

# THE HYDRA OF CAPITAL MARKET FRAUD: A DEEP DIVE INVESTIGATION

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## The Intricate Web of Hostile Takeovers, Corrupted Regulators, and Counterfeiting of Securities

Capital market fraud is a many-headed beast, much like the mythological Hydra. Its tentacles span hostile takeovers, corrupt regulators, counterfeit securities, and millions of injured retail investors. Moreover, it poses a growing national security risk. Our investigation takes a deep dive into this intricate web, shedding light on its various aspects.

### The Takeover Shark: Honeywell Inc.

After a failed hostile takeover attempt for United Technologies in 2016 due to anti-trust concerns, Honeywell Inc. has refocused on strategic acquisitions. Honeywell CEO Adamczyk is under considerable pressure in M&A. With a corporate history of over 63 acquisitions and several complaints of using anti-competitive practices including bribery and collusion according to SEC charges in 2022 and FTC investigation in 2017.

### The Role of Toxic Lenders

Toxic lenders do the dirty work setting up the perfect takeover play. They use convertible notes that include huge dilution incentives if the company becomes noncompliant or suffers a downturn in stock price. Unfortunately, as pointed out in a recent article by The Basile Law Firm PC, these Toxic Lenders may be too entrenched, and actions by the SEC may be too little too late for companies like Meta Materials.

### Short-n-Distort & Fake Lawsuits

Short-n-distort tactics and fake lawsuits are other tools used to manipulate the market. With headlines like “Stop! Don’t Buy Into The Renewed Buzz Surrounding MMAT Stock” and “Time To Sell Metamaterial, The Short Squeeze At Torchlight Appears To Be Ending” both of these articles came out within a month of a new lender being announced in connection with Meta Materials capital strategy.

# Counterfeit Securities & Stock Price Manipulation: A Failure of Enforcement

Excessive short sale activity can cause sudden price declines, which can undermine investor confidence, depress the market value of a company's shares and make it more difficult for that company to raise capital. Laws like reg SHO are supposed to protect investors from the possible harm described above. Unfortunately, these laws do little good to prevent bad actors from committing the crimes because of soft-handed enforcement that includes penalties that are a mere fraction of the profits and rarely include criminal charges.

## Regulators Looking for Work: A Conflict of Interest?

The revolving door between regulators and the financial institutions they oversee is another worrying aspect of the capital market fraud hydra. The list of regulators that move on to work at the same financial institutions they enforced is a long one, but one more that stands out is former FINRA head of enforcement Jessica Hopper who resigned after 18 years.

## Contact Huckleberry Research

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