

February 1, 2021

## **THE GAMESTOP SHORT SQUEEZE – POTENTIAL REGULATORY AND LITIGATION FALL OUT AND CONSIDERATIONS**

To Our Clients and Friends:

Over this past week, the stock market has experienced a turbulent and acutely volatile series of events related to the trading of a small group of public companies' shares. With echoes of the 2010 "Flash Crash" and a mid-2020 surge in the share price of Hertz while Hertz remained mired in ongoing bankruptcy proceedings,[1] numerous companies' stock prices have become unglued from their financials, valuations, and other fundamental analyses. Perhaps most (in)famously, the stock price of GameStop surged from a low of less than \$20 in early January to a high of nearly \$500 on January 28th—an increase of well over 1,000%—for no discernible reason beyond the efforts of thousands, or perhaps even millions, of internet message board users[2] to force a "short squeeze" targeting asset managers who shorted the stock in anticipation of GameStop's declining stock price based on their analysis of the company's fundamentals.[3] The ramifications have been widespread, ranging from the temporary crash of Reddit, the very website on which these efforts originated,[4] to popular trading platforms restricting customers' ability to trade in particularly volatile securities,[5] and prominent financial institutions changing their investment approaches and abandoning certain short-sale trading positions.[6] Reactions have equally run the gamut, ranging from pundits who find these events "hilarious" or view this as a story of "an underdog against a mighty foe," on the one hand, to those, on the other, who view the volatility as "a story of utter nihilism" and a "terrifying proof of concept" as to what can happen in financial markets when there is seemingly no connection between price and financial fundamentals.[7] For better or worse, many have analogized the increasingly powerful role of non-institutional investors to a "democratization of the markets." [8]

While these events continue to unfold in real time, all three branches of the federal government have indicated an intent to address them. On January 28th, the Chairwoman of the House of Representatives' Committee on Financial Services announced that it would hold hearings "with a focus on short selling, online trading platforms, gamification and their systemic impact on our capital markets and retail investors,"[9] while the incoming Chairman of the Senate Committee on Banking, Housing, and Urban Affairs similarly announced plans for forthcoming hearings "on the current state of the stock market." [10] That very same day, the first litigation relating to these events was filed in the Southern District of New York, as an investor brought a putative class action lawsuit against the electronic trading platform Robinhood, alleging that limitations on trading implemented amidst this volatility had "deprived retail investors of the ability to invest in the open market" with intent "to manipulate the market for the benefit of . . . financial institutions." [11] A dozen other lawsuits against Robinhood and others quickly followed in courts across the country.[12] In addition, the SEC announced that it was "actively monitoring the on-going market volatility in the options and equities markets" and working to

“assess the situation and review the activities of regulated entities, financial intermediaries, and other market participants,”<sup>[13]</sup> with news media reporting that the SEC is “eyeing a possible market manipulation case” analogizing traders’ online efforts to hype shares of particular companies to “a classic pump and dump” scheme.<sup>[14]</sup> At least two state attorneys general announced that they had initiated their own probes.<sup>[15]</sup>

## **I. Litigation Considerations**

In light of the significant sums of money being made and lost, and the media blitz about the new reality and impact of retail investors taking collective action, it was almost inevitable that disputes would arise. Accordingly, it is no surprise that a wave of litigation is already finding its way to the courthouse.

What form is such litigation taking? Generally, the suits filed against Robinhood to date have been brought by certain of the company’s customers and have focused on Robinhood’s trading restrictions, sounding in alleged breaches of contract, breaches of the implied duty of good faith and fair dealing, negligence, and breaches of fiduciary duty. Other suits against Robinhood and various other parties have alleged antitrust claims under state law and both Sections 1 and 2 of the Sherman Act, and have asserted (without citing any evidence or making particularized allegations) improper coordination in prohibiting the purchase of certain securities to unreasonably restrain trade in the stock market, as well as exclusionary and anticompetitive conduct in prohibiting plaintiffs from effectuating trades.<sup>[16]</sup> In addition, claims have now also been brought under Rule 10b-5.<sup>[17]</sup>

