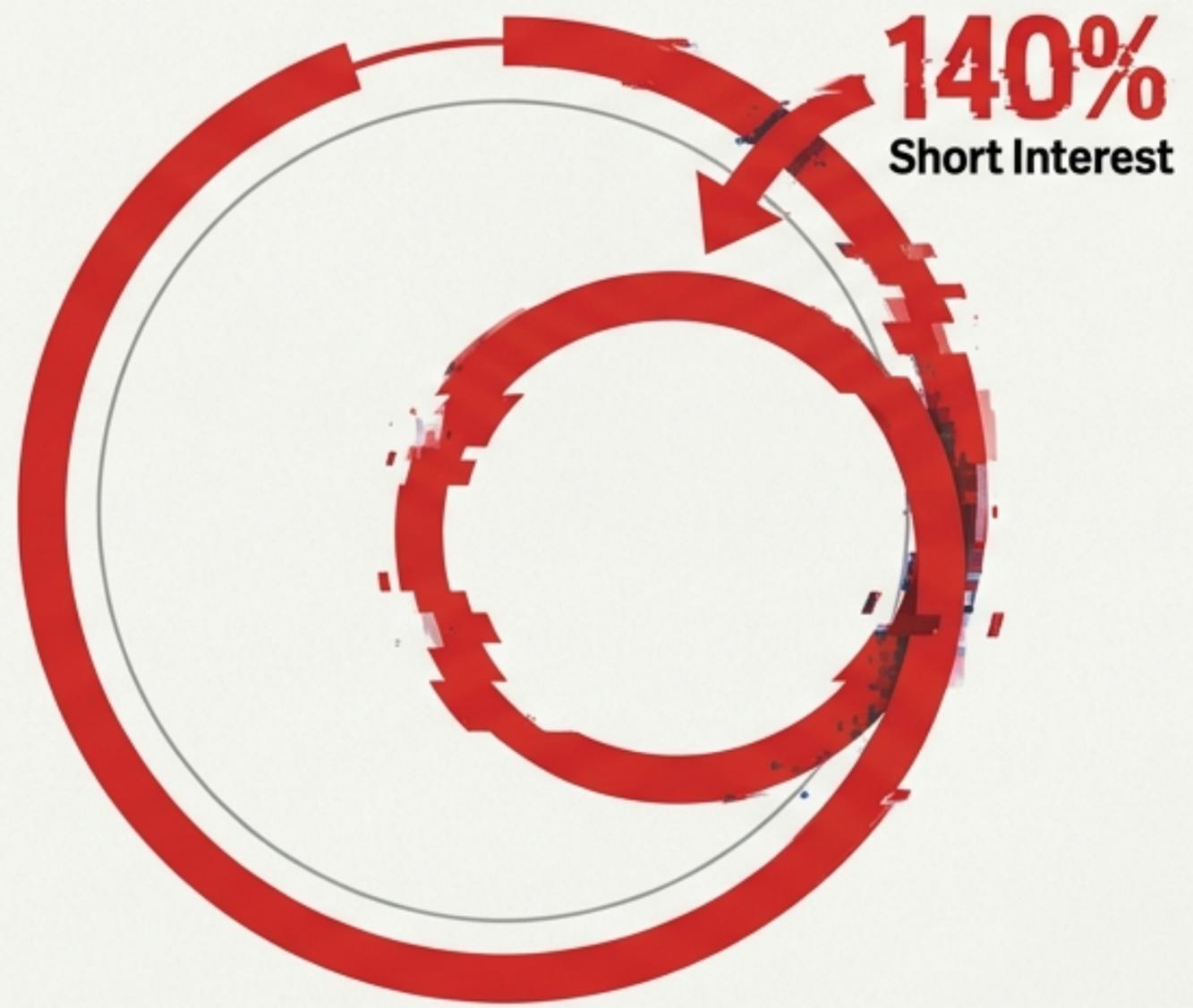
OFFICIAL VAULT:
CORRUPTED DATA STREAM

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How do you sell 140% of something that exists?

“GME sold short 140 percent. Why isn’t that manipulation?”
— Rep. Nydia Velazquez (D-NY).



