Twitter Thread by Judd Legum

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1. If you turn on CNBC, you'll hear a narrative that reckless retail investors from Reddit are destabilizing the stock market by driving up prices for GameStop and other stocks.

This is BS.

Follow along if interested.

2. Market instability was created by hedge funds and other "sophisticated" investors that SHORTED MORE GAMESTOP STOCK THAN WAS EVEN AVAILABLE FOR SALE

Retail investors are exploiting instability created by the hedge funds

They didn't start the fire

https://t.co/26pyBtj4ec

3. The primary "victim" of the retail investors, hedge fund mogul Gabe Plotkin, worked SAC until 2013.

What happened in 2013? SAC pleaded guilty to insider trading and paid a $1.3 billion fine.

Plotkin then left to start his own firm.

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4. Plotkin made massive returns by doing a lot more shorting than most hedge funds & no one complained

But this week he was bailed out by his old boss, SAC founder Steve Cohen, and another hedge fund mogul, Citadel's Ken Griffin to the tune of $2.75B

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5. Cohen & Griffin now own a significant piece of Plotkin's firm. So they have an interest in Plotkin navigating out of his current predicament. They also may have exposure themselves.

This is where things get interesting.

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6. We now see retail trading platforms -- including TD Ameritrade, Schwab, and Robinhood -- RESTRICTING TRADES OF GAMESTOP AND OTHER STOCK.

Why are they doing this?

They say its to protect their customers.

But is that really what's going on?

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7. Restricting trading on these stocks will make it easier for Plotkin (and his new investor Griffin) and others to get out of this jam

Griffin is pays these platforms tens of millions of dollars for the right to handle their "order flow"

Let me explain

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8. When retail investors want to make a trade, these platforms let Griffin fulfill it.

"Citadel Securities accounts for 40 of every 100 shares traded by individual investors in the US, making it the number one retail market maker"

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9. So Griffin is both a major business partner with these platforms AND potentially will benefit from their current actions restricting the trading of this stock.

This warrants further investigation.

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10. Griffin, who recently purchased the most expensive home in America, is only in business because of government bailouts.

In 2008 he had massive exposure to AIG and relied on Morgan Stanley for lending. He survived only because they got bailouts

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11. It's a free market until the hedge fund moguls start losing money. Then SOMEONE NEEDS TO DO SOMETHING.

For updates on this story and more accountability journalism, sign up for the newsletter.

https://t.co/TfpCItdVSo

12. Here is Robinhood acting in a way that benefits Griffin its other business partners.

We need to explore why they are doing this.

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https://t.co/ISlZfsXKQ8

13. I'm just a journalist so don't take it from me. Here is a financial expert making the same point.

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https://t.co/LQhcsM8yxS