Market manipulation can be prosecuted criminally by the United States Department of Justice, or pursued through civil litigation brought by agencies such as the SEC and/or private parties who have personally been harmed, including the aforementioned asset managers who have been subjected to a “short squeeze.” Many such claims may rely on Rule 10b-5, adopted by the SEC pursuant to the Securities Exchange Act of 1934, which broadly prohibits all schemes and artifices, including deception, in the trading of securities.<sup>[18]</sup> Rule 10b-5 is likely to be the most common basis of securities fraud causes of action when market participants are alleged to have perpetrated a fraud, deception, or other willful wrongdoing that results in the manipulation of a stock price—including in classic, or novel, “pump and dump” schemes—although there may be other potential causes of action available as well. For instance, Section 9(a)(2) of the Securities Exchange Act of 1934 has been litigated far less than Rule 10b-5, but it might also apply given its prohibition on “effect[ing] . . . a series of transaction in any security . . . creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.”<sup>[19]</sup>

Of course, the application of Rule 10b-5, Section 9(a)(2), or any other cause of action to a particular set of transactions, and whether such claims can be economically litigated against those engaging in relatively small transactions, including through the novel use of a defendant class action,<sup>[20]</sup> are questions that are necessarily fact-specific and cannot be addressed in the abstract. Whether an asset manager would file suit against a group of traders circulating materially, false and misleading information, for example, for purposes of artificially inflating the stock price is uncertain given the commercial reality that many of the traders do not have sufficient assets to cover the losses, that litigation is a two-way street and would require a plaintiff asset manager to open up their internal analyses and

communications to discovery, and it might create optics issues for a resourceful asset manager bringing action against a group of retail investors. Accordingly, the more likely prosecutor of such market manipulation is the government.

Another type of claim regulators may investigate in these circumstances is open-market manipulation. Open-market manipulation is a more ambiguous and amorphous violation of the securities laws that is effectuated solely through facially legitimate trading.[21] A typical example of prosecutable open market manipulation is known as “marking” or “banging the close,” which occurs when a trader with the intent to defraud purchases a large quantity of shares at or near the close of the trading day. This can boost the trader’s portfolio value, or allow the trader to avoid losing out on an option position. A related form of manipulation called “painting the tape” occurs when a trader with the intent to defraud purchases or sells shares throughout the day to increase the trading volume in an effort to attract more investment in the stock. Such transactions may appear legitimate on their face because they are simply open market trades, but if their intent and effect is to artificially drive up a stock’s closing price for the purposes of defrauding others, they may be actionable under Rule 10b-5.[22] While difficult to prove and heavily dependent on the facts and circumstances, claiming open market manipulation is not without precedent. Two examples are illustrative.

First, *Markowski v. SEC* involved executives of Global America, Inc., an underwriter, who challenged an SEC order sustaining disciplinary action taken against them by the National Association of Securities Dealers. Global America had underwritten an IPO of a security, after which it accounted for nearly all of the open market purchases and sales in the first six months of that security’s trading. The SEC alleged that Global America’s trading activity kept the stock price artificially inflated, until Global America stopped trading in the stock and its price cratered. Although all of Global America’s transactions were real trades at the market price and did not involve any misrepresentations, the SEC alleged that the effect and intent of Global America’s trading was nevertheless to boost the share price of the security in question. In December 2001, the D.C. Circuit affirmed Rule 10b-5 liability for the Global America executives involved in this stock market manipulation.[23]

*United States v. Mulhern* provides another example of a claim of open market manipulation that satisfied the elements (though in this instance the government failed to meet its burden of proof). *Mulhern* involved famed financier Ivan Boesky, who acquired 4.9% of Gulf & Western Industries’ common stock. The government’s unproven allegations were as follows: Boesky first made a failed attempt at a leveraged buyout, after which he subsequently offered to sell his stake back to Gulf & Western at an above-market price. When Gulf & Western rejected that proposal, Boesky next allegedly caused his associate John Mulhern, the chief trader and general partner of a broker-dealer, to make a series of purchases of additional Gulf & Western stock that soon pushed its share price up to Boesky’s desired level. With the stock price rising, Gulf & Western eventually agreed to the earlier proposal and purchased from Boesky his entire 4.9% stake. In addition to losing Mulhern approximately \$65,000 on his Gulf & Western investment when the price subsequently went back down, the U.S. Attorney for the Southern District of New York criminally charged Mulhern with multiple counts of market manipulation under Rule 10b-5. The Second Circuit subsequently overturned Mulhern’s conviction on four counts of market manipulation. Crucially, however, the Second Circuit did not reject the legal theories at the heart of the prosecution, but rather determined that the government had failed to satisfy its burden of proof.[24]

## II. Other Options to Maintain Market Integrity

Aside from litigation, both the private sector and regulators have a number of options to preserve the integrity of financial markets.

