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Kobre & Kim Lawyers in CoinDesk Op-Ed: The Dangers of Calling the GameStop Rally “Market Manipulation”

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The rise and fall of GameStop, Dogecoin and other "meme" stocks have left day traders and institutional investors angrily accusing each other of market manipulation. However, as Kobre & Kim’s Benjamin Sauter, Steven Perlstein, William McGovern and David McGill explained in an op-ed for *CoinDesk*, both sides may come to regret this shortsighted argument.

Day traders’ efforts to band together on social media platforms in order to push up prices of U.S. consumer electronics retailer GameStop and other meme stocks caused many institutional investors to suffer heavy losses on their short-selling positions. Subsequently, the investors responded by accusing the day traders of manipulating the market. In turn, after trading platforms such as Robinhood halted trading on the stocks in question, day traders threw the accusation right back at Wall Street.

However, by calling those actions market manipulation, “the industry is setting a trap for itself,” the lawyers explain. Regulators such as the SEC and CFTC have long argued that traders can be guilty of market manipulation by merely intending to change an asset’s price, a flawed theory the industry has long pushed back against. Placing real orders at prevailing market prices, whatever the intent, is not manipulative in an unlawful sense. If they continue making these arguments, market participants are at risk of playing right into the regulators’ hands.

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