

Gamestop Reddit And The Fleecing Of Small Investors



Gamestop. Reddit. WallStreetBets. These are all terms that have dominated the headlines recently, sparking intense debates and discussions among both investors and the general public. The saga that unfolded with Gamestop's stock price in January 2021 has shed light on the power of online communities and the potential for small investors to challenge the traditional financial establishment.

The Rise of WallStreetBets



The Revolution That Wasn't: GameStop, Reddit, and the Fleecing of Small Investors

by Spencer Jakab (Kindle Edition)

★★★★☆ 4.2 out of 5

Language : English

File size : 2429 KB

Text-to-Speech : Enabled

Screen Reader : Supported

Enhanced typesetting : Enabled

Word Wise : Enabled

Print length : 317 pages

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WallStreetBets, a subreddit forum on the popular social media platform Reddit, has become the epicenter of this movement. It's a place where amateur investors, armed with memes and a fascination for unconventional trading strategies, gather to discuss stocks and share investment tips. While the subreddit has existed for years, the Gamestop saga catapulted it into the mainstream, transforming it into a force that couldn't be ignored.

The Gamestop Short Squeeze



The Gamestop story began when a group of Reddit users on WallStreetBets noticed that several hedge funds had heavily shorted the struggling video game retailer's stock. These investors saw an opportunity to launch a coordinated attack on the short-sellers by buying up Gamestop shares and driving up the price, hoping to cause a short squeeze.

A short squeeze occurs when short-sellers are forced to close their positions by buying back the stock they borrowed, rapidly driving up its price. This can lead to

a self-fulfilling prophecy, as more short-sellers scramble to buy back shares, further increasing the stock's value. Gamestop's stock price soared from single digits to over \$400 in a matter of weeks, leaving many hedge funds with astronomical losses.

The Power of Internet Fandom

This unprecedented spectacle revealed the power of internet fandom and collective action. The Reddit investors were able to mobilize millions of small investors to challenge the established financial institutions that had often seemed out of reach for ordinary people. This David versus Goliath battle captured the public's imagination and brought issues of wealth inequality and market manipulation to the forefront of conversations.

The Fallout

The Gamestop saga had far-reaching consequences. It exposed the vulnerability of hedge funds that relied on shorting stocks and showed that their strategies were not infallible. It also raised questions about market regulation and the potential for manipulation. Some accused the Reddit investors of market manipulation themselves, while others argued that they were simply leveling the playing field.

Furthermore, the Gamestop phenomenon ignited a broader interest in the stock market among younger generations. Many saw the saga as an opportunity to take control of their financial futures and engage in a form of activism by reshaping the financial landscape.

Lessons Learned

While the Gamestop saga may have caused chaos and uncertainty in the financial world, it also provided some valuable lessons. It highlighted the need for

financial education and a deeper understanding of market mechanics. It reminded us that financial markets are not solely the playground of Wall Street elites but can be influenced by collective action.

It is important for small investors to be cautious and avoid getting caught up in hype-driven investment fads. Conducting thorough research, diversifying one's portfolio, and not succumbing to the fear of missing out (FOMO) are essential strategies for long-term success.

The Gamestop Reddit saga demonstrated the power of online communities and the ability of small investors to challenge the status quo. It highlighted the flaws in the traditional financial system and raised important questions about wealth inequality and market manipulation.

While the Gamestop frenzy may have subsided, its impact will be felt for years to come. It has triggered a new wave of interest in investing and has shown that the financial world is not as impenetrable as it may seem. Whether this newfound enthusiasm will translate into lasting change remains to be seen, but one thing is clear – the Gamestop saga will be remembered as a turning point in the relationship between individual investors and Wall Street.



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"The saga of GameStop and other meme stocks is revealed with the skill of a thrilling whodunit. Jakab writes with an anti-Midas touch. If he touched gold, he would bring it to life." --Burton G. Malkiel, author of *A Random Walk Down Wall Street*

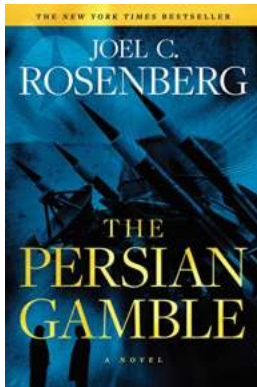
From Wall Street Journal columnist Spencer Jakab, the real story of the GameStop squeeze—and the surprising winners of a rigged game.