### *a. Regulatory Intervention*

The SEC and other regulators have a wide variety of tools at their disposal to “protect[ ] investors, maintain[ ] fair, orderly and efficient markets, and facilitat[e] capital formation.”<sup>[25]</sup> Although it has yet to invoke this power, for example, the SEC may suspend trading in a security for up to ten days, either outright or with respect to particular types of trading.<sup>[26]</sup> Notably, during the 2008 financial crisis the SEC suspended short selling to protect the integrity of the market.<sup>[27]</sup> Self-regulatory organizations (“SRO”), such as stock exchanges, can also halt trading in circumstances where there is a significant imbalance in the volume of buy and sell orders in a security.<sup>[28]</sup>

Neither the SEC nor the various SROs handling GameStop and the other securities with similar patterns of extremely volatile trading divorced from their financial fundamentals have chosen to exercise this authority during the current short squeeze event to-date. Robinhood, a trading platform used by retail investors, did choose to temporarily limit certain types of trading in approximately 50 different securities—including GameStop—as a risk management decision that Robinhood asserted was necessary to protect the platform and its clearinghouses, and to ensure its compliance with various regulatory requirements.<sup>[29]</sup>

### *b. Practical Considerations for Hedge Funds and Other Financial Institutions*

Short of litigating claims based on market manipulation, market participants might also consider other approaches to these tumultuous times.

As an initial matter, recent market events have underscored the importance of securities law compliance and monitoring. Hedge funds and other financial institutions could consider expanding their current compliance programs, if needed, to include monitoring of message boards and social media postings to determine whether other market participants are complying with the securities laws. Such monitoring could allow hedge funds and others to more proactively anticipate and respond to market disrupting events. To the extent that they have not already done so, for instance, hedge funds and other financial institutions could create a process for swiftly compiling and analyzing online chatter in order to remain alert as to emerging efforts to coordinate investment activities.

When it comes to information circulated online, hedge funds and others might also consider proactively engaging with retail investors and the media by correcting any misinformation being disseminated online. Specifically, institutional investors might consider identifying and correcting false information discovered in the marketplace through counsel and external investigators. Financial institutions could also collaborate with public relations consultants to engage online and traditional media platforms to assist in correcting emerging inaccuracies before they attain undue momentum.

Hedge funds and others should also consider proactively engaging with online platforms to request that false, misleading and/or reckless allegations concerning a company or its personnel be taken down pursuant to the hosting companies' policies and processes. "Take Down" requests might not be feasible on the grand scale currently seen on Reddit message boards, however, and targeting particularly problematic posts may be more effective. For social media platforms hosting stock trading discussions, such as Reddit and Yahoo!, it is important to note that Section 230 of the Communications Decency Act of 1996 provides them with broad protection in connection with content posted by third-parties on their platforms. Accordingly, the hosting entities themselves generally cannot be held liable for what others say on their platform.<sup>[30]</sup> Market participants can nevertheless work with counsel to familiarize themselves with the user policies of social media companies and online message boards in order to flag instances of misconduct that may violate the hosting platform's policies. On the evening of January 27th, for example, online platform Discord briefly removed a "WallStreetBets" thread for violating its guidelines on hate speech and spreading misinformation.<sup>[31]</sup> Notably, the "WallStreetBets" forum on Reddit has rules that prohibit posts that "contain[ ] false or misleading information . . . made for the purpose of manipulating the market for a security" and provide that "[a]ny activity of this sort is against the securities laws and will not be tolerated on this forum."<sup>[32]</sup> Efforts to pinpoint specific violations can thus aid online platforms in the expedient removal of false and misleading posts.

### *c. Practical Considerations for Issuers of Securities*

As markets are liberalized and retail investors can more readily access equities markets and coordinate efforts therein to create massive volatility, issuers should be aware of their strategic options if they become a target of a similar GameStop-style campaign. As with all aspects of a business, the first step in addressing any potential harm is monitoring and becoming aware of the situation before it gets out of control.

