

Executive Committee Meeting Minutes

Department: Finance

Confidentiality Level: Internal Only

Issue Category: Internal Power Struggle

Author: CEO Office (Arthur Sterling)

Risk Assessment Score: 38

Meeting Summary:

The Executive Committee convened on August 15, 2022, to address the escalating crisis at Veridian Bank. The meeting focused on internal power dynamics, major fraud developments, and their implications. CEO Arthur Sterling led the discussion, emphasizing the need for unity and decisive action.

Meeting Overview:

1. **Risk Assessment Update:** Risk Management representative Evelyn Reed presented an update on the Enterprise Risk Matrix (ERM) scores, which had risen to 38, indicating a moderate risk level. She highlighted the need for increased vigilance and immediate attention to the anomalies in the Meridian Opportunities Fund.
2. **Internal Power Dynamics:** CEO Sterling acknowledged the growing tension between his office and Risk Management, but emphasized the importance of maintaining a united front in the face of escalating external scrutiny. He reminded the committee that the bank's reputation and stability must be prioritized above individual interests.
3. **Fraud Developments:** Investment Department head Marcus Thorne briefed the committee on the current status of the Meridian Fund, citing an estimated \$10-50 million in phantom assets. He reassured the committee that the situation was under control and that corrective measures were being implemented.
4. **Regulatory Scrutiny:** Compliance Officer Sarah Chen reported on the increasing regulatory attention, citing a 95% Compliance Risk Rating (CRR) due to the bank's failure to report suspicious transactions to the Federal Banking Commission (FBC). She emphasized the need for immediate corrective action to avoid further escalation.
5. **Operational Risks:** Risk Management highlighted the Operational Risk Index (ORI) score, which had risen to 70, indicating a moderate risk level due to corporate espionage and potential insider trading.

Key Decisions:

1. **Investigation into Meridian Fund:** The committee authorized a comprehensive investigation into the Meridian Opportunities Fund, led by Internal Audit, to determine the extent of the phantom assets and any related fraudulent activities.
2. **Risk Management Restructuring:** CEO Sterling announced the reassignment of Evelyn Reed to a senior risk advisory role, citing the need to address the growing tension between her department and the Investment Division.
3. **Regulatory Compliance:** The committee directed Compliance Officer Chen to implement immediate corrective measures to address the CRR rating, including enhanced reporting and monitoring of suspicious transactions.
4. **Crisis Communication:** The committee approved the development of a crisis communication plan to address the escalating external scrutiny and maintain confidence in the bank's stability.

Next Steps:

1. **Investigation Update:** The committee will receive regular updates on the investigation into the Meridian Fund, with a focus on identifying and addressing any related fraudulent activities.
2. **Risk Management Review:** CEO Sterling will review the Risk Management department's structure and operations to ensure alignment with the bank's strategic objectives.
3. **Regulatory Compliance:** Compliance Officer Chen will provide regular updates on the implementation of corrective measures to address the CRR rating.

Meeting Attendance:

- CEO Arthur Sterling
- CFO David Miller
- Investment Department head Marcus Thorne
- Risk Management representative Evelyn Reed
- Compliance Officer Sarah Chen
- Internal Audit representative Michael Lee
- Board members Victoria Ashford, James Blackwood, and Nina Patel

Next Meeting:

The next Executive Committee meeting is scheduled for September 1, 2022, at 10:00 a.m. in the Executive Conference Room.

Action Items:

1. Investigate the Meridian Opportunities Fund and report findings to the committee.
2. Address the growing tension between Risk Management and the Investment Division.
3. Implement corrective measures to address the CRR rating.

Attachments:

- Enterprise Risk Matrix (ERM) scores
- Compliance Risk Rating (CRR) report
- Operational Risk Index (ORI) score
- Meridian Opportunities Fund valuation report

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Risk Assessment Score: 38

Date: August 15, 2022

Time: 10:00 a.m.

Location: Executive Conference Room