

## *The Wireless Investors Movement*

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**The UChiBLR Editorial Board is delighted to present our inaugural article by guest academics.**

As Web3 promises to reestablish the role of individuality online, tech savvy investors are set to cause an unprecedented paradigm shift in corporate governance. The paradigm shift is rooted in the *weltanschauung* of Gen Z and millennial investors who use technology and online communities to overcome traditional collective action problems. We refer to these investors who grew up with wireless communications and social interactions and use the internet for investing as *wireless investors*.

Wireless investors will soon control an extraordinary amount of assets. By 2030, millennials will inherit approximately \$68 trillion in the greatest intergenerational wealth transfer in history,<sup>2</sup> while Gen Z's spending power will surpass that of millennials by the early 2030s.<sup>3</sup> But what makes wireless investors' power potentially limitless is its collective nature. Wireless investors gather online in sites like Reddit, Discourse, Facebook, Twitch, Twitter, and similar venues, where they create communities with purposes that go beyond simply investing. They share personal information and develop a sense of camaraderie, strengthening the community bond and building trust.<sup>4</sup> These communities are the core of wireless investors' collective power and allow wireless investors to combine values with investing.

Hordes of wireless investors organized to achieve their collective goals are often referred to as an "army" able to take the market by storm.<sup>5</sup> Empowered by online gatherings, sustained by their "camaraderie" bond, and facilitated by investing apps such as Robinhood and Webull, wireless investors have displayed a tremendous market force.

So far, wireless investors have been seeking changes in finance. Many wireless investors fuel their investing initiatives with a sense of revenge against Wall Street.<sup>6</sup> For millennials, the Great Recession had a defining effect on their lives. Millennials blame the Great Recession on

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<sup>2</sup> Coldwell Banker, *A Look at Wealth 2019: Millennial Millionaires* 3 (2019), <https://perma.cc/M8WP-FASL>.

<sup>3</sup> *Gen Z to the World: Watch Out, Here We Come*, Bank of Am. (last visited Jan. 27, 2022), <https://perma.cc/FM46-Q4VZ>.

<sup>4</sup> See Gramitto Ricci & Sautter, *supra* note 1 (describing how wireless investors bond in online communities).

<sup>5</sup> AMC Ent. Holdings, Inc., *AMC Entertainment Holdings, Inc.'s (AMC) CEO Adam Aron on Q1 2021 Results – Earnings Call Transcript*, Seeking Alpha (May 6, 2021, 5:55 PM ET), <https://perma.cc/JJ4R-BBZN>; Caitlin McCabe, *New Army of Individual Investors Flexes Its Muscle*, Wall St. J. (Dec. 30, 2020, 7:00 AM ET), <https://perma.cc/BRD4-X8U8>; Katie Martin & Robin Wigglesworth, *Rise of the Retail Army: The Amateur Traders Transforming Markets*, Fin. Times (Mar. 9, 2021), <https://www.ft.com/content/7a91e3ea-b9ec-4611-9a03-a8dd3b8bddb5>.

<sup>6</sup> Alexander Gladstone & Erich Schwartzel, *Inside AMC's Crazy, Bonkers, Upside-Down Year of Apes, Memes and Shorts*, Wall St. J. (Dec. 18, 2021, 12:00 AM ET), <https://perma.cc/SWF6-QSJ4>.

Wall Street and the baby boomers who have controlled Wall Street. Similarly, the Great Recession had an impact on Gen Z as they saw their parents' generation (Generation X) struggling as a result.

In David-versus-Goliath efforts that shook the financial establishment, wireless investors rescued AMC and GameStop. With GameStop, wireless investors bonded together towards common purposes and turned buying and holding stocks into a popular revolt. In addition, wireless investors saved AMC from the risk of bankruptcy. In doing so, they have gained such a critical importance that AMC has adopted or is considering adopting ideas that wireless investors proposed, such as accepting cryptocurrencies for movie tickets and screening mixed martial arts fights.<sup>7</sup> In an effort to attract and please millennials and Gen Zers, AMC also has begun to offer non-fungible tokens (NFTs) to its shareholders.<sup>8</sup>

Wireless investors' successful endeavors have already generated a cascade effect: increasingly larger segments of the population have joined their efforts as participating became worthwhile for more and more people. In fact, when collective initiatives prove successful, more participants are likely to join forces for future initiatives. This happens because individuals' propensity to partake in a collective initiative is dependent upon their personal thresholds.<sup>9</sup> At the threshold, the benefits of joining collective initiatives for an individual exceed the costs of doing so.<sup>10</sup> Sometimes, an individual's threshold is met only when a large number of individuals join the effort. This means that as the number of participants increases, larger and larger segments of the population will join, and when a critical mass of individuals joins, the phenomenon snowballs.<sup>11</sup> Wireless investors take it to the stock markets rather than to the street, but the dynamics of their action are those of a full-fledged social movement, which we dub the Wireless Investors Movement.

