

GameStop: Two US senators call for Wall Street reform

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Amateur investors have targeted shares of firms including GameStop that had been "short-sold" by hedge funds

Progressive US senators Bernie Sanders and Elizabeth Warren called on Sunday for action against what they said were the Wall Street abuses by hedge funds revealed by the recent frenzy over GameStop shares.

"We need an SEC investigation," Warren told CNN, referring to the federal Securities and Exchange Commission.

"What's happening with GameStop is just a reminder of what's been going on on Wall Street now for years," the Democratic senator said.

"It's a rigged game, and it's been a set of players who come in and manipulate the market."

Amateur investors who organized over Reddit and other online forums have in recent days targeted shares of companies including GameStop that had been "short-sold" by [hedge funds](#) in a bet that the price of the shares would fall.

The Reddit group's tactics caused massive spikes in [share](#) prices.

The SEC said Friday that it was "closely monitoring and evaluating the extreme price volatility of certain stocks' trading prices" and would "act to protect [retail investors](#) when the facts demonstrate abusive or manipulative trading activity that is prohibited" by federal law.

But Warren called for more decisive action.

"It is time for the SEC to get off their duffs and do their jobs," said Warren, whose national profile rose when she led a push for tougher financial regulations following the meltdown of 2007-2008.

"We need more regulation about market manipulation."

Independent senator Bernie Sanders was similarly critical.

"I have long believed that the business model of Wall Street is flawed," he told ABC's "This Week."

"We have to take a very hard look at the kind of illegal activities and outrageous behavior on the part of the hedge funds and other Wall Street players."

Shares in GameStop, a major video game retailer that has been financially ailing, soared during the Reddit group's massive buying initiative—mounted in protest against the hedge funds' betting on GameStop's demise.

To cover their losses, the hedge funds had to buy back, at higher [prices](#), shares they had sold.

Brian Deese, a top economic advisor to President Joe Biden, said Sunday that the SEC was "focused on understanding fully what happened here."

"We're going to look at those issues and certainly understand fully this particular episode and the broader questions there," he told CNN.

But he said the new administration was concentrating first on alleviating the economic pain flowing from the COVID-19 pandemic.

"Our immediate focus here is on taking the action we need to put a floor under this economic crisis."

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