

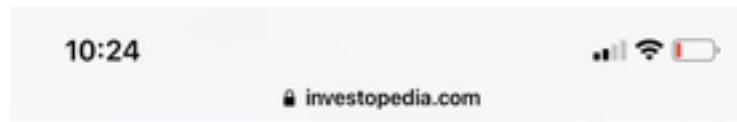
Title: "They Suffered Heavy Losses?"LMAO how ? They havnt closed their positions yet ■■■ -source
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and research firms, whose reports trigger the downward price movement in a stock. In a December report on the same topic, Bloomberg stated that the Justice Department was hunting for clues in trading that money managers sought to engineer "startling" price drops or engaged in [insider trading](#).² The investigation began last year and is being led by federal prosecutors in the Justice Department's Los Angeles office.

The news comes after a particularly bruising period for short sellers. They suffered heavy losses at the hands of retail investors in a [meme stock frenzy](#) that took hold of the markets in March 2020. Flush with [stimulus money](#) and spurred by online discussion groups, mom-and-pop investors pushed up prices of heavily shorted stocks on Wall Street, dealing an expensive blow to bets made by short sellers.

Why Are Short Sellers Being Investigated?

Short sellers are polarizing figures on Wall Street. In a fashion, they are meant to be truth tellers who profit by exposing company frauds and malpractice. But their tactics can cause market imbalances and ~~maximize~~ the effect of