Rising share prices seemingly present opportunities for issuers that should be carefully considered with legal counsel and other advisors. For instance, those with shelf offerings or at-the-market equity programs in place may attempt to capitalize on their good fortune. To provide an example, AMC Entertainment, another issuer recently impacted by significant retail investor activity, completed a pre-planned at-the-market equity program by selling 63.3 million shares after seeing its stock price increase significantly in the first weeks of January, allowing it to raise \$304.8 million.<sup>[33]</sup> An issuer finding itself in the strange situation of not believing in the value of its own share price nevertheless must be careful to avoid making any material misstatements or omissions supporting such unjustified enthusiasm, especially when considering making any form of stock issuance. For example, an issuer might consider if it is appropriate under the circumstances to make a public statement explaining that there is no material information to account for the rising share price. Companies issuing securities based on a price they believe to be inflated may well run the risk of regulatory inquiries, and/or securities litigation if and when the share price eventually declines. And, as always, issuers and employees of issuers must be cautious to avoid even the appearance of trading on inside information when dealing in the company's securities.

Of course, instead of the next volatility event of this nature driving stock prices up, it is just as likely an issuer could be targeted with a run of short-selling that drives the stock price down. In this case, issuers



# GIBSON DUNN

should be ready to engage in the “take down” efforts, discussed above. Issuers might also consider engaging, as appropriate under the circumstances, legal counsel, crisis management experts, accountants, and a public relations team to ensure they are correcting any false information and assuring the public of the issuers fundamental health. Issuers in such a situation might also avail themselves of one of the author’s prior writings on this very topic.[34]

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By developing sound crisis management plans and executing them with the right mix of offensive and defensive strategies, hedge funds, financial institutions and issuers can weather these turbulent times. And as always, Gibson Dunn remains available to help its clients in doing so.

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[1] See, e.g., Theron Mohamed, *Day Traders Are Piling into Hertz, JCPenney, and Other Bankruptcy Stocks Despite Massive Risks*, Business Insider (Jun 11, 2020), <https://www.businessinsider.com/robinhood-traders-bet-hertz-bankruptcy-stocks-despite-huge-risks-2020-6>.

[2] Some have analogized the current activity of message board users to “idea dinners” or gatherings of hedge fund managers to discuss stocks, markets, and trends. Such dinners and other idea exchanges were previously investigated by the United States Securities and Exchange Commission (“SEC”) and the United States Department of Justice. In 2010, for example, the Department of Justice investigated a number of hedge funds for allegedly colluding in betting against the Euro after one such idea dinner. No charges were ever brought.

[3] See, e.g., Ian Sherr, *Reddit’s GameStop Stock Battles with Wall Street are Turning Into a War*, CNET (Jan. 28, 2021), <https://www.cnet.com/personal-finance/reddits-gamestop-stock-battles-with-wall-street-are-turning-into-a-war>; Yun Li, *GameStop Mania Explained: How the Reddit Retail Trading Crowd Ran Over Wall Street Pros*, CNBC (Jan. 27, 2021), <https://www.cnbc.com/2021/01/27/gamestop-mania-explained-how-the-reddit-retail-trading-crowd-ran-over-wall-street-pros.html>.

[4] Katie Canales, *Reddit Says It’s Down Amid a Stock-Market Frenzy Caused by Subredditors and Skyrocketing GameStop Shares*, Business Insider (Jan. 27, 2021), <https://www.businessinsider.com/reddit-is-down-outage-amid-gamestop-stock-market-interest-2021-1>.

[5] Elana Dure, *Robinhood, Interactive Brokers Latest to Restrict Trading of GameStop and Others*, Investopedia (Jan. 28, 2021), <https://www.investopedia.com/robinhood-latest-broker-to-restrict-trading-of-gamestop-and-others-5100879>.

[6] See, e.g., Yun Li, *Melvin Capital, Hedge Fund Targeted by Reddit Board, Closes out of GameStop Short Position* (Jan. 27, 2021), <https://www.cnbc.com/2021/01/27/hedge-fund-targeted-by-reddit-board-melvin-capital-closed-out-of-gamestop-short-position-tuesday.html>; Maggie Fitzgerald, *Citron Research, Short Seller Caught Up in GameStop Squeeze, Pivoting to Finding Long*

*Opportunities* (Jan. 29, 2021), <https://www.cnbc.com/2021/01/29/citron-research-short-seller-caught-up-in-gamestop-squeeze-pivoting-to-finding-long-opportunities.html>.

