

The Meme King's \$56bn Gambit: Can GameStop Really Swallow eBay?

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Note: the original article is provided as a separate file (attached to the email or downloadable from the website).

1. Reading Passage

Ryan Cohen has spent much of his career being underestimated. The 40-year-old Canadian-born CEO of GameStop has built a cult-like following among retail investors by repeatedly winning bets that Wall Street dismissed as absurd — first with online pet supplies, then with a dying mall video-game chain, and now with a \$56 billion attempt to buy eBay, an e-commerce platform roughly four times the size of his own company.

The immediate response from professional analysts has ranged from skepticism to outright mockery. GameStop is valued at roughly \$11 billion; eBay is worth around \$47 billion. How, critics ask, could the smaller company realistically finance such a takeover? Cohen has not been deterred. In an awkward but instantly viral CNBC interview, the leather-jacket-clad billionaire described the bid's structure in clipped monosyllables — 'half cash, half stock' — and told the Financial Times that the more eBay fights him, the more determined he becomes. The interview generated a wave of memes online; supporters argued the spectacle only reinforced the mythology of Cohen as an eccentric outsider underestimated by establishment finance.

This script has played out before. Born in Montreal in 1986 to a teacher mother and a glassware-importer father, Cohen never attended university. As a teenager, he taught himself coding and built websites for family and small businesses. In 2011, he co-founded Chewy, an online pet-supplies retailer, after dozens of venture capitalists turned him down — most pointing to the cautionary tale of Pets.com, the dot-com-era flameout. Cohen ignored them. He focused obsessively on customer service, encouraging employees to write handwritten cards to grieving owners whose animals had died. By 2017, private-equity-backed PetSmart bought Chewy for \$3.35 billion, then the largest e-commerce deal on record.

Flush with cash and credibility, Cohen launched RC Ventures, his investment vehicle. That led to his most controversial bet: in 2020, while much of Wall Street viewed GameStop as a doomed relic of physical retail, Cohen quietly built a large stake and pushed for a radical digital transformation. His arrival electrified the retail traders gathering on Reddit forums like WallStreetBets during the pandemic lockdowns. Many viewed Cohen as an anti-establishment figure willing to challenge the short sellers betting against the company. What followed became one of the defining financial manias of the Covid era: GameStop shares exploded in early 2021 in a coordinated buying campaign that triggered a historic short squeeze, vaporizing billions of dollars for hedge funds and turning the stock into the ultimate meme-stock symbol. Online followers dubbed Cohen the 'Meme King.'

Now he is attempting his boldest gamble yet. If successful, the eBay deal would rank among the most audacious takeovers in recent history — and the first truly powered by a meme-stock army rather than traditional Wall Street financing. Cohen has argued that GameStop's retail-investor footprint complements eBay's marketplace and has pledged deep cost cuts to make the math work. Analysts remain unconvinced, but Cohen's history suggests dismissing him outright carries its own risks. As he told the FT, his disdain for corporate America is well-documented; eBay, he said, is simply a good example of that. Whether the bid succeeds or collapses, it represents a real-world test of whether online tribes can now move billion-dollar deals.

2. Explanation

An \$11 billion video-game retailer just bid \$56 billion for an e-commerce giant four times its size. Wall Street laughed. Reddit cheered. Welcome to the first true meme-stock-driven takeover attempt.

What's Going On?

Ryan Cohen, the 40-year-old chairman and CEO of GameStop, has launched an unsolicited \$56 billion bid to buy eBay — a company roughly four times the size of his own. The proposal is structured as 'half cash, half stock' at \$125 per share, a 46% premium over eBay's price before GameStop quietly began accumulating a 5% stake in February.

Analysts immediately questioned how GameStop, valued at around \$11 billion, could realistically finance the takeover of a company worth about \$47 billion. Cohen first laid out the bid in a now-viral CNBC interview where he wore a leather jacket, gave clipped one-syllable answers, and told the FT: 'The more [eBay] fights me, the more... I'm not going to take no for an answer.'

How To Think About It

This isn't a normal corporate takeover — it's a fusion of activist investing, internet culture, and reflexive finance, where belief itself becomes the fuel.

- Think of a small indie filmmaker convincing fans to crowdfund a blockbuster: the project only works if enough true believers keep buying tickets before opening night, and the hype itself becomes the budget.
- Or a chess player sacrificing their queen mid-game — looks insane to spectators, but only works if the opponent (eBay's board, skeptical analysts) is rattled into making defensive mistakes that hand over the board.

