Gauntlet recommendation to freeze CRV and set CRV LTV → 0 on Aave v2

Gauntlet has been looking into the risk profile of [0x7a16ff8270133f063aab6c9977183d9e72835428](). This account borrows roughly $67.7m of stablecoins ($67m USDT, $700k USDC) against $185m of CRV and $4m of TUSD.

The position has an HF of 1.66 and does not represent an immediate risk to Aave v2.

However, we recommend to 1. freeze CRV collateral and 2. set Curve LTV to 0, to prevent the account from continuing to add CRV and increasing concentration risk, due to the decrease in CRV liquidity over the past few months.

CRV token liquidity has been decreased 50% over the past couple of months, both on chain and globally. This can cause future risk, especially if the CRV used as collateral by this account continues to grow.

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image

2952×1010 200 KB

](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/5/52c71e27d950e86967357197fe2e8be7f3ffb05a.png)

The account has been continuously adding CRV collateral as CRV price decreases, and increasing its stablecoin borrowing over the past couple months. Given the account is actively managed and frequently maintains its health, freezing CRV will incentivize the account to reduce its borrow or add other forms of collateral.

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image

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Next Steps

- Publish AIP to implement the above.