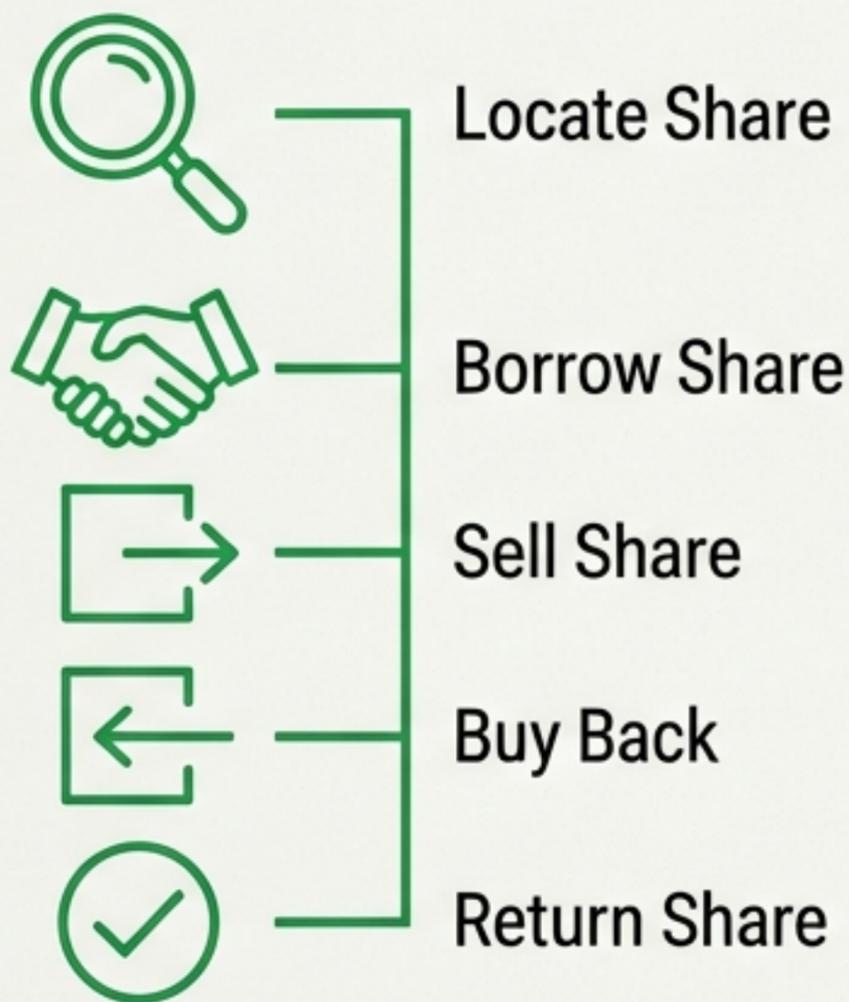
The Data Paradox:

- Short sellers sold 40% more shares than actually existed.
- These are “Phantom Shares”—digital entitlements posted to accounts without underlying assets.

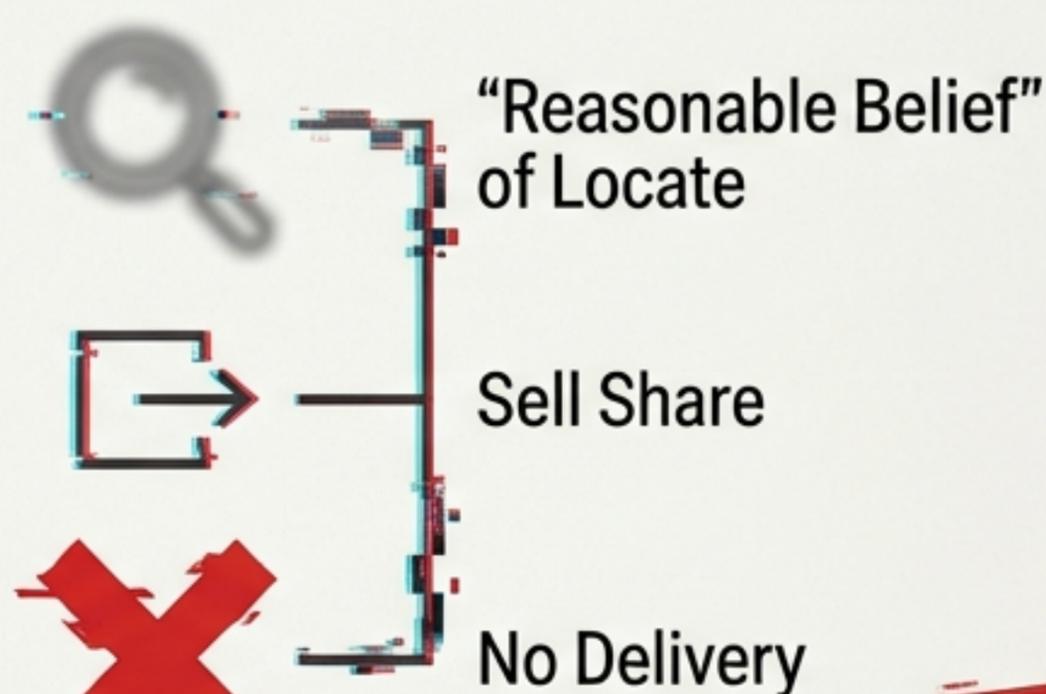
Prime brokers lie about 'borrows' to assist their biggest clients.