[7] Compare David Dayen, *The GameStop Craziiness Pulls Back the Curtain on the Stock Market*, *The American Prospect* (Jan. 28, 2021), <https://prospect.org/power/gamestop-craziiness-pulls-back-curtain-on-stock-market/>, and Sarah Jones, *The Final Boss is Capitalism*, *New York Magazine* (Jan. 29, 2021), <https://nymag.com/intelligencer/2021/01/gamestop-saga-shows-the-final-boss-is-capitalism.html>; with Matt Levine, *The GameStop Game Never Stops*, *Bloomberg* (Jan. 25, 2021), <https://www.bloomberg.com/opinion/articles/2021-01-25/the-game-never-stops>.

[8] Zachary Karabell, *How the GameStop Trading Surge Will Transform Wall Street*, *Time* (Jan. 28, 2021), <https://time.com/5934285/gamestop-trading-wall-street/>; see also, e.g., John Detrixhe, *The Dark Side of the Democratization of Trading*, *Quartz* (Jan. 29, 2021), <https://news.yahoo.com/dark-side-democratization-trading-161358522.html>.

[9] *Following Recent Market Instability, Waters Announces Hearing on Short Selling, Online Trading Platforms* (Jan. 28, 2021), [here](#).

[10] *Brown: Wall Street Only Cares About Rules When Hedge Funds Get Hurt* (Jan. 28, 2021), <https://www.brown.senate.gov/newsroom/press/release/brown-wall-street-hedge-funds>.

[11] *Nelson v. Robinhood Financial LLC*, No. 21 Civ. 777, Dkt. 1 (S.D.N.Y. Jan. 28, 2021).

[12] See, e.g., *Courtney v. Robinhood Financial LLC et al.*, 21 Civ. 60220 (S.D. Fla.); *Daniels v. Robinhood Financial, LLC et al.*, No. 21 Civ. 290 (D. Colo.); *Gatz v. Robinhood Financial, LLC*, No. 12 Civ. 490 (N.D. Ill.); *Kayali v. Robinhood Financial, LLC et al.*, No. 21 Civ. 510 (E.D. Ill.); *Lavin v. Robinhood Financial, LLC et al.*, No. 21 Civ. 115 (E.D. Va.); *Ross v. Robinhood Financial LLC et al.*, No. 21 Civ. 292 (S.D. Tex.); *Schaff v. Robinhood Markets, Inc. et al.*, No. 21 Civ. 216 (M.D. Fla.); *Simpson v. Robinhood Financial, LLC*, No. 21 Civ. 207 (N.D. Tex.); *Weig v. Robinhood Financial, LLC et al.*, No. 21 Civ. 693 (N.D. Cal.); *Ziegler v. Robinhood Financial LLC et al.*, No. 21 Civ. 123 (D. Conn.); *Zybura v. Robinhood Financial, LLC et al.*, No. 21 Civ. 1348 (D.N.J.).

[13] Dean Seal, *White House, SEC ‘Monitoring’ Volatile GameStop Stock*, *Law360* (Jan. 27, 2021), [https://www.law360.com/media/articles/1349195/white-house-sec-monitoring-volatile-gamestop-stock?nl\\_pk=ef15795b-2462-46f9-bdad-117fcfcc6a0f&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=media](https://www.law360.com/media/articles/1349195/white-house-sec-monitoring-volatile-gamestop-stock?nl_pk=ef15795b-2462-46f9-bdad-117fcfcc6a0f&utm_source=newsletter&utm_medium=email&utm_campaign=media).

[14] Charles Gasparino, *Sic the SEC? Not so Fast – Case Near Impossible to Prove*, *N.Y. Post* (Jan. 28, 2021), <https://nypost.com/2021/01/28/will-the-sec-probe-the-gamestop-stock-mania-not-so-fast/>. In a “pump and dump” scheme an investor spreads false or misleading information about a company in an attempt to induce other market participants to buy stock in that company. Once the stock price has been “pumped” up by the increased, but unwarranted, market enthusiasm, the investor will then “dump” their shares at a profit before the market accounts for the false information and returns the stock to a more appropriate baseline price.

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[15] The Texas Attorney General issued civil investigative demands. See Diane Bartz, *Texas Attorney General Probes GameStop Trade Curbs from Robinhood, Others* (Jan. 29, 2021), <https://www.reuters.com/article/us-retail-trading-robinhood-texas/texas-attorney-general-probes-gamestop-trade-curbs-from-robinhood-others-idUSKBN29Y2US>. The New York Attorney announced an inquiry. See Ben Feuerherd, *NY AG Letitia James ‘Reviewing’ Robinhood Over GameStop Trade Restrictions* (Jan. 28, 2021), <https://nypost.com/2021/01/28/ny-ag-letitia-james-reviewing-robinhood-over-gamestop-trading/>.