Key Things To Know

- GameStop's market cap (~\$11bn) is less than a quarter of eBay's (~\$47bn) — the math only works if Cohen issues huge amounts of new stock, diluting existing shareholders.
- Cohen has lined up a \$20 billion financing letter from TD Bank, but that still leaves a multi-billion-dollar funding gap.
- He already has form: he co-founded Chewy from South Florida in 2011 and sold it to PetSmart in 2017 for \$3.35 billion, then turned GameStop from a \$381m loss into a profit after taking over as CEO in 2023.
- The 'meme stock' base — retail traders organized on Reddit's WallStreetBets and X — sees Cohen as anti-establishment, which is precisely the audience he'll need to pressure eBay's board into negotiating.
- What most people miss: hostile bids often don't need to 'succeed' to work. Even a failed bid can force a target's board to cut costs, sell assets, or accept a different buyer — moves that reward the bidder's accumulated stake.

Why It Matters

If you've ever bought a stock on Robinhood, watched a TikTok stock-tip, or argued about GameStop in 2021, this is the sequel. The deal tests whether the retail-investor army that broke hedge funds five years ago can now actually move corporate America. For anyone considering business school, finance, or just thinking about where economic power lives in 2026, the answer to 'does meme energy translate into real M&A?' will reshape how the next decade of dealmaking works.

The Bigger Picture

Hostile takeovers are an old genre — think Carl Icahn in the 1980s — but financed traditionally by Wall Street muscle, not online tribes. If Cohen pulls this off, expect a wave of imitators trying to weaponize loyal retail bases against bigger, sleepier incumbents. If it collapses, watch GameStop's stock and Cohen's mythology together: the second-order effect could be a serious test of whether 'meme premium' valuations can survive their first true real-world stress test.

3. Key Terms Glossary

Hostile bid

An attempt to buy a company against the wishes of its board, typically by appealing directly to shareholders or buying shares on the open market.

Meme stock

A stock whose price is driven less by traditional fundamentals (earnings, assets) and more by viral social-media attention from coordinated retail investors – GameStop in 2021 is the archetype.

Activist investor

An investor who buys a significant stake in a company specifically to push for changes – board seats, cost cuts, asset sales – rather than to passively hold.

Cash-and-stock deal

An acquisition where the target's shareholders are paid partly in cash and partly in newly issued shares of the acquiring company. 'Half cash, half stock' means a 50/50 split.

Premium (in M&A)

The extra amount above a stock's recent trading price that an acquirer offers – here, 46% above eBay's price before GameStop started buying in.

Dilution

When a company issues new shares, existing shareholders' percentage ownership shrinks. Issuing tens of billions in new stock to fund a deal can sharply dilute current holders.

Short squeeze

A rapid stock-price spike caused when traders who bet against the stock (short sellers) are forced to buy shares to cover their losses, pushing the price even higher.

RC Ventures

Cohen's personal investment vehicle, used to take large activist stakes in companies like Bed Bath & Beyond and GameStop.

4. Reading Comprehension Quiz

Circle the best answer for each question.

- Q1.** The passage primarily argues that Ryan Cohen's bid for eBay is significant because it
- A) represents the largest cash acquisition in tech history
 - B) could be the first major corporate takeover powered by meme-stock dynamics
 - C) marks the end of activist investing as a Wall Street strategy
 - D) proves that small companies always lose to larger competitors
- Q2.** According to the passage, which of the following best explains why analysts are skeptical of the bid?
- A) eBay has already rejected the offer publicly
 - B) GameStop's market value is far smaller than the deal size
 - C) Cohen has no prior experience running companies
 - D) Retail investors have abandoned GameStop's stock
- Q3.** The central idea of the passage is best stated as:
- A) GameStop is doomed to fail without a complete management overhaul
 - B) Cohen's unconventional career and tactics make his audacious eBay bid plausible despite skepticism
 - C) eBay has consistently outperformed every major e-commerce competitor
 - D) Meme stocks have permanently replaced traditional finance
- Q4.** As used in the passage, 'cult-like' most nearly means
- A) secretive and dangerous
 - B) deeply devoted and loyal
 - C) religiously motivated
 - D) irrational and harmful
- Q5.** As used in the passage, 'electrified' most nearly means
- A) powered with electricity
 - B) shocked and injured
 - C) thrilled and energized
 - D) warned and intimidated
- Q6.** Which of the following can most reasonably be inferred about Cohen's strategy from the passage?
- A) He prefers traditional Wall Street financing over retail support
 - B) He uses public provocation as a deliberate negotiating tool
 - C) He plans to retire after the eBay deal closes
 - D) He has lost confidence in GameStop's long-term prospects
- Q7.** The passage suggests that one reason Cohen's previous ventures succeeded was that
- A) he received early endorsement from major Silicon Valley VCs
 - B) he attended elite business schools that opened doors
 - C) he persisted despite widespread doubt and rejection
 - D) he avoided industries dominated by large competitors

Q8. The author's tone toward Cohen is best described as

- A) openly mocking and dismissive
- B) uncritically admiring and promotional
- C) skeptical but intrigued by his track record
- D) indifferent and purely factual

Q9. Which inference about meme-stock investors does the passage most strongly support?

