

## EXECUTIVE COMMITTEE MEETING MINUTES

**Date:** August 15, 2022

**Time:** 9:00 AM

**Location:** Veridian Bank Executive Conference Room

**Attendees:** Arthur Sterling (CEO), Evelyn Reed (Head of Risk Management), Marcus Thorne (Head of Investments), Victoria Ashford (Board Chair), James Blackwood (Regulatory Expert)

**CONFIDENTIALITY LEVEL:** Internal Only

**ISSUE CATEGORY:** Internal Power Struggle

**RISK ASSESSMENT SCORE:** 56 (High Risk: Significant Exposure)

### Meeting Summary:

#### 1. Introduction (9:05 AM)

- Arthur Sterling: Welcome and review of agenda
- Evelyn Reed: Presentation on escalating risk in Meridian Opportunities Fund

#### 2. Risk Assessment Update (9:10 AM)

- Evelyn Reed: Provided an in-depth analysis of Meridian Fund's risk profile
- Technical Specifications:
  - Utilized the Enterprise Risk Matrix (ERM) to assess risk
  - Applied a score of 56 (High Risk: Significant Exposure) to the fund
  - Identified key factors contributing to the elevated risk score:
    1. Unconventional investment strategies
    2. Inadequate risk management practices
    3. Inflated valuation methodologies
    4. Insufficient internal controls
  - James Blackwood: Noted that the risk assessment score aligns with the findings of the recent audit report

#### 3. Investment Strategy Review (9:25 AM)

- Marcus Thorne: Presented the Investment Department's strategy for Meridian Fund
- Technical Specifications:
  - Employed a mark-to-model valuation approach
  - Utilized synthetic collateralization to enhance returns
  - Implemented layering schemes to obscure fund flows

- Evelyn Reed: Expressed concerns regarding the strategy's alignment with regulatory requirements and internal risk management guidelines

#### 4. **Internal Power Dynamics** (9:40 AM)

- Victoria Ashford: Addressed the internal power struggle between Evelyn Reed's risk management team and Marcus Thorne's investment department
- Technical Specifications:
  - Identified key stakeholders and their interests:
    1. Evelyn Reed (Head of Risk Management)
    2. Marcus Thorne (Head of Investments)
    3. Arthur Sterling (CEO)
  - Noted the lack of transparency and communication between departments
  - Arthur Sterling: Acknowledged the need for improved internal communication and cooperation

#### 5. **Action Items and Next Steps** (10:00 AM)

- Arthur Sterling: Assigned Evelyn Reed to work with Marcus Thorne to develop a revised investment strategy
- Evelyn Reed: Requested additional resources and support to enhance risk management capabilities
- Victoria Ashford: Scheduled a follow-up meeting to review progress and address ongoing concerns

### **RESOLUTIONS:**

1. The Executive Committee acknowledged the escalating risk in Meridian Opportunities Fund and recognized the need for improved internal communication and cooperation.
2. The Committee assigned Evelyn Reed to work with Marcus Thorne to develop a revised investment strategy that aligns with regulatory requirements and internal risk management guidelines.
3. The Committee requested Evelyn Reed to provide a comprehensive risk assessment report within the next 30 days.

### **NEXT STEPS:**

1. Evelyn Reed to work with Marcus Thorne to develop a revised investment strategy
2. Evelyn Reed to provide a comprehensive risk assessment report within the next 30 days

3. Victoria Ashford to schedule a follow-up meeting to review progress and address ongoing concerns

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