

Forum: [Hack Forums](#)

Thread: [Justin Suns WLFI frozen](#)

Mewtwo - April 13, 2026, 5:28 am

<https://www.mexc.com/news/1023114>

Which side are you guys on?

Justin Sun claims hidden blacklist feature and misleading investors about this. It's DeFi, so it shouldn't have any control at all.

WLFI claims "security and risk management", and accuses Sun of selling his tokens earlier on HTX.

Either way, the Trump family is always known for manipulation on every little thing. I don't know why anyone would ever consider investing into any crypto owned by the Trump family.

SUI-3183372 - April 13, 2026, 8:27 am

A rare case where Justin Sun isn't the biggest bitch in the room. WLFI did him dirty back in September. Seven months later, Justin's tokens are still frozen.

The way I see it, Justin's \$30m investment was him purchasing his pardon. Now Trump and Co don't want him profiting off of the arrangement, so they had the tokens locked. They think that Sun shouldn't be able to buy his pardon AND profit ~\$75m, all while driving down the WLFI price.

I don't have much of an opinion, two of the largest market manipulators are angry because they can't manipulate the markets in peace. Nothing here is shocking.

I think what's more interesting and concerning is the 1b WLFI deposit into Dolomite, and the subsequent borrowing of stablecoins against it, just before some large unlocks are set to occur.

Quote:Blockchain data shows the WLFI team deployed roughly 5 billion WLFI tokens — valued near \$400 million and representing ~98% of supply on Dolomite — across two multisig wallets. Against this largely illiquid collateral, they borrowed about \$150 million in stablecoins, according to Arkham Intelligence.

The structure was highly leveraged:

- One wallet borrowed over \$40 million in USD1 against 3 billion WLFI
- Another borrowed \$111 million in USD1, then recycled that collateral to borrow an additional \$89 million in USDC

Estimates suggest total borrowing exposure may reach as high as \$250 million.

The position has effectively dominated Dolomite's liquidity. Utilization for USD1 and USDC surged above 80% and 90%, respectively, tightening available capital and pushing borrowing rates toward 5%.

Compounding the risk, the 5 billion WLFI used as collateral is four times larger than the token's

tradable supply on major exchanges like Binance.
Liquidation Risk and Market Fallout

Analysts warn the setup could leave Dolomite exposed to significant bad debt if WLFI continues to decline.

A further 75% drop would trigger liquidation thresholds — but with such thin liquidity, offloading \$400 million in WLFI to recover \$150 million in stablecoins would likely collapse the price entirely.

The Host - April 13, 2026, 3:16 pm

Regardless how bad Justin is. Freezing his funds was a stupid move.

Omniscient - April 14, 2026, 8:23 am

Meh, rich people things. Market manipulation is everywhere as well as lawsuits. It's a crowd I'm glad to not be a part of.

Mr Kewl - April 14, 2026, 1:19 pm

i shorted \$wlfi and am down bad lol? loading encrypted image...

SUI-3183372 - April 14, 2026, 2:25 pm

(Apr 14, 2026 01:19 PM)Mr Kewl Wrote: [\[CITE\]](#) i shorted \$wlfi and am down bad lol? loading encrypted image...

Almost joined you on that one

Edmond Dantes - April 16, 2026, 3:41 am

(Apr 14, 2026 01:19 PM)Mr Kewl Wrote: [\[CITE\]](#) i shorted \$wlfi and am down bad lol? loading encrypted image...

Could be some market manipulation