The Theoretical Rule vs. The Profitable Reality

The Law



The Naked Short



FAIL-TO-DELIVER (FTD)

Data Point: Bloomberg reports cited over one million GameStop shares were deemed "failed-to-deliver".

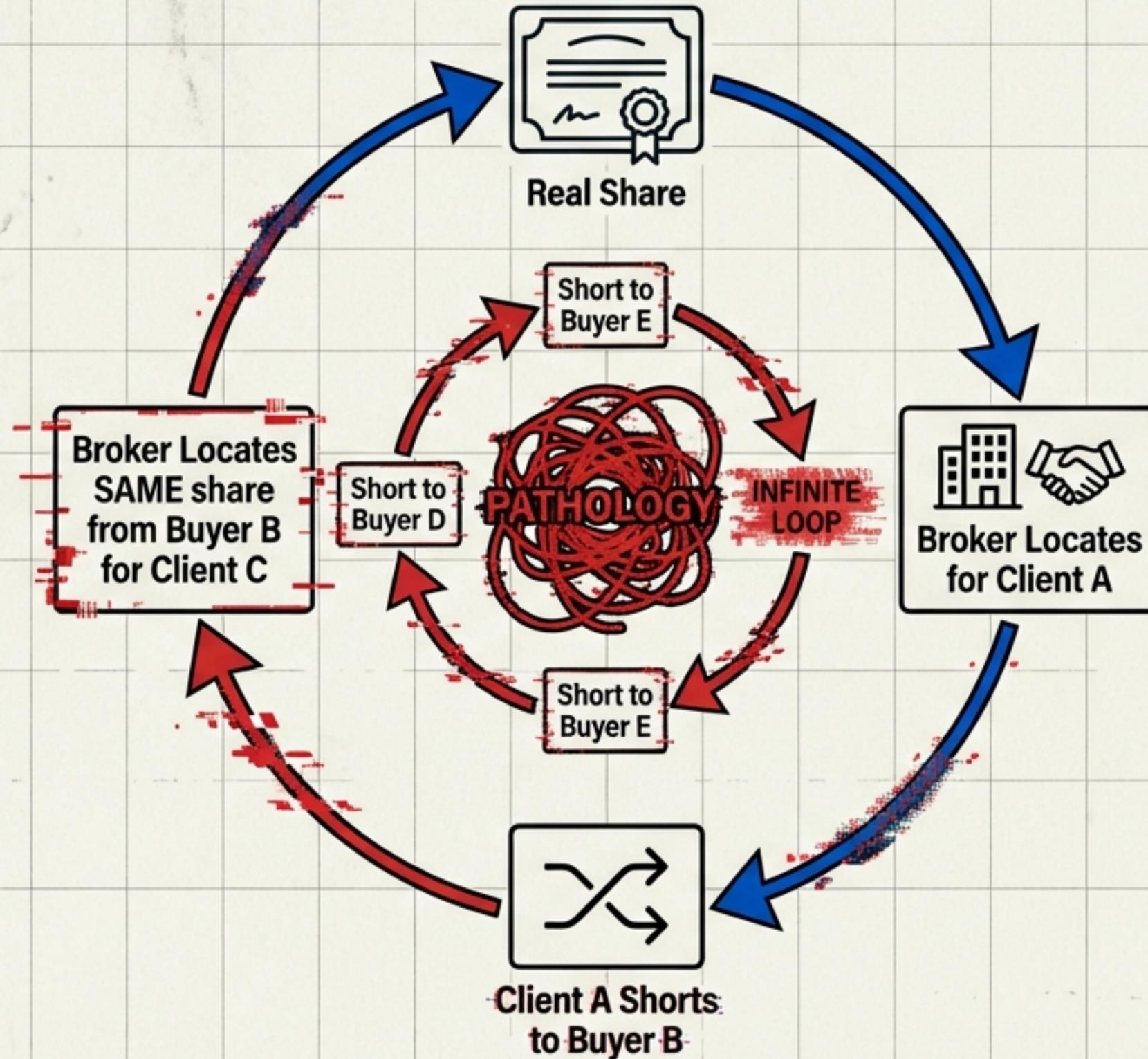
Investors are buying digital echoes, not real assets.