During one crazy week in January 2021, a motley crew of retail traders on Reddit's r/wallstreetbets forum had seemingly done the impossible—they had brought some of the biggest, richest players on Wall Street to their knees. Their weapon was GameStop, a failing retailer whose shares briefly became the most-traded security on the planet and the subject of intense media coverage.

The Revolution That Wasn't is the riveting story of how the meme stock squeeze unfolded, and of the real architects (and winners) of the GameStop rally. Drawing on his years as a stock analyst at a major bank, Jakab exposes technological and financial innovations such as Robinhood's habit-forming smartphone app as ploys to get our dollars within the larger story of evolving social and economic pressures. The surprising truth? What appeared to be a watershed moment—a revolution that stripped the ultra-powerful hedge funds of their market influence, placing power back in the hands of everyday investors—only tilted the odds further in the house's favor.

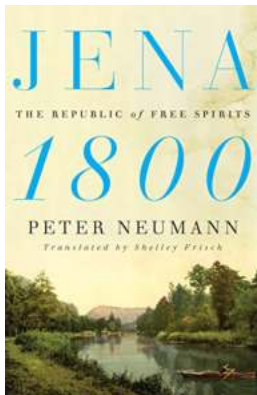
Online brokerages love to talk about empowerment and “democratizing finance” while profiting from the mistakes and volatility created by novice investors. In this

nuanced analysis, Jakab shines a light on the often-misunderstood profit motives and financial mechanisms to show how this so-called revolution is, on balance, a bonanza for Wall Street. But, Jakab argues, there really is a way for ordinary investors to beat the pros: by refusing to play their game.



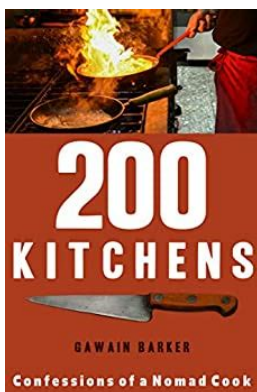
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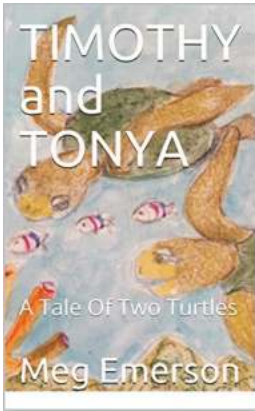
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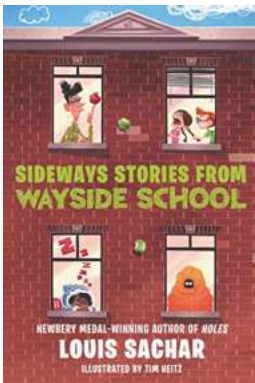
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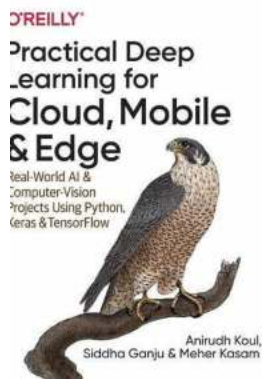
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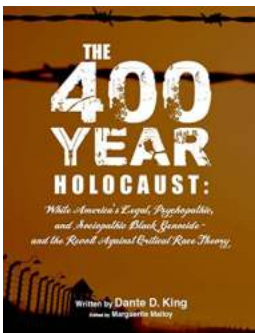
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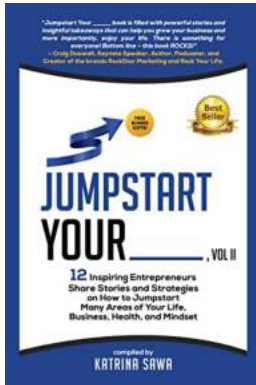
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