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ATLANTA, GA, UNITED STATES, May 25, 2023 /EINPresswire.com/ -- "We are splitting up". Usually around this time of the year, young couples break up for their summertime fling because they anticipate having a good time and don't want to be tied down with just one person. After the summer passes, they're now off again looking for that snuggle bunny to love in the winter. This trend has somehow moved to the financial markets regarding a new trend that small capitalization companies have employed that disregard their shareholders to just commit to doing a [reverse stock split](#) to stay compliant on the Nasdaq and NYSE.

This recent trend of [public companies](#) executing reverse stock splits has been more common over the last 2 years. To date 173 companies have executed a reverse stock split for 2023 and 322 total for the year 2022 per stockanalysis.com. This report includes companies like Verb Technology Group (NASDAQ: VERB), Medalist Diversified REIT (NASDAQ: MDRR) whose fundamental investment thesis of these companies seems to have value. Shareholders are perplexed as to why these public companies seek such extreme measures to stay compliant with their exchanges. The consequences for these companies become more complex in a volatile market.

Landon Capital's perspective on the matter are this: With the rise of mass marketing platforms, small capitalization companies now are prioritizing broader exposure and increased trading volume ahead of sustainable growth. However, it's worth considering the impact of shorting on these companies for the shareholders of those platforms. Since there may not be a fundamental reason to hold the stock for an extended period, these shareholders may engage in short-term trading to maximize profits rather than pursuing long-term investments. These predatory trading platforms could be the cause for so many small companies being caught in a cycle that pushes their stock price down and into the mud. In addition, these companies are raising capital through toxic debt and financing. With the struggles of raising capital over the last year and a half, some companies have become desperate to raise capital. Some investment banks have been eager to push bad deals through.

There are better remedies for increasing a companies market capitalization to stay compliant on a senior exchange for these [small cap](#) companies. "The way you do something is the way you do everything," said Keith Pinder, CEO of Landon Capital. For a small cap micro capitalization CEO,

navigating the capital markets are difficult. However, you must do it the right way to survive this volatile market no matter what obstacles this current market presents.

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