The Illusion: Buyers receive a “digital entitlement,” unaware they hold no real share. These IOUs can be sold or loaned again, artificially inflating supply.

“Someone could have no shares when the music stops.”
— Vlad Tenev, CEO of Robinhood

The ability to short the same share infinite times is a pathology.



Witness Testimony:

Keith Gill (Roaring Kitty) testified that a single share can be located dozens of times. Market makers like Citadel are exempt from locating stock before selling.

Half of all trading happens in the dark.

More than 50% of trading volume occurs off-exchange, effectively evading public scrutiny and price discovery.

Lit Exchanges
(NYSE/NASDAQ)

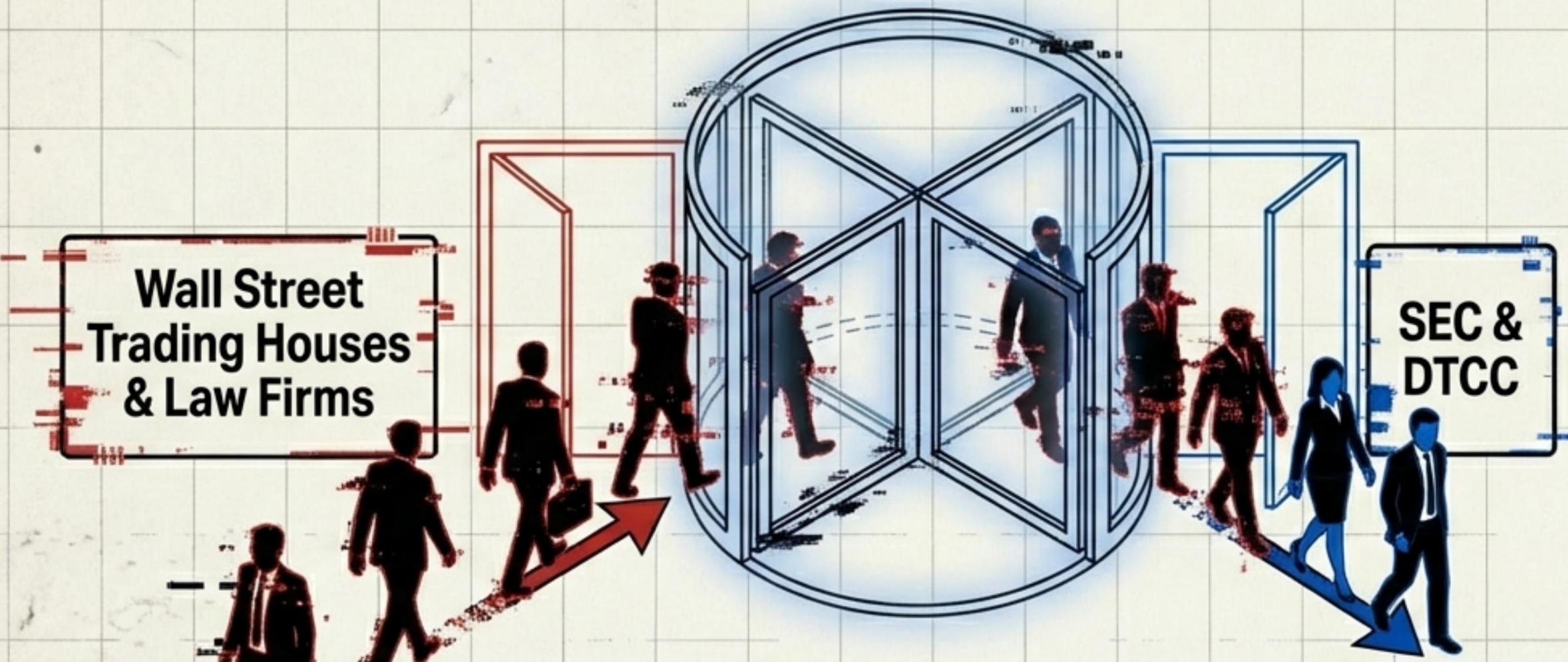
Ex-Clearing Trades

Prime
Brokers

**DARK POOLS &
INTERNALIZERS**

Hedge
Funds

The regulators are run by the people they are supposed to regulate.



Conflict of Interest: The DTCC (Depository Trust and Clearing Corp) is owned by the prime brokers themselves—including Goldman Sachs, JPMorgan, and Citi.

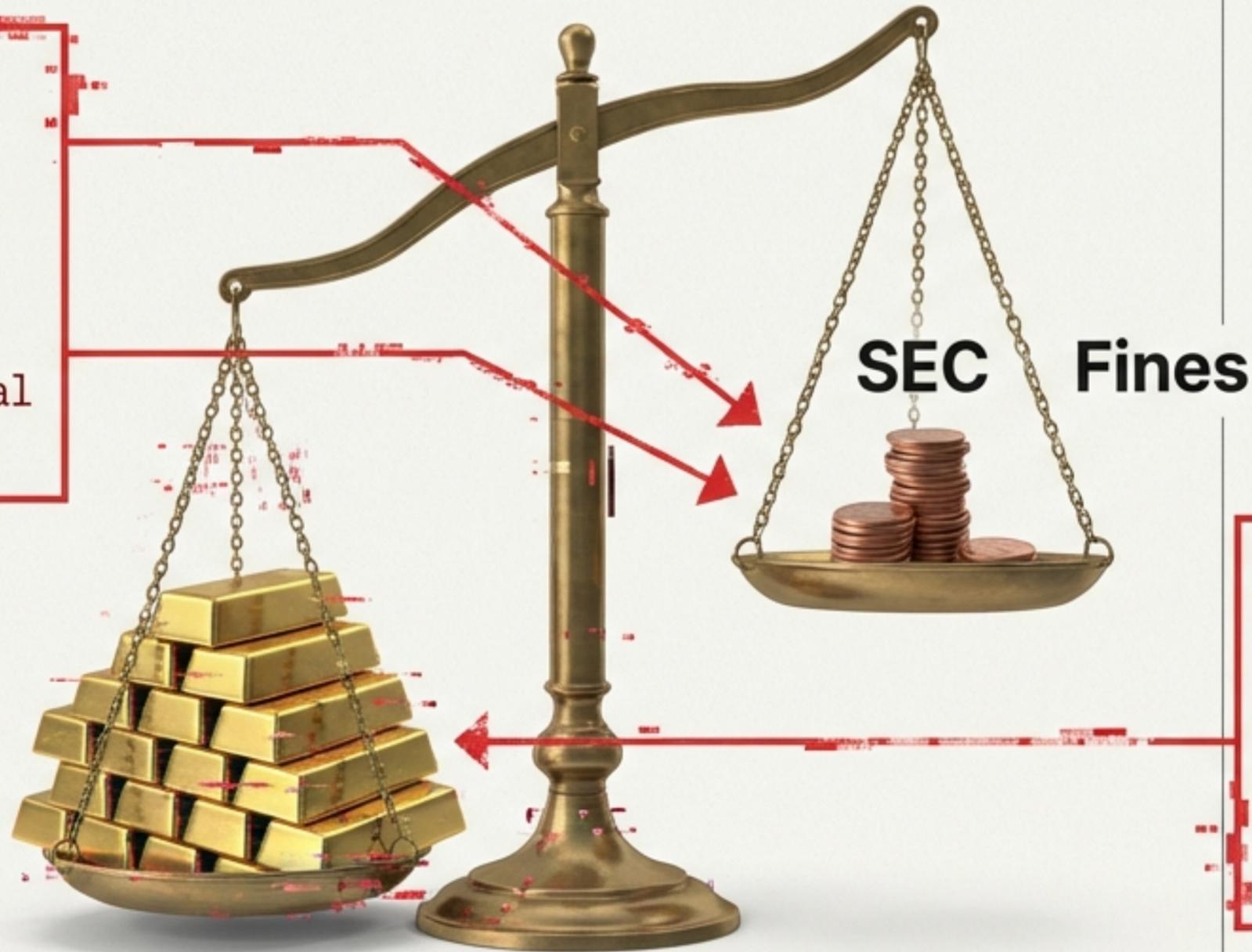
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Fines are just a small fee for breaking the law.

