

\$FODL Price Manipulation Event April 18

Intro:

- Currently ~2M \$DOLA supplied to Fuse Pool 127. ~1M \$DOLA borrowed.
- \$FODL price was manipulated earlier today in an attempt to drain fuse pool 127. Both \$FODL and \$xFODL have supply caps (of 20M and 10M respectively) in place as of April 12th.
- 40 liquidations today
- As a result, there is now \$260k worth of bad debt in the pool (\$DAI and \$USDT). Overall pool utilization rate is healthy at this time (~30%).
- **\$DOLA is unaffected at this time.**


Facts/Timeline:

- Stophunter buys \$2.1m of FODL and liquidates 2 large FODL/xFODL borrowers (one of them being...themselves?)
- So first <https://etherscan.io/address/0xd222a1e298bfad02765a210c0e4452209457d2b5> pumps 2.1m USDC into FODL, which is pretty illiquid, FODL was trading at \$0.14 pre-trade, they got filled at an avg. of \$0.18, and post trade prices are now in the \$0.23 range.
- Now 2 borrowers, nftmevking.eth & <https://etherscan.io/address/0xfdc5daf992a68f297647074221cf51a3c23e4ed> are both sitting on 7 fig FODL/xFODL borrows. Oracle prints resulting from the >60% FODL spike come in and liq bots start liquidating 0xfdc nftmevking.eth is insolvent but MEV bots don't take the liq - why? borrow is in xFODL, so liquidators need to acquire xFODL (no DEX hotpath to xFODL). A few mins later they do get liquidated *manually* by an account with the necessary xFODL ...our original buyer 0xd22
- The liqs reduce to 0xd22 selling xFODL, getting fills at oracle price But then I realized they never staked the FODL they bought, and tried erratically to liquidate FODL positions while competing with MEV bots Turns out the xFODL came in via a transfer from... nftmevking.eth
- So 0xd22 == nftmevking.eth, which means they liquidated themselves, twice. 0xd22 then went on to sell a bunch of FODL, only to then borrow more FODL against the resulting stables and now sits on a 1.03 health position

- At this point I completely lost wrt cost basis/pnl and have no idea if they made any money on this maneuver. The fuse pool is now sitting on at least \$250k of bad debt

Source - https://twitter.com/wilburforce_/status/1516068388845535235

FODL Teams Perspective:

 **Oxb2** Today at 6:06 AM

It was a very sophisticated exploit of pool 127- one guy was liquidated for borrowing about 4m FODL. Someone raised the price using millions of dollars to make the borrower eligible for liquidation.



All funds are SAFU. If you are borrowing large amounts of fodl just be aware you should keep a high collateral ratio! Code is law folks!



LPs of Fodl/ETH and fodl/usdc benefited here by getting lots of fees today. Sorry to the one guy who got liquidated

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Also, nice opportunity currently for suppliers of USDT & DAI on Pool 127:

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	DAI	253.39%
+		8.59%
		APR
		89.00% LTV

	USDT	155.11%
+		16.99%
		APR
		89.00% LTV

“Guys just so you know--current volume and price action this afternoon is because MEVNFTking repaid his final borrow of FODL by buying additional fodl

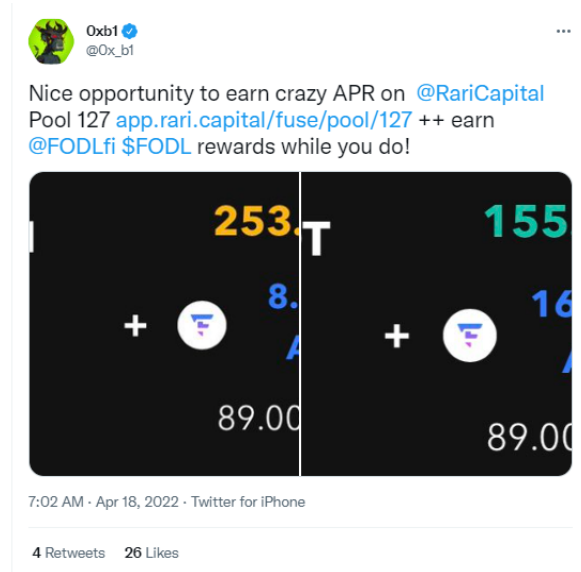
<https://etherscan.io/token/0x4c2e59d098df7b6cbae0848d66de2f8a4889b9c3>”

No Twitter communication for Oxb1 regarding FODL price manipulation.

