

EXECUTIVE COMMITTEE MEETING MINUTES

Meeting Date: August 15, 2022

Meeting Time: 9:00 AM

Meeting Location: Veridian Bank, Chicago, IL

Attendees:

1. **Victoria Ashford**, Chair, Veridian Board of Directors
2. **Arthur Sterling**, CEO, Veridian Bank
3. **Marcus Thorne**, CIO, Veridian Investment Division
4. **Evelyn Reed**, Head of Risk Management, Veridian Bank
5. **Sarah Chen**, Compliance Officer, Veridian Bank
6. **David Miller**, Head of Human Resources, Veridian Bank
7. **James Blackwood**, Regulator, Federal Banking Commission (FBC)
8. **Nina Patel**, Director, Technology and Innovation, Veridian Bank

Summary:

This meeting was convened to address the escalating crisis within Veridian Bank, focusing on the internal power struggle between the CEO and the Head of Risk Management, as well as the major fraud developments and their implications. The meeting aimed to provide a comprehensive understanding of the situation, identify the root causes, and develop strategic solutions to mitigate the crisis.

Discussion:

The meeting began with a presentation by Evelyn Reed, highlighting the growing concerns within Risk Management regarding the Investment Division's activities, particularly the Meridian Opportunities Fund. Reed emphasized the need for increased scrutiny and oversight, citing a growing risk assessment score of 58. Marcus Thorne, CIO of the Investment Division, responded with a defensive tone, downplaying the concerns and emphasizing the fund's performance.

Key Issues and Challenges:

1. **Internal Power Struggle:** The meeting revealed a deepening rift between the CEO and the Head of Risk Management, with the CEO prioritizing the bank's reputation over the Head of Risk Management's warnings.

2. **Major Fraud Developments:** The Meridian Opportunities Fund was identified as a key area of concern, with evidence of potential investment fraud, including phantom assets and inflated valuations.
3. **Regulatory Compliance:** The bank's compliance with regulatory requirements was questioned, with the FBC regulator expressing concerns about the bank's failure to report suspicious transactions and inadequate KYC procedures.

Strategic Solutions and Findings:

1. **Establish an Independent Review Committee:** The committee recommended the formation of an independent review committee to investigate the Meridian Opportunities Fund and provide a comprehensive assessment of the bank's risk management practices.
2. **Enhance Oversight and Scrutiny:** The committee emphasized the need for increased oversight and scrutiny of the Investment Division, including regular audits and reviews of the Meridian Opportunities Fund.
3. **Regulatory Compliance:** The committee acknowledged the need for improved regulatory compliance, including enhanced reporting procedures and more effective risk management systems.

Next Steps:

The committee agreed to:

1. **Establish a Task Force:** A task force was established to investigate the Meridian Opportunities Fund and provide a comprehensive report to the board.
2. **Enhance Risk Management Practices:** The bank committed to enhancing its risk management practices, including regular audits and reviews of the Investment Division.
3. **Improve Regulatory Compliance:** The bank acknowledged the need for improved regulatory compliance and committed to implementing enhanced reporting procedures and more effective risk management systems.

Confidentiality Level: This meeting was classified as **Highly Restricted**, with all attendees required to maintain confidentiality.

Risk Assessment Score: The risk assessment score for the Meridian Opportunities Fund was reported as 58, indicating a moderate to high level of risk.

Attachments:

- **Exhibit A:** Presentation by Evelyn Reed, Head of Risk Management

- **Exhibit B:** Response by Marcus Thorne, CIO of the Investment Division
- **Exhibit C:** Notes from the FBC regulator, James Blackwood

Action Items:

1. **Task Force:** Establish a task force to investigate the Meridian Opportunities Fund.
2. **Risk Management Practices:** Enhance risk management practices within the bank.
3. **Regulatory Compliance:** Improve regulatory compliance, including enhanced reporting procedures and more effective risk management systems.

Next Meeting: The next executive committee meeting will be scheduled for September 1, 2022, to review the findings of the task force and discuss further action.

Adjournment: The meeting was adjourned at 11:00 AM.

Signature:

Victoria Ashford, Chair, Veridian Board of Directors

Verification: This document has been verified as accurate and true to the best of our knowledge and belief.

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