[16] See *Kayali v. Robinhood Financial, LLC et al.*, No. 21 Civ. 510 (N.D. Ill.); *Lavin v. Robinhood Financial, LLC et al.*, No. 21 Civ. 115 (E.D. Va.); *Ross v. Robinhood Financial LLC et al.*, No. 21 Civ. 292 (S.D. Tex.).

[17] See *Daniels v. Robinhood Financial, LLC et al.*, No. 21 Civ. 290 (D. Colo.); *Gatz v. Robinhood Financial, LLC*, No. 12 Civ. 490 (N.D. Ill.).

[18] 17 C.F.R. § 240.10b-5(a)-(c).

[19] 15 U.S.C. § 78i(a)(2).

[20] See Fed. R. Civ. P. 23(a) (“One or more members of a class may sue *or be sued* as representative parties on behalf of all members . . . .”) (emphasis added).

[21] For an in-depth analysis of open market manipulation see Gina-Gail S. Fletcher, *Legitimate Yet Manipulative: The Conundrum of Open-Market Manipulation*, 68 DUKE L.J. 479 (2018).

[22] See e.g., *SEC v. Masri*, 523 F. Supp. 2d 361 (S.D.N.Y. Nov. 20, 2007); *CFTC v. Amaranth Advisors, L.L.C.*, 554 F. Supp. 2d 523 (S.D.N.Y. May 21, 2008).

[23] *Markowski v. SEC*, 274 F.3d 525 (D.C. Cir. 2001).

[24] *United States v. Mulheren*, 938 F.2d 364 (2d Cir. 1991).

[25] *What We Do*, SEC, <https://www.sec.gov/about/what-we-do>.

[26] *Investor Bulletin: Trading Suspensions*, U.S. Securities and Exchange Commission (Dec. 3, 2018), <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/investor-5>.

[27] *SEC Halts Short Selling of Financial Stocks to Protect Investors and Markets*, U.S. Securities and Exchange Commission (Sept. 19, 2008), <https://www.sec.gov/news/press/2008/2008-211.htm>.

[28] *Trading Halts and Delays*, U.S. Securities and Exchange Commission (July 3, 2010), <https://www.sec.gov/fast-answers/answerstradinghalt.htm>.

[29] See, e.g., Kate Kelly, Matt Phillips, and Gillian Friedman, *Trading Curbs Reverse GameStop Rally, Angering Upstart Traders*, NYTimes (Jan. 28, 2021), [here](#); Catherine Ross, *Robinhood CEO on*



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*Trading Halts: 'We Made the Correct Decision,'* Yahoo! Finance (Jan. 28, 2021), <https://finance.yahoo.com/news/robinhood-ceo-trading-halts-made-001505664.html>; Maggie Fitzgerald, *Robinhood is Still Severely Limiting Trading, Customers Can Only Buy One Share of GameStop*, CNBC (Jan. 29, 2021), <https://www.cnbc.com/2021/01/29/robinhood-is-still-severely-limiting-trading-gamestop-holders-can-only-buy-one-additional-share.html>; Nicholas Jasinski, *Why Did Robinhood Stop GameStop Trading? Everything to Know.*, Barron's (Jan. 29, 2021), <https://www.barrons.com/articles/why-did-robinhood-stop-gamestop-trading-51611967696>.

[30] See 47 U.S.C. § 230 (“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”).

[31] Connor Smith, *Reddit's WallStreetBets Briefly Goes Private After Discord Shuts Down Server*, Barron's (Jan. 27, 2021), <https://www.barrons.com/articles/reddits-wallstbets-goes-private-shortly-after-discord-shuts-down-server-51611792059>.

[32] *r/wallstreetsbets/rules*, Reddit (last accessed January 31, 2021), <https://www.reddit.com/r/wallstreetbets/about/rules>.

[33] See *AMC Completes At the Market Equity Program*, Yahoo! Finance (Jan. 27, 2021), <https://finance.yahoo.com/news/amc-completes-market-equity-program-170800262.html>.

[34] See Avi Weitzman, Barry Goldsmith & Jonathan Seibald, *What to Know About Short-Seller Risks During Pandemic*, Law360 (June 3, 2020), <https://www.law360.com/articles/1278319>.



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