

MEMORANDUM

Subject: Preliminary Analysis of Suspicious Transactions in Meridian Opportunities Fund

To: Arthur Sterling, CEO; Marcus Thorne, Investment Division Head; Victoria Ashford, Board Chair; James Blackwood, Board Member; Nina Patel, Board Member

From: Evelyn Reed, Head of Risk Management, Executive Office

Date: March 15, 2021

Confidentiality Level: Internal Only

Issue Category: Whistleblower Report

Summary:

This memo presents an initial analysis of suspicious transactions in the Meridian Opportunities Fund, as reported by a confidential source. Our investigation reveals a pattern of irregularities that warrant further investigation and potential mitigation measures. I urge immediate attention to this matter to prevent potential reputational and financial damage.

Background:

The confidential source, a junior analyst, has come forward with concerns about the fund's valuation methodology and potential fabrications of illiquid assets. The source has provided documentation detailing the following anomalies:

1. **Inflated Valuations:** Asset valuations have been artificially increased to reflect unrealized gains. These inflated valuations are not supported by any credible evidence or market data.
2. **Phantom Assets:** The fund has created fictional assets to justify the inflated valuations. These assets do not exist in reality and have no tangible value.
3. **Unauthorized Trading:** Trades have been executed without proper authorization, resulting in significant losses for the fund.

Preliminary Findings:

Our initial analysis indicates that these anomalies are not isolated incidents but rather part of a larger scheme to misrepresent the fund's performance. The source has provided evidence of:

1. **Collusion:** Key personnel within the Investment Division have been involved in the scheme, working together to fabricate valuations and conceal losses.

2. **Lack of Oversight:** Senior management has failed to provide adequate oversight, allowing the scheme to continue unchecked.
3. **Internal Controls:** Existing controls have been bypassed or compromised, enabling the scheme to operate with relative impunity.

Recommendations:

1. **Immediate Investigation:** Launch a comprehensive investigation into the Meridian Opportunities Fund, focusing on the allegations of inflated valuations, phantom assets, and unauthorized trading.
2. **Risk Management Review:** Conduct a thorough review of the fund's risk management practices, identifying areas of improvement and potential weaknesses.
3. **Compliance Review:** Review the fund's compliance with relevant regulatory requirements, including the Volcker Rule and Bank Secrecy Act.

Next Steps:

I recommend that the following individuals be brought in for questioning:

- Marcus Thorne, Investment Division Head
- Senior analysts and traders involved in the fund's operations
- Key personnel within the Investment Division who have been identified as being involved in the scheme

I will provide a comprehensive report on our findings and recommendations by the end of the week. In the meantime, I urge that all parties involved in the investigation be given access to necessary resources and information to ensure a thorough and timely investigation.

Confidentiality:

This memo is confidential and should not be shared with anyone outside of the Executive Office and the Board of Directors.

Attachments:

- Confidential source documentation
- Preliminary investigation report
- Risk management review outline
- Compliance review outline

Please let me know if you require any additional information or assistance.

Sincerely,

Evelyn Reed

Head of Risk Management, Executive Office