

Game Stopped? February 18th, 2021 Hearing

Robinhood CEO Vlad Tenev must be asked tough questions following GME restrictions

February 16, 2021

On January 28, Robinhood suspended the ability to buy shares of GameStop. Robinhood users were **allowed only to sell their positions**, not open new ones or add to their existing holdings in GME. Lawmakers including progressive icon Alexandria Ocasio-Cortez and conservative firebrand Ted Cruz **have called for hearings into Robinhood's decision**, and some app users are calling for a **class action against Robinhood**. Wall Street hedge funds **began losing big time** as some **individual investors claimed profits** while GameStop's share price went through the roof. When Robinhood shut down trades, preventing more investors from buying in, **share prices immediately crashed, allowing short positions to cover at a massive discount**.

<https://www.fool.com/the-ascent/buying-stocks/articles/why-did-robinhood-shut-down-gamestop-trading/>

Here's what we want to know.



- I. **Has Robinhood ever had such a dramatic margin increase request from DTCC before?**
- II. **Why was Robinhood unable to come up with the funds when other brokerages had the cash to allow trading to continue?**
- III. **How much time have previous requests been given to accommodate gathering funds in comparison to this one?**
- IV. **Who suggested the solution of restricting buying? Was the suggestion made within Robinhood or by DTCC as a concession in return for a reduced margin requirement?**
- V. **To Robinhood's knowledge, are there any historical professional or other relationships between the decision makers in the DTCC to the funds that were shorting GameStop Corp.?**

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Melvin Capital CEO Gabe Plotkin needs to face scrutiny for his reckless shorting on GameStop

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Melvin Capital, at the helm of Gabriel Plotkin, has lost over 30% of investors' funds due to numerous short bets that went awry, including GameStop. In January, **Ken Griffin's Citadel and Steve Cohen's Point72 invested \$2.75 billion in Melvin** in exchange for non-controlling revenue shares of the fund. CNBC's Andrew Ross Sorkin reported that Fund manager Gabriel Plotkin advised Melvin Capital had closed (i.e. covered) its short position in GameStop on January 26 in the afternoon, although **this has not been independently verified.** On January 27 **Bloomberg News reported that losses had continued past the 30% reported** on January 24 by the WSJ although their sources would not give a specific number **as to not upset Gabe Plotkin.** The short position adopted by Melvin Capital and others resulted in more than 139% of existing shares of GME being shorted, making GameStop stock the most shorted equity in the world.

https://en.wikipedia.org/wiki/Melvin_Capital

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- I. **Were you aware of the rampant illegal naked shorting that allowed for amassing the 140% short interest on GameStop?**
- II. **Why did Melvin Capital fail to adjust the risk/positions upon the announcements of bullish catalysts?**
- III. **Short interest increased by 20M shares in July 2019. Did Melvin increase their short position in that timeframe? If so, can you explain how you were able to borrow shares when 40% of GameStop's float was bought back?**
- IV. **At the 52-week low, GameStop reached a market cap of \$165M or ~\$2.57/share. Why didn't Melvin Capital cover or place proper risk management protocols? What was the decision-making process behind milking out the last \$165M of GameStop despite theoretical infinite risk?**
- V. **Have you ever paid for media placements against GameStop?**

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- VI. Was it in Melvin Capital's best interest that GameStop, a company that has 16,000 employees, went bankrupt amid a global pandemic?**
- VII. Can you explain the method by which hedge funds avoid taxes when they have a short on a company that has gone bankrupt?**
- VIII. Did Melvin Capital have any agreements, written or otherwise, with other major shorts of GameStop such as Maplelane?**
- IX. There were 6000 short-term put options purchased within 30 minutes prior to Citron Research's tweet announcing their pending argument against GameStop. Did Melvin Capital purchase any puts on that day in that time frame?**
- X. Has Melvin Capital ever been forced to buy-to-close short positions as a result of Regulation SHO / Failures-to-Deliver?**

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Citadel CEO Kenneth Griffin is obliged to face questioning for several conflicts of interest

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According to Robinhood's 606 form that it filed with the SEC for the final quarter of last year, **Citadel Execution Services paid tens of millions of dollars a quarter for the privilege of executing its stock and option trades.** The big bucks resulted from Robinhood's option trades, not its stock trades. The 606 form shows that in just the month of December 2020, **Citadel Execution Services paid Robinhood \$28 million for directing its option trades to Citadel.** Now we have just learned that Citadel Advisors LLC (one of the sprawling tentacles of Citadel) **had a large net short position in GameStop** but also stood to make money as the stock whipsawed up and down. **According to Citadel Advisors LLC's most recent 13F form filed with the SEC for the quarter ending September 30, 2020, it owned puts on 2.5 million shares of GameStop** (option bets that the stock price will decline).

<https://wallstreetonparade.com/2021/02/citadel-didnt-just-bail-out-a-gamestop-short-seller-citadel-also-had-a-big-short-position-in-gamestop/>

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- I. **Would you consider it a conflict of interest that you are Robinhood's biggest customer while subsequently injecting money into a fund that shorts their most traded stock?**
- II. **Exactly what was the motivation for Citadel to prop up a competing hedge fund?**
- III. **Is it true that Citadel Execution Services had a telescopic view of what was happening because Citadel Execution Services executes a big chunk of both stock and option trades for Robinhood?**
- IV. **How many members of the DTCC are former Citadel employees?**
- V. **Did you or anyone within Citadel communicate with the DTCC prior to their margin changes to Robinhood? If so, what were the nature of these communications?**

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- VI. What positions did Citadel Advisors LLC take in relations to GameStop prior to the buying halt on January 28th?**
- VII. Did you or anyone within Citadel share any of Robinhood's Order Flow Data with other hedge funds shorting GameStop?**
- VIII. Did Citadel have any communications with Robinhood senior management in the weeks leading up to the 28th?**
- IX. Citadel Advisors LLC has just 19 clients for which it manages a total of \$234,679,962,503. Do you consider it fair and balanced that Citadel Execution Services pays for order flow so that it can trade against the retail money coming in from Robinhood while another branch of Citadel is managing money for 19 clients who can cough up ~\$12.35 billion each?**