TESTIMONY OF KEITH PATRICK GILL
BEFORE THE U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

Thank you Chairwoman Waters, Ranking Member McHenry, members of the Committee.

Before I go further, I want to be clear about what I am not. I am not a hedge fund. I do not have clients, and I do not provide personalized investment advice for fees or commissions. I am an individual investor. My investment in GameStop and my posts on social media were entirely my own.

I did not solicit anyone to buy or sell the stock for my own profit. I did not belong to any groups trying to create movements in the stock price. I never had a financial relationship with any hedge fund. I had no information about GameStop except what was public. I did not know any people inside the company, and I never spoke to any insider.

As an individual investor, I use publicly available information to study the market and the value of specific companies. I consider a complex array of factors and track hundreds of stocks – all in search of market inefficiencies. Like many people, sometimes I post on social media my thoughts and analysis about individual stocks and whether they are correctly valued.

I did that with GameStop. I believed the company was dramatically undervalued by the market. The prevailing analysis about GameStop's impending doom was simply wrong.

A little about my background: I grew up in Brockton, Massachusetts. My father was a truck driver, and my mom a registered nurse. I was one of three kids, and the first in my family to earn a four-year college degree when I graduated from Stonehill College in 2009, amid the Great Recession and without a long-term job. My first post-college job was in operations at W.B. Mason, an office supplies company headquartered in my home town of Brockton.

Between 2010 and 2014, I worked for a family friend at a start-up company in New Hampshire, trying to build a software program that would help investors analyze stocks and offer related research. We also tried to start an investment firm, which dissolved not long after it was created. My salary never exceeded $40,000, but I did learn something about investing. I learned how to do the tedious work of digging through a company's financials and focusing on its real long-term value, not prevailing market sentiment or headlines.

I married my wife Caroline in 2016, and I found a job working operations and compliance at LexShares. I left that job in March 2017, and for the next two years I was effectively without a job. During that time, I began actively analyzing a wide array of stocks to try to keep and increase our limited savings. It was both a way to make money and an interest that I pursued passionately while I lacked a job.

In April 2019, I accepted a marketing and financial education job at MassMutual. Caroline and I were both happy about our prospects. I had never made a salary over $100,000 a year before, and I was thrilled just to be working and to have benefits again. My title was Director, Financial Wellness Education. 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.

I continued analyzing stocks on my own time and investing my family's funds. In early June of 2019, the price of GameStop's stock declined on worse than expected earnings, and it began trading at a deep discount, below what I thought was its fair value. I was aware from public reports that a well-known investor, Michael Burry, was interested in GameStop. Because I thought the stock was undervalued, I purchased call options on June 7, 2019. I increased my position throughout much of 2019 and 2020, because as I continued to analyze the company and its prospects, I became increasingly confident that the share price was indeed dramatically undervalued.

Two important factors, based entirely on publicly available information, gave me and many others confidence that GameStop was undervalued in 2019 and 2020. First, the market was underestimating the prospects of GameStop's legacy business and overestimating the likelihood of its going bankrupt. GameStop, the only major retailer dedicated to gaming, has over 60 million members in its loyalty program and continues to maintain a sizable market share within the gaming industry. Its legacy business, comprised primarily of selling physical video games and related equipment within their stores, was likely to generate meaningful cash flow following the release of new gaming consoles in late 2020. I grew up playing videogames and shopping at GameStop, and I'm looking forward to buying a new console at GameStop. I knew the company had an opportunity to reinvigorate this business by improving customer service for gamers, upgrading its online presence, and offering complementary product lines such as PC gaming and accessories.

Second, I believed – and I continue to believe – that GameStop has the potential to reinvent itself as the ultimate destination for gamers within the thriving $200 billion gaming industry. The new console cycle provides GameStop a unique opportunity to pivot from a traditionally brick-and-mortar mindset toward a technology-driven business that excels in gaming products, experiences and services. By embracing the digital economy, GameStop can pursue new revenue~~s~~ streams including larger gaming catalogs, digital content and community experiences, online trade-ins, streaming services, and Esports. While I may be the only panelist here today who had faith in GameStop, I was hardly the only person who advocated these points or ones like them. Investors including Chewy co-founder Ryan Cohen, whose purchase of GameStop shares and advocacy with the GameStop board helped positively affect the share price in late-2020, publicly expressed similar views.

I want to pause to note that the investment I made was risky, but I was confident in my analysis, and I was willing to accept the loss if I was proven wrong. My timing was far from perfect, and many of the options contracts I purchased expired worthless because GameStop's stock price remained depressed longer than I expected.

I've been asked why I decided to share my investment ideas on social media. My investment skills had reached a level where I felt sharing them publicly could help others. I also thought that by sharing my own ideas and accepting critiques, I would be able to identify holes in my analysis. Hedge funds and other Wall Street firms have teams of analysts working together to compile research and critique investment ideas, while individual investors have not had that advantage. Social media platforms like YouTube, Twitter, and WallStreetBets on Reddit are leveling the playing field. And in a year of quarantines and COVID, engaging with other investors on social media was a safe way to socialize. We had fun.

The idea that I used social media to promote GameStop stock to unwitting investors is preposterous. I was abundantly clear that my channel was for educational purposes only, and that my aggressive style of investing was unlikely to be suitable for most folks checking out the channel. Whether other individual investors bought the stock was irrelevant to my thesis – my focus was on the fundamentals of the business. It's worth noting that after five months of streaming, my final stream of 2020 topped out at just ninety-six concurrent viewers, with an average view duration of twenty-five minutes. On Christmas morning I had only 529 subscribers on YouTube, and 550 followers on Twitter. These numbers are tiny. There were rarely more than a few dozen folks on the stream on any night. The reality was people didn't really care about boring, repetitive analysis of GameStop and other stocks, and that was fine. For those of us who did care, the stream provided us an outlet for refining our fundamentals-based thesis. We were able to analyze events in real-time and keep each other honest.

Ultimately my GameStop investment was a success. But the thing is, I felt that way in December far before the peak, when the stock was at $20 a share. I was so happy to visit my family in Brockton for the holidays and give them the great news – we were millionaires. That money will go such a long way for my family. We had an incredibly difficult 2020. In addition to dealing with COVID, we lost my sister Sara unexpectedly in June. It brought me tremendous joy to share good news with my family for a change. I am grateful to be able to give back to my community and to support my family, most of all my wife Caroline who has stuck with me through very tough times.

As for what happened in January, others will have to explain it. Threshold lists, order flow, halting purchases – according to the media these all had a material impact on GameStop stock in January. Here's the thing: I've had a bit of experience and even I barely understand these matters. It's alarming how little we know about the inner-workings of the market, and I am thankful that this Committee is examining what happened. I believe an analysis of GameStop's recent price action must start with a discussion of the exorbitant short interest in the stock, as well as an investigation into any potentially manipulative shorting practices and brokers' reported failures to timely deliver shares and settle trades.

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.