The Wireless Investors Movement will naturally expand into corporate-governance-based initiatives, where it will produce the most disruptive and long-lasting effects on corporations and society. Wireless investors have already expressed their desire to be involved in the formal corporate decision-making processes, in particular through shareholder meetings. AMC investors expressed their disdain when they discovered that despite being shareholders of record, they were unable to participate in the 2021 AMC shareholders meeting because it was held in person.<sup>12</sup> Moreover, 80% of Gen Z shareholders have already voted in annual shareholder meetings, exceeding every other generation of shareholders.<sup>13</sup>

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<sup>7</sup> *Id.*

<sup>8</sup> Natasha Dailey, *AMC Is Offering NFTs to Investors Who Own the Stock Following the Success of its Spider-Man Giveaway*, Bus. Insider (Dec. 6, 2021, 10:31 AM), <https://perma.cc/EP3P-BNMD>.

<sup>9</sup> Mark Granovetter, *Threshold Models of Collective Behavior*, 83 Am. J. Socio. 1420, 1420 (1978).

<sup>10</sup> *Id.*

<sup>11</sup> See Susanne Lohmann, *The Dynamics of Informational Cascades: The Monday Demonstrations in Leipzig, East Germany, 1989–91*, 47 World Pol. 42, 47 (1994) (explaining how one individual's choice can cause another to make the same choice); Michael Suk-Young Chwe, *Structure and Strategy in Collective Action*, 105 Am. J. Socio. 128, 146 (1999) (noting the “snowball” effect).

<sup>12</sup> Sergio Alberto Gramitto Ricci & Christina M. Sautter, *Wireless Shareholders Meetings* (unpublished manuscript) (on file with authors).

<sup>13</sup> Equiniti, *Shareholder Voice 2021*, at 5 (2021), <https://perma.cc/8N88-X5NC>.

Thanks to their collective power, wireless investors can produce lasting changes in corporate governance, with relevant ramifications on a number of hotly debated social and environmental issues. Some of these changes are determined by companies' necessity to deal with a myriad of retail investors and include making information more accessible, increasing the intelligibility of the information they provide, and enhancing accountability. Other changes are rooted in wireless investors' generational experiences and affinities, as wireless investors' desire to seek change springs from their generational characteristics as well as the season of life they are in. Remarkably, wireless investors have the means to ameliorate several pressing ESG issues such as climate change, social injustice, economic inequality, and gender and racial inequity.

Studies have shown that, more than preceding generations, millennials support sustainable investing.<sup>14</sup> They are even willing to receive a lower return on their investments if the company in which they invest promotes sustainability.<sup>15</sup> It is not just millennials who value ESG in corporations. Equiniti's 2021 shareholder voice survey of Gen Z shareholders revealed that 85% of Gen Z shareholders think that companies have a responsibility to communicate with investors regarding ESG issues, but only 58% believe that "companies are doing enough."<sup>16</sup> In addition, 82% of Gen Z shareholders have been frustrated when a corporation in which they invest has not behaved ethically.<sup>17</sup> Moreover, Gen Zers "are hyper aware of income inequality and the disparities in access to wealth in America."<sup>18</sup>

The Wireless Investors Movement has contentious politics at its heart and has the potential to permanently modify social norms surrounding investing and corporate governance. It makes finance and the corporate sector the place where societal and environmental changes originate, and the average citizen the main actor who bring changes about.

To better understand the Wireless Investors Movement, it is necessary to consider how it fits the typical aspects of social movements. Definitions of social movements vary, but most highlight "three or more of the following axes: collective or joint action; change-oriented goals or claims; some extra- or non-institutional collective action; some degree of organization; and some degree of temporal continuity."<sup>19</sup> The following considerations can be made to assess how the Wireless Investors Movement fits within the contours of these social movement parameters.

Collective or joint action entails "coordinating efforts on behalf of shared interests or programs."<sup>20</sup> One of the distinctive marks of the Wireless Investors Movement is its ability to overcome the traditional collective action problems that retail investors experience. By gathering online and forming a community bond, wireless investors are able to act collectively, bringing together an unprecedented number of shareholders, located anywhere in the world, to achieve

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<sup>14</sup> Gramitto Ricci & Sautter, *supra* note 1.

<sup>15</sup> Maitane Sardon, *A Guarded Generation: How Millennials View Money and Investing*, Wall St. J. (Mar. 13, 2020, 1:22 PM ET), <https://perma.cc/2WXU-YDUR>.