Citadel (2020): Fined \$180,000 for 6.5 million violations.

Goldman Sachs (2007): Fined \$2 million for 2 years of automated illegal short orders.

**Billions
in Profit**



The Loophole:

Failed trades can be "rolled over" to the next day, extending the fail indefinitely.

We almost fixed this in 2009.

2008 Market
Crash.

2009

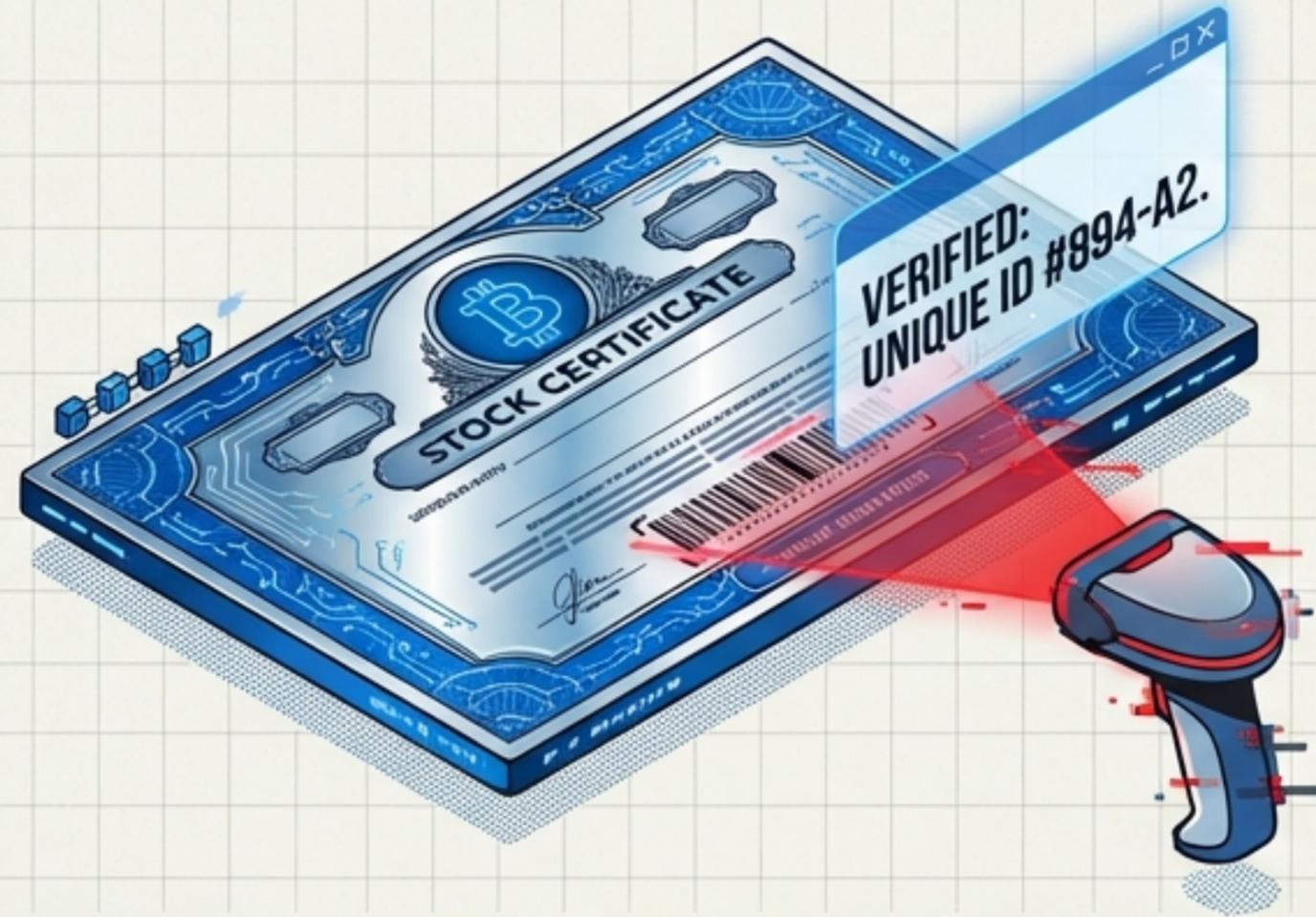


Senator Ted Kaufman
proposes 'Hard Locate'.

The Warning: Kaufman's Chief of Staff was told by a lobbyist that pursuing short selling reform "would be bad for his career."

They persisted, finding that SEC regulations were unenforceable against hedge funds driving down prices with phantom stock.

The 'Hard Locate': A unique ID for every share.



The Solution Proposed in 2009: A ban on all short sales unless the broker obtains a unique identification number for the shares. This centralized system would prevent multiple short sales based on a single share.

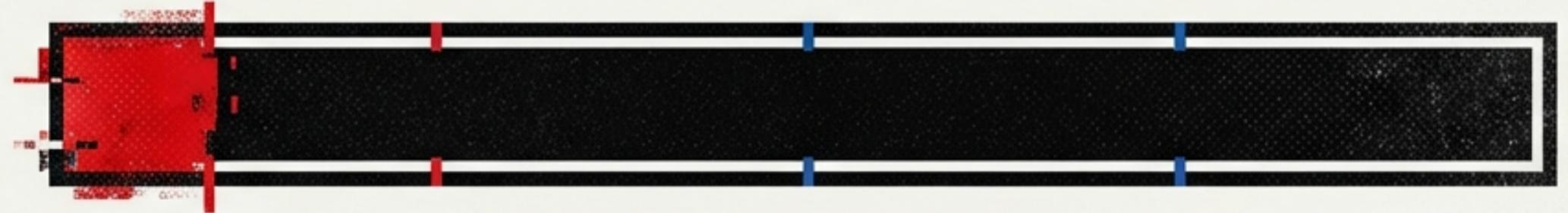
“The DTCC representative sat mute.”



September 2009: The SEC held a roundtable to fix the system. The **DTCC** had a **solution ready** but **refused to present it**. When asked why, officials admitted: **“We got pulled back.”** The big banks found a hard locate system **“unacceptable.”**