- A) They are motivated mainly by short-term profit calculations
- B) They view themselves as challenging financial elites
- C) They typically follow recommendations from professional analysts
- D) They have largely abandoned coordinated online activity

Q10. Which choice provides the best evidence for the answer to the previous question?

- A) 'GameStop, valued at roughly \$11bn'
- B) 'half cash, half stock'
- C) 'anti-establishment and willing to challenge the short sellers'
- D) 'a 46% premium to its closing price'

My Score: _____ / 10

5. Answer Key with Explanations

Q1. The passage primarily argues that Ryan Cohen's bid for eBay is significant because it

Answer: B

The passage frames the bid as a fusion of activist investing and online retail-investor culture, calling it potentially the first true meme-stock-driven takeover. A overstates the deal's traditional financing; it's mostly stock, not cash. SAT Tip: For 'primarily argues' questions, look for the option that captures the passage's central angle, not just a true detail it mentions in passing.

Q2. According to the passage, which of the following best explains why analysts are skeptical of the bid?

Answer: B

The passage states GameStop is valued at roughly \$11 billion while attempting to buy a company worth about \$47 billion – the size mismatch is the core skepticism. C is false: Cohen co-founded Chewy and turned around GameStop. SAT Tip: When a question asks 'why,' scan the passage for explicit cause-and-effect language ('because,' 'questioned how') rather than relying on outside knowledge.

Q3. The central idea of the passage is best stated as:

Answer: B

The passage builds a portrait of Cohen as a serial underdog whose unconventional bets (Chewy, GameStop) keep working, framing the eBay bid as the next chapter. D is too sweeping – the passage hedges with words like 'could be' and 'first.' SAT Tip: Central-idea answers are usually balanced and qualified; extreme or absolute statements are almost always wrong.

Q4. As used in the passage, 'cult-like' most nearly means

Answer: B

The passage uses 'cult-like' to describe the loyalty of Cohen's meme-stock investor base – devoted followers who stick with him. A and D apply 'cult' in its negative everyday sense, which is the trap (Trap A: common meaning vs. passage meaning). SAT Tip: On vocab-in-context, substitute each option for the word in the sentence; the right answer keeps the sentence's meaning intact, not just sounds plausible.

Q5. As used in the passage, 'electrified' most nearly means

Answer: C

The passage describes how Cohen's arrival 'electrified' retail traders on Reddit, meaning it excited and energized them. A is the literal everyday meaning – the trap (Trap A). SAT Tip: Vocab-in-context answers almost always require the figurative or specialized meaning, not the most common literal one.

Q6. Which of the following can most reasonably be inferred about Cohen's strategy from the passage?

Answer: B

Cohen's leather-jacket interview, clipped answers, and quote about being 'a pain in the ass' suggest deliberate provocation aimed at pressuring eBay's board. A contradicts the passage; Cohen leans on retail investors. SAT Tip: Inference questions reward what the passage *implies* through behavior and word choice – not what's stated outright, but what consistently lines up with the evidence.

Q7. The passage suggests that one reason Cohen's previous ventures succeeded was that

Answer: C

The passage emphasizes that Cohen's Chewy idea was dismissed as ridiculous, that he was rejected by many investors, yet built it into a \$3.35bn sale. A is the opposite of what the passage shows (Trap A: right scope, wrong direction). SAT Tip: Inference questions often hide the answer in repeated patterns – here, the same 'dismissed but proven right' arc shows up across Chewy, GameStop, and now eBay.

Q8. The author's tone toward Cohen is best described as

Answer: C

The author notes the bid baffled Wall Street and acknowledges genuine financing concerns, while also detailing Cohen's repeated history of beating doubters – a mix of skepticism and intrigue. A overstates the negativity; the author takes Cohen seriously. SAT Tip: For tone questions, look at how the author balances positive and negative language – most journalistic tones are mixed, not extreme.

Q9. Which inference about meme-stock investors does the passage most strongly support?

Answer: B

The passage describes retail traders as anti-establishment and willing to challenge short sellers, with Cohen cast as their hero against Wall Street. C contradicts the passage, which shows them ignoring professional analysts (Trap A). SAT Tip: When two options seem opposite, one is usually correct and one is the trap – focus on what the passage actually attributes to the group in question.

Q10. Which choice provides the best evidence for the answer to the previous question?

Answer: C

*Option C directly states the anti-establishment identity that defines meme-stock investors in the passage, supporting the previous answer. A, B, and D are all factual details from the passage but describe deal mechanics, not investor psychology (Trap C: true but unsupported for *this* claim). SAT Tip: On evidence-pairing questions, find the line that supports your previous answer first, then match it to the option – don't pick the most 'important-sounding' quote.*