

[Securities Regulation Daily Wrap Up, TOP STORY—D. Mass.: GameStop option holder accuses Redditor, MassMutual of market manipulation, \(Feb. 24, 2021\)](#)

Securities Regulation Daily Wrap Up

[Click to open document in a browser](#)

By [John M. Jascob, J.D., LL.M.](#)

A new lawsuit filed in Boston claims that the financial services giant failed to supervise Keith Gill and prevent his allegedly manipulative use of social media to boost the price of GameStop stock.

A putative class action complaint filed in federal court in Boston claims that retail trader Keith Gill undermined the integrity of the market for GameStop shares by means of a manipulative social-media campaign that was ignored by his former employer, Massachusetts Mutual Life Insurance Company (MassMutual). The complaint alleges that Gill's conduct on Reddit's WallStreetBets forum and other social media platforms incited a concerted effort by unaffiliated traders to manipulate and drive up the price of GameStop shares solely to squeeze short sellers and achieve a price untethered to any fundamental value of the company. By using false identities such as "Roaring Kitty" and "Deep F***ing Value," Gill allegedly misled his social media audience with a fake "everyman" act while failing to disclose his position as a regulated securities broker and industry insider in violation of Exchange Act Sections 9(a) and 10(b), the complaint claims ([lovin v. Gill](#), February 16, 2021).

The putative class action plaintiff, a purchaser of option contracts on shares of GameStop, claims that Gill sought to motivate amateur traders to inflate the price of GameStop shares by fashioning himself as "a kind of Robin Hood" while villainizing the hedge funds and other securities professionals that had shorted GameStop stock. Contrary to his social media persona, however, Gill worked actively for many years as a professional in the investment and financial industries and holds extensive securities licenses and qualifications, including a securities principal registration and a Chartered Financial Analyst license. "Indeed, at the time Gill was inciting the market frenzy with his fake persona," the complaint states, "he was licensed by MML [MassMutual's broker-dealer affiliate] as a registered representative (i.e., a securities broker), and he was employed by MassMutual as a "Financial Wellness Director.""

Gill's actions, which allegedly caused the price of GameStop shares to rise more than 1,600 percent, resulted in "enormous losses not only to those who bought option contracts, but also to those who fell for Gill's act and bought GameStop stock during the market frenzy at greatly inflated prices," according to the complaint. "Gill's deceitful and manipulative conduct not only violated numerous industry regulations and rules, but also various securities laws by undermining the integrity of the market for GameStop shares," the complaint states. Moreover, the complaint continues, "At the time Gill was engaging in this wrongful conduct, MML and MassMutual had legal and regulatory obligations to supervise Gill to prevent this very conduct. They failed to do so even though Gill's conduct was continuing and highly public."

The complaint seeks certification of a nationwide class for all persons who, from January 22, 2021 through February 2, 2021, either: (1) purchased GameStop shares; (2) purchased back an option on GameStop shares; (3) had an option for GameStop shares called away from them; (4) purchased GameStop shares to cover a short position; or (5) had their options expire. The complaint claims that Gill violated Exchange Act Sections 9(a) and 10(b) and Rule 10b-5 through his transactions in, and deceptive promotion of, GameStop stock. By failing to adhere to their own supervision obligations, MML and MassMutual willfully participated in Gill's manipulative activity and violations of Section 9(a) and incurred control person liability under Section 20(a), the complaint alleges. The complaint seeks damages, costs, and attorney fees.

In testimony on February 18 before the House Financial Services Committee, Gill downplayed his role as a securities professional while at MassMutual. "My job was to help develop financial education classes that advisors could present to prospective clients. I never sold securities, and I was not a financial advisor," Gill stated in his [prepared remarks](#).

The case is [No. 21-cv-10264](#).

Attorneys: Thomas M. Sobol (Hagens Berman Sobol Shapiro LLP) for Christian Iovin.

Companies: MML Investors Services, LLC; Massachusetts Mutual Life Insurance Co.

MainStory: TopStory FraudManipulation GCNNews NewLawsuitsNews MassachusettsNews