Conspiracy:

Team is almost certainly short selling \$FODL or borrowing against locked tokens to cash out without selling.

- 75% LTV borrowing on low liquidity coins
- consistently high APR's on stables indicating someone is borrowing stablecoin liquidity as soon as it is available
- oxb1 Twitter account advertising the APR opportunity on \$DAI and \$USDT after the price manipulation event.
- 260k in bad debt already.
- Oxb1 twitter account follows nftmevking (<https://twitter.com/nftmevking>)



Team addressing the token unlock earlier today:

Oxb2 Today at 10:59 AM
We are setting up an arb bot to balance the pools btw fodl-Eth and fodl-usdc, that should help a lot
One of main reasons was cause no arb bots balanced this
Also, the higher the liquidity the harder this is
Also, anyone borrowing fodl should do the math on how much their collateral factor should be (much above normal) to avoid this

elcibey Today at 12:00 PM
Is it true 25% of the team tokens unlock in a week?

@elcibey Is it true 25% of the team tokens unlock in a week?

Oxb2 Today at 12:01 PM
No.
team tokens unlock linearly over 1 year
start date was supposed to be next week, but we are considering putting up a proposal to delay this by a few months
still in dicussions internally
community will be notified well ahead of time

elcibey Today at 12:02 PM
So that means we can vote to delay it or not?

@elcibey So that means we can vote to delay it or not?

Oxb2 Today at 12:03 PM
anyone can put up a vote for the DAO to decide on
but truth is in terms of circulating tokens, some core team and advisors who bought in the first few days seem to have the voting plurality

Oxb2 anyone can put up a vote for the DAO to decide on

Oxb2 Today at 12:04 PM
put up a vote for anything for any reason
and the team has always said it will abide by DAO / unlocked tokens voting power

Addresses of Interest:

attacker:

<https://debank.com/profile/0xd222a1e298bfad02765a210c0e4452209457d2b5/history>

LP holder + dola borrower

<https://debank.com/profile/0x872c67dd383db7b7e9bc1800546f1ae715a0bc0c>

Original recommendation (Early March):

“In conclusion, we’ve addressed ease of liquidation, oracle risk, TWAP exploits, token price risk, and liquidity issues for the unconventional collateral assets in Fuse Pool 127. FODL and DOP are not a cause for concern. VRN is a liability and OXB1 need to address how they are mitigating the possibility of a flash loan attack or a whale exploiting the TWAP oracle. If their answer is satisfactory, I would support a move from the Growth Team to supply DOLA to the pool, but suggest caution. VRN pool stats would have to be monitored periodically before DOLA Fed injects more capital. An initial injection between \$500k and \$1M is appropriate”.

Fed injected an additional supply of 1M \$DOLA last week without consulting the Risk team.

Risk team failed to identify \$FODL as an “at-risk” asset when performing initial assessment.

Renewed Plan of Action

1. Fed Contraction - make steps towards contracting this Fuse Pool.
2. Establish a line of communication with OxB1 Team. Ask for them to set a supply cap and lower CF for \$FODL and \$xFODL. If demands are not met, exit pool.

UPDATE (April 19th):

OX_B1 Official Statement:

https://twitter.com/Ox_b1/status/1516544432652304386

Inverse Actions:

\$DOLA Supply has been contracted by 1.25M, bringing total to 750k.

At this stage, we feel current DOLA supply is appropriate given overall reduced risk profile for Fuse Pool 127.