

Title: Gamestop, or its shareholders, may now decide to sue the SEC

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TLDR: the SEC may have exposed themselves to lawsuits from Gamestop or its investors by publishing a biased youtube video that denigrates specific securities

Gloves off apes.

For much of this saga, the SEC has failed in their mandate to protect investors, despite the huge volume of evidence of market manipulation and structural market problems that has been available to them. (Consider Gary Gensler declaring that 95% of retail orders not going to lit exchanges and thus having no impact whatsoever on price discovery, then doing absolutely nothing to remedy that situation.)

However, they have now gone further. The SEC has now clearly shown that they stand with SHFs and will gladly **actively help them** by sharing their talking points, this time using your tax dollars to fund misinformation which harms your investment.

(For anyone that hasn't seen it yet, I'm referring to this video that the SEC just published on their official youtube channel, in which they mock meme stock investors
https://youtu.be/av3k_lcGm9g)(https://youtu.be/av3k_lcGm9g))

In doing this they may have broken laws and/or the regulations that govern them.

In particular, here is a definition of defamation:

"Any *intentional* *false* *communication,* *either* *written* *or* *spoken,* *that* *harms* *a* *person's* *reputation;* *decreases* *the* *respect,* *regard,* *or* *confidence* *in* *which* *a* *person* *is* *held;* *or* *induces* *disparaging,* *hostile,* *or* *disagreeable* *opinions* *or* *feelings* *against* *a* *person." (*<https://www.investor.gov/introduction-investing/investing-basics/glossary/market-manipulation>*)

And here is the SEC definition of market manipulation:

"Market manipulation is when someone artificially affects the supply or demand for a security (for example, causing stock prices to rise or to fall dramatically)."

Market manipulation may involve techniques including:

- * Spreading false or misleading information about a company;

- * Engaging in a series of transactions to make a security appear more actively traded; and

- * Rigging quotes, prices, or trades to make it look like there is more or less demand for a security than is the case." (*<https://legal-dictionary.thefreedictionary.com/defamation>*)

Personally I have always objected to the use of the term "meme stock" to describe \$GME, as it carries the implication that the company does not represent a solid, serious investment . The term has the potential to sway the opinion of the general public about particular securities - traditional investors are often risk averse, and would be far less likely to invest in a stock that is described as a "meme" than one described as a value investment play in a stock that is heavily shorted and engaging in a rapid turnaround, driven by a highly capable new management team. This is why the term was pushed by Kenny's MSM mouth-pieces early on. I think \$GME shareholders should have strongly pushed back on the use of this term any time it was used.

To me, the use of the term "meme stock" by the SEC in their 14 October 2021 report (and various media

appearances by Gary Gensler) was already highly unacceptable. They are a public body and should not endorse or demean specific investments.

I like to point out the absurdity of this by making a comparison. Imagine if you heard the MSM defining a new term that inherently contains ridicule for the company and its shareholders, for *any other* investment type. For example, imagine if they coined the term "smog stocks" or "pollution stocks" for oil and gas companies. Do you think this would be considered acceptable for use in public media? And do you think you would ever hear the chairman of the SEC use the term in media appearances, or in official SEC reports? Personally, I highly doubt it. But this is precisely what happens with \$GME, constantly.

They have now gone a step further, and published a video on their official youtube channel which openly mocks "meme stock" investors, complete with an insulting portrayal of the "meme stock" investor ("you can do research, hur durr?", getting hit by a fucking pie no less.....)

Again, imagine if they made such a parody video about oil and gas stocks - maybe with a cartoonishly evil monopoly man counting his stacks of money while oil is spraying everywhere from a pipe leak, catching alight, black smoke billowing....something like that...? The outrage and lawsuits that would surely follow...

Some matters that might warrant further discussion:

- * Would the appropriate case be defamation, market manipulation, breach of the regulations that govern the conduct of the SEC, or something else?

- * Should Gamestop take this legal action? They certainly have the cash on hand to hire a top team of lawyers. If this was the best route, the shareholder base would need to apply some pressure for the management team to take this course of action (maybe there would even be a way to ask them about this during the annual general meeting?)

- * Should shareholders take this legal action themselves? There would probably be some people that would be interested in contributing to a fund to take legal advice about this

- * Although spreading such misinformation very likely causes damages to Gamestop and shareholders (by way of negatively impacting the share price of \$GME, which affects Gamestop's ability to raise capital and the value of shareholders' investments), this might be hard to conclusively prove or quantify. However, a court order for the SEC to remove the youtube video and publish a statement retracting their use of the term "meme stock" would be a very worthy goal too

Disclaimer: this post is not financial or legal advice, nor am I a financial or legal adviser