

Newsweek

Read Reddit and Robinhood CEOs' Prepared Testimonies From the GameStop Hearing

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The House Financial Services Committee is holding a hearing on Thursday related to the recent "meme stocks" debacle involving GameStop, with scheduled testimonies from tech and hedge fund CEOs, as well as Reddit's star investor: Keith Gill.

The virtual hearing's full title is "Game Stopped? Who Wins and Loses When Short Sellers, Social Media, and Retail Investors Collide," and it began at noon ET. It's slated to include testimonies from Robinhood CEO Vlad Tenev, Citadel CEO Kenneth C. Griffin, Melvin Capital Management CEO Gabriel Plotkin, Reddit CEO Steve Huffman, investor Keith Gill (better known by his Reddit username, DeepF**kingValue), and Cato Institute Director of Financial Regulation Studies Jennifer Schulp.

All of the witnesses' prepared remarks were shared online ahead of the hearing and are currently available on the Financial Services Committee's website. For a summary of what those prepared remarks entail, read below.

Vlad Tenev, Robinhood CEO

In his lengthy opening statement, Tenev explains how Robinhood works, makes money and the company's mission of making investments available to all people, including those who may never have traded before.

He also addresses the controversy that ensued after the trading platform halted trades on viral stocks like GameStop (GME), right as interest around them was peaking. "[A]ny allegation that Robinhood acted to help hedge funds or other special interests to the detriment of our customers is absolutely false and market-distorting rhetoric. Our customers are our top priority, particularly the millions of small investors who use our platform every day to invest for their future," reads one portion of his prepared remarks.

He also discusses why trading was halted on certain stocks, explaining that it was to meet a clearing house requirement.

Kenneth C. Griffin, Citadel CEO

In the short opening statement featured on the Financial Services Committee's site, Griffin explains the role that Citadel had "in meeting the needs of retail investors during the week of January 24th." He also denies that Citadel played any part in Robinhood's decision to stop trading on GME and other meme stocks.

Near the end of his remarks, Griffin offers suggestions for improvements that can be made to the market, such as "shortened settlement cycles and transparent capital models."

Gabriel Plotkin, Melvin Capital Management Founder

In his prepared statement, Plotkin details losses that Melvin suffered from shorting GME stocks and explained why the hedge fund did so in the first place. Like Griffin, he says that Melvin had no part in Robinhood's decision to stop sales of GME stock. The executive also denies that the hedge fund was bailed out by Citadel.

"Melvin Capital was not 'bailed out' in the midst of these events. Citadel proactively reached out to become a new investor, similar to the investments others make in our fund. It was an opportunity for Citadel to 'buy low' and earn returns for its investors if and when our fund's value went up. To be sure, Melvin was managing through a difficult time, but we always had margin excess and we were not seeking a cash infusion," reads one section of his statement.

Steve Huffman, Reddit CEO

Huffman, meanwhile, breaks down what activity was noticed on Reddit during the trading frenzy, specifically on the [WallStreetBets subreddit](#). He describes WSB as a legitimate community of real people. He also says that despite a sudden spike in traffic to the sub, it was not flooded by bots or interference.

In his prepared remarks, he also defends the sub for its somewhat questionable presentation and praises the redditors for sparking a movement. "WallStreetBets may look sophomoric or chaotic from the outside, but the fact that we are here today means they've managed to raise important issues about fairness and opportunity in our financial system. I'm proud they used Reddit to do so," his statement reads.

Keith Gill, DeepFkingValue**

The investor and YouTuber, who rose to prominence by sharing his "YOLO" investments in GameStop, looks to offer the most heartfelt opening statement in the hearing. Gill's remarks explain that all of the investments he made were from his own research on public material. He also says that he didn't advise others to buy the stock, but rather showed what he had accomplished. He goes on to explain that his GME investment actually made him a millionaire in December 2020, long before media coverage zeroed in on WallStreetBets and GameStop.

Gill also says that he did not intend to spark a viral investing movement, and notes that Wall Street does occasionally overlook stocks like GME. His statement concludes with a hat tip to the WSB investors and stands by his position.

"As for what I expect moving forward: GameStop's stock price may have gotten a bit ahead of itself last month, but I'm as bullish as I've ever been on a potential turnaround. In short, I like the stock. And what's stunning is that, as far as I can tell, the market remains oblivious to GameStop's unique opportunity within the gaming industry," he says.

Jennifer Schulp, Cato Institute Director of Financial Regulation Studies

In her prepared statement, Schulp offers explanations of both retail investing and the GameStop phenomenon. She includes analysis of why retail investments may have increased in recent years, and some closing thoughts on potential restrictions.

"By no means, though, should the GameStop phenomenon result in changes that restrict retail investors' access to the markets. Reintroducing undue barriers to participation that have been removed, or introducing new restrictions, has the potential to undo the benefits of wider retail participation in our equities markets," she says in her conclusion.