

MEMORANDUM

From: Marcus Thorne, Chief Investment Officer

To: Senior Management and Department Heads

Subject: Market Manipulation Allegations: Shadow Creek Investment Vehicle (SCI-V)

Date: November 15, 2022

Confidentiality Level: Public Disclosure (Draft)

Summary:

This memo updates the current Market Manipulation investigation into the Shadow Creek Investment Vehicle (SCI-V). Our analysis reveals a sophisticated, coordinated trading scheme aimed at inflating SCI-V's value. We recommend immediate action to contain the crisis and prevent further damage.

Technical Details:

1. **Trade Data Analysis:** Our review of SCI-V trade data (July 2020 - September 2022) reveals a statistically significant pattern of trades executed within a 30-minute window. These trades consistently exhibited synchronized buys and sells of SCI-V units, resulting in a 30% increase in value over the same period.
2. **Market Impact Assessment:** Utilizing our proprietary Market Impact Model (MIM), we calculated the SCI-V trade's effect on the broader market. Our findings indicate a 5.2% increase in market volatility within the same 30-minute window. This suggests a possible attempt to manipulate market sentiment.
3. **Risk Assessment Score (RAS):** Based on our analysis, we assign a RAS of 92 (High Risk) to the SCI-V trading scheme. This score indicates a significant threat to Veridian Bank's reputation and financial stability.

Analytical Methods:

1. **Time Series Analysis:** We applied a moving average model to identify patterns in SCI-V trade data. This analysis revealed a clear, consistent pattern of trades executed within the 30-minute window.
2. **Entropy-Based Analysis:** Our entropy-based analysis of SCI-V trade data revealed a statistically significant increase in trading activity during the 30-minute window. This suggests a possible attempt to manipulate market sentiment.

Measures to Contain the Crisis:

- 1. Immediate Trading Halt:** We recommend an immediate trading halt on SCI-V to prevent further damage.
- 2. Investigation Expansion:** We should expand our investigation to include all parties involved in SCI-V trades.
- 3. Risk Management Review:** Our risk management team should review and update our risk assessment process to prevent similar incidents in the future.

Conclusion:

The Shadow Creek Investment Vehicle trading scheme poses a significant threat to Veridian Bank's reputation and financial stability. We must take immediate action to contain the crisis and prevent further damage. I recommend that senior management and department heads review this memo and take necessary steps to address these allegations.

Recommendations:

1. Senior Management should convene an emergency meeting to discuss this matter.
2. Department Heads should review their trade data and report any suspicious activity to Risk Management.
3. Risk Management should update our risk assessment process to prevent similar incidents in the future.

Confidentiality:

Please note that this memo is classified as Public Disclosure (Draft) and should not be shared outside of Veridian Bank.

Signature:

Marcus Thorne
Chief Investment Officer
Veridian Bank