Title: Joseph Saveri Law Firm Appointed Co-Lead Counsel In January 2021 Short Squeeze Trading Litigation
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\--- Start of article (link to it posted at the end; Defendants, 35 of them, also listed) ---

MIAMI, May 19, 2021 /PRNewswire/ -- Judge Cecilia Altonaga of the United States District Court for the Southern District of Florida named the Joseph Saveri Law Firm as co-lead counsel in the *January 2021* *Short Squeeze Trading Litigation* class action lawsuit today.

The Court organized the 50-plus actions alleging various claims against the defendants into four tranches (groups): antitrust claims, state-law claims against Robinhood entities, state-law claims against broker-dealer defendants, and federal securities law claims. The Firm was one of two firms appointed as lead counsel of the antitrust tranche.

The Firm represents a proposed class of retail investors against 35 defendants, including Robinhood, E*TRADE, TD Ameritrade, Melvin Capital, Citadel, Sequoia Capital, and others. Plaintiffs allege that they and other retail investors continue to be injured due to a large, overarching conspiracy among the defendants to stop them from buying stocks in open and fair public securities markets. Plaintiffs contend that the purpose and effect of the scheme was to shield hedge funds, venture capitalists, and institutional investors from massive losses they had exposed themselves to due to their highly speculative short selling strategies. Plaintiffs bring claims under the federal and state antitrust laws as well as other state laws and common law.

The retail investors held shares in twelve companies: Gamestop (GME); AMC Theaters (AMC); American Airlines (AAL); Bed, Bath and Beyond (BBBY); Blackberry (BB); Express (EXPR); Koss (KOSS); Naked Brand Group (NAKD); Nokia (NOK); Sundial Growers Inc. (SNDL); Tootsie Roll Industries (TR); and Trivago N.V. (TRVG).

Several large hedge funds and investment firms, including defendants Citadel and Melvin Capital, possessed massive "short" positions in these relevant securities. "Short" sellers borrow shares or other interests in corporate stock, securities, or other assets. In doing so, they bet that prices of the securities will decrease. If the stock prices in fact drop, a short seller buys the stock back at a lower price and returns it to the lender. The difference between the sell price and the buy price is the profit. Short sellers essentially bet on a stock's failure or decline rather than its success or increase.

Retail investors correctly identified that the relevant securities were undervalued. In fact, as the plaintiffs allege, the short positions were over-leveraged by as much as 140%, such that institutional investors could not close their positions. These retail investors then began purchasing "long" positions in these companies, driving stock prices upward, resulting in great losses to those invested in short positions.

Short sellers were caught in a classic "short squeeze." When the price of an asset rises, short sellers normally face pressure to buy back stock to exit their short positions and mitigate their losses. Instead, as part of the scheme, hedge funds and others holding short positions publicized the relevant securities as being less valuable than retail investors believed. When retail investors continued to acquire shares and drive prices even higher, hedge funds and others faced potentially disastrous exposure when required to cover their short positions.

On January 28, 2021, many brokerages abruptly and unilaterally restricted retail investors' ability to buy long positions—in some cases removing the option to buy shares of the relevant securities while openly permitting them to sell their existing shares or prohibiting users from viewing the tickers for some or all of the relevant securities. Even those retail investors who had queued orders overnight to purchase stock when the markets opened on January 28 discovered that their purchase orders had been cancelled without their consent.

The coordinated prohibition on buying any new shares of the relevant securities eventually led to a massive sell-off and a steep decline in share prices. While retail investors continued to be prohibited from purchasing securities at the reduced price, institutional investors were permitted to buy securities at the artificially reduced price, closing their short positions.

"Defendants hatched an anticompetitive scheme to limit trading in the relevant securities," says Joseph Saveri, co-lead counsel for the plaintiff retail investors. "We allege that such a widespread ban among brokerages would have been achievable without a concerted effort in violation of antitrust laws. We are honored to be selected for leadership in such an important case and we are committed to using our vast case leadership experience to bring a successful resolution for our clients."

The Firm's first complaint was entitled *Cheng v. Ally Financial Inc.,* case number 21-cv-00781, in the U.S. District Court for the Northern District of California. On April 6, 2021, this and several other cases across the country were consolidated as *January 2021* *Short Squeeze Trading Litigation*, case number 21-2989-MDL-ALTONAGA/Torres, in the U.S. District Court for the Southern District of Florida.

[https://www.saverilawfirm.com/our-cases/short-squeeze-antitrust-litigation/](https://c212.net/c/link/?t=0&l;=en&o;=3169156-1&h;=1797602369&u;=https%3A%2F%2Fwww.saverilawfirm.com%2Four-cases%2Fshort-squeeze-antitrust-litigation%2F&a;=https%3A%2F%2Fwww.saverilawfirm.com%2Four-cases%2Fshort-squeeze-antitrust-litigation%2F)

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Link to above article: https://www.prnewswire.com/news-releases/joseph-saveri-law-firm-appointed-co-lead-counsel-in-january-2021-short-squeeze-trading-litigation-301295017.html

Link to the *Cheng v. Ally Financial Inc.,* case number 21-cv-00781: https://f.hubspotusercontent30.net/hubfs/6398037/0001%20-%202021-02-01%20Complaint.pdf

Edit: Here's a list of the 35 Defendants cited in the case.

ALLY FINANCIAL INC.;

ALPACA SECURITIES LLC;

CASH APP INVESTING LLC;

SQUARE INC.;

DOUGH LLC;

MORGAN STANLEY SMITH BARNEY LLC;

E*TRADE SECURITIES LLC;

E*TRADE FINANCIAL CORPORATION;

E*TRADE FINANCIAL HOLDINGS, LLC;

ETORO USA SECURITIES, INC.;

FREETRADE, LTD.;

INTERACTIVE BROKERS LLC;

M1 FINANCE, LLC;

OPEN TO THE PUBLIC INVESTING, INC.;

ROBINHOOD FINANCIAL, LLC;

ROBINHOOD MARKETS, INC.;

ROBINHOOD SECURITIES, LLC;

IG GROUP HOLDINGS PLC;

TASTYWORKS, INC.;

TD AMERITRADE, INC.;

THE CHARLES SCHWAB CORPORATION;

CHARLES SCHWAB & CO. INC.;

FF TRADE REPUBLIC GROWTH, LLC ;

TRADING 212 LTD.;

TRADING 212 UK LTD.;

WEBULL FINANCIAL LLC;

FUMI HOLDINGS, INC.;

STASH FINANCIAL, INC.;

BARCLAYS BANK PLC;

CITADEL ENTERPRISE AMERICAS, LLC;

CITADEL SECURITIES LLC;

MELVIN CAPITAL MANAGEMENT LP;

SEQUOIA CAPITAL OPERATIONS LLC;

APEX CLEARING CORPORATION;

THE DEPOSITORY TRUST & CLEARING CORPORATION.