



David McGill Discusses Implications of GameStop Rally with Compliance Week

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As U.S. financial regulators meet to discuss the wild market swings in GameStop and other stocks, Kobre & Kim's David McGill told *Compliance Week* that what happened may just be "the tip of the iceberg."

Several hedge funds held significant short positions on GameStop stock when retail traders, sharing crowdsourced advice on Reddit forums, started buying the stock to rally its price, causing serious volatility and significant losses for the hedge funds. McGill, who often represents financial institutions such as hedge funds, argues that "there's no reason why that same playbook" of social media fueling public sentiment "couldn't be brought to bear on the markets" beyond GameStop.

These events have caught the attention of U.S. regulators such as the Securities and Exchange Commission (SEC). McGill points out the possibility that forces other than the retail traders, such as blocks of employees from the same broker-dealer or hedge fund, might have been part of the online frenzy, and he suggests that the SEC may decide to comb through Reddit posts to figure out who was promoting what and when.

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