<sup>16</sup> Equiniti, *supra* note 13, at 7.

<sup>17</sup> *Id.*

<sup>18</sup> Taylor Lorenz & Mike Isaac, *The Misfits Shaking Wall Street*, N.Y. Times (Jan. 29, 2021), <https://perma.cc/F3C3-DH8G>.

<sup>19</sup> David A. Snow et al., *Mapping the Terrain*, in *The Blackwell Companion to Social Movements* 6 (David A. Snow et al. eds., 2004).

<sup>20</sup> Charles Tilly & Sidney Tarrow, *Contentious Politics* 5 (2007).

common goals. As discussed, the communities of wireless investors develop a tight bond and sense of camaraderie. Wireless investors' collective action is so powerful that, as we mentioned, they are often described as an army. With respect to trading in meme stocks, wireless investors have used Reddit, Discourse, Twitch, Twitter, and Facebook to share investing thoughts. The same venues facilitate collective action with respect to ESG corporate governance.

Social movement experts differ on the exact level of change that social movements promote. However, "all emphasize that movements are in the business of promoting or resisting change with respect to some aspect of the world in which we live."<sup>21</sup> The Wireless Investors Movement has the potential to change corporate governance as well as the relationship between corporations and the planet. The movement will facilitate disintermediation of investments and will push corporations to provide more accessible information and to adopt more inclusive corporate governance policies. The changes that wireless investors seek go beyond corporate governance and extend into environmental and social causes. In fact, the Wireless Investors Movement, by leveraging on corporations, can produce real changes in our society and for our planet. This is consistent with wireless investors' generational affinities and vision of the world.

Social movements typically include extra-institutional or non-institutional collective action. This entails utilizing "public and quasipublic places for purposes other than those for which they were designed."<sup>22</sup> Wireless investors have used the stock market to fight Wall Street and have the potential to make corporate governance inclusive with the ultimate goal of using corporations to pursue social and environmental causes.

Social movements involve a level of organization. Although social movement scholars agree that organization is relevant to social movements, there are debates regarding the exact role that organization plays.<sup>23</sup> A unique aspect of the Wireless Investors Movement is that it appears to be the first social movement to take place wholly online. Similar to Black Lives Matter, "a movement inextricably tied to the digital sphere" which is "characterized by its explicit rejection of hierarchy and centralized leadership," there are no specific leaders of the Wireless Investors Movement.<sup>24</sup> Instead, the movement relies on the dynamics developed in the distinctive communities and coalitions that are formed online. Social movement experts recognize that the digital space allows for "collective action [which] is far more personalized" and permits "personalized framings" of issues within a larger context.<sup>25</sup> The ability to engage in personalized framing on social media "help[s] engender a sense of collective identity and cause, which has been shown to be crucial for effective social movement organizing."<sup>26</sup>

Regarding temporal continuity, some scholars have described social movements as "episodic" because they are not scheduled.<sup>27</sup> Social movements vary in length and durability although many are "clustered temporally within 'cycles of protest' that wax and wane

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<sup>21</sup> Snow et al., *supra* note 19, at 8.

<sup>22</sup> *Id.* at 7.

<sup>23</sup> *Id.* at 10.

<sup>24</sup> Marcia Mundt et al., *Scaling Social Movements Through Social Media: The Case of Black Lives Matter*, 4 Soc. Media & Soc'y 1, 3 (2018).

<sup>25</sup> *Id.* at 2.

<sup>26</sup> *Id.*

<sup>27</sup> Snow et al., *supra* note 19, at 10.

historically.”<sup>28</sup> The Wireless Investors Movement is in its infancy, with roots starting during the 2020 lockdown relating to the COVID-19 pandemic. There is no doubt that wireless investors have been coming together to conduct their fights in the financial markets. While it is likely that this will continue, elements indicate that they will bring their initiatives to ESG corporate governance. Although it is hard to predict the extent of the temporal continuity of the Wireless Investors Movement, it is likely that the movement will produce enduring changes in social norms, with significant ramifications on the way business corporations are run.<sup>29</sup>

The Wireless Investors Movement is a unique social movement, empowered by the digital sphere and capable of bringing together countless numbers of people to transform corporations and, in turn, the world.

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<sup>28</sup> *Id.*

<sup>29</sup> The Wireless Investor Movement has the potential to cause “cultural shifts that make durable legal change possible.” Lani Guinier & Gerald Torres, *Changing the Wind: Notes Toward a Demosprudence of Law and Social Movements*, 123 Yale L. J. 2740, 2743 (2014).