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Make no mistake, George Economou - with not one but two degrees from Massachusetts Institute of Technology - is the smartest guy in the room. For going on two decades, non-shipping investors typically of the retail variety, have been on the losing side of one deal after another, when it comes to Dryships or predecessor companies.

As these investors lack any sense of history, and they don't really know the underlying maritime business, they frequently find themselves on the wrong side of the ledger, particularly with prices of Dryships stock driven by financial machinations and "momentum" rather than by shipping industry fundamentals or broader equity market trends. While rants and lawsuits from disgruntled shareholders abound, it is not clear whether any laws were broken.

The latest chapter in the ongoing saga sees company founder George Economou coming in to "purchase" $100m of Dryships equity, gaining a big stake in the company. "Payment" for his new shares, where no cash will change hands, is funded through four channels; first, funding will be provided by the sale of his personal stake in Heidmar, to Dryships. Secondly, another private Economou holding will be forgiving $27m of debt owed by Dryships.

Thirdly, Economou will also be giving up a tranche of preferred shares with super-voting rights, and fourth giving up the right to “participate” in profits in a deal thought to involve the sale of vessels, this is not clear from the company announcement. Existing shareholders also will receive “rights” (options to buy) on $100m of additional shares - with the purchase backstopped by yet another Economou company.

In this new deal, further share (equity) purchases by the mysterious BVI-domiciled Canadian investor Kalani will cease. The Toronto outfit rode in on a white horse, in November, 2016, and began buying up freshly issued shares of Dryships - thereby providing much needed “liquidity” to a ship that was arguably sinking.

The resulting purchase initially caused a huge spike in the stock, tamped by the dilution from extra shares issued, due in part to the Trump Bump and the belief that shipping shares would benefit from massive infrastructure works. In the ensuing mayhem, Dryships shares reached stratospheric levels - yes, there was a fleeting “print” at $799,000 per share - on miniscule turnover, adjusted for various reverse stock splits which lowered the number of shares. The lack of oxygen attracted the interests of “momentum traders” who perhaps know the name of the company beyond its stock symbol DRYS, but nothing about its vessels or business.

There are other parts to the recent history. As Dryships has made deals with its lenders in late 2016 into the first half of 2017, the newly raised Kalani equity capital has been deployed to purchase ships with sellers of vessels sometimes linked to Economou private companies, arguably providing flotation to Economou’s non-listed businesses, but not illegal. Share prices for Dryships, meanwhile, fell to earth. In recent weeks, they’ve traded at more sensible levels in a range of $1.00 per share to $5.00 pershare. Turnover has soared since late July.

Kalani, now out of the picture, was reminiscent of “pump and dump” arrangements, selling owned Dryships shares - up to $200m was allowed in the initial late 2016 deal, with subsequent authorisations moving the total up above $700m to unwary retail investors - this is inferred because its filings did not reveal institutional names. The seller was likely buying them back (and making a profit) as the share prices continued their precarious slide from the big spike, and little spikes - brought on by the announcement of more share purchases. But we are moving on now.

In the latest episode, Economou’s commitment not to sell any of his soon to be acquired Dryships shares for a six month period could be paramount in rebuilding confidence, and creating a “floor” around the notional $2.75 share price of the latest share issuances, through early 2018.

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