The 'Flash Crash' promised a surveillance system that still doesn't exist.

Consolidated Audit Trail (CAT) Implementation



STALLED

May 2010: The Flash Crash caused stocks to drop in minutes. The SEC promised the CAT system to track illegal naked shorting. Over a decade later, it has not been fully implemented. Regulators remain blind.

The man who fought the banks is now in the inner circle.



Ted Kaufman, former Senator and Biden's transition team leader, is a trusted advisor.

He has a history of opposing banker-broker **corruption.**

The Question: **Will the administration challenge the Wall Street funders to fix the system?**

Summary: The System is Rigged by Design



Phantom Shares: Market flooded with digital entitlements.



Diluted Value: Artificial supply drives down real investment value.



Broken Governance: Regulators protect brokers, not the public.



No Enforcement: Fines are trivial; reforms are suppressed.

THE DEMAND: END THE **GLITCH**.

- 1. IMPLEMENT CAT:** Finish the Consolidated Audit Trail immediately.
- 2. HARD LOCATES:** Mandate **unique IDs** for every share. No more “reasonable beliefs”.
- 3. END THE SILENCE:** Congress must **investigate** why these **solutions were killed**.

Read the full investigation: “The GameStop Mess Exposes the Naked Short Selling Scam” by Lucy Komisar.