

EXECUTIVE COMMITTEE MEETING MINUTES

Confidential Document

Department: Legal

Date: March 15, 2022

Meeting ID: EC-2022-03-15

Confidentiality Level: Confidential

Summary:

The Executive Committee convened in emergency session to address the escalating Investment Fraud crisis within Veridian Bank. This meeting recapitulates critical discussions, strategic decisions, and responses by the committee regarding internal power dynamics, major fraud developments, and their implications. The meeting focused on the Meridian Opportunities Fund, where suspicious transactions and phantom assets have compromised investor confidence and regulatory scrutiny.

I. Introduction and Context (5 minutes)

The meeting was called by CEO Arthur Sterling, chairing the Executive Committee. He stated that the purpose of the meeting was to address the growing concerns surrounding the Meridian Opportunities Fund, managed by Marcus Thorne's Investment Division. The committee consisted of Sterling, Victoria Ashford (Board Chair), James Blackwood (former regulator), and Nina Patel (tech entrepreneur).

II. Review of Risk Assessment Score (10 minutes)

Risk Management, led by Evelyn Reed, presented the current risk assessment score (RAS) for the Meridian Fund, which stood at 55. This score indicated a moderate risk level, but Reed emphasized that the actual risk was significantly higher due to the complex nature of the fund's transactions. The committee noted that this score was not adequately reflected in the Investment Division's reports and that further investigation was necessary.

III. Discussion of Investment Fraud Developments (20 minutes)

Thorne presented an update on the Meridian Fund, highlighting its performance and growth. However, the committee raised concerns about the fund's structure, citing evidence of phantom assets and suspicious transactions. The discussion turned to the potential consequences of these actions, including regulatory scrutiny, investor losses, and reputational damage.

IV. Internal Power Dynamics and Communication Breakdowns (15 minutes)

The committee questioned the communication breakdowns between the Investment Division, Risk Management, and the Board. It became apparent that Thorne and Sterling had been aware of the issues but had downplayed them or failed to address them effectively. The committee acknowledged that this lack of transparency and communication had contributed to the crisis.

V. Strategic Decisions and Next Steps (15 minutes)

The committee decided to:

1. Conduct a comprehensive review of the Meridian Fund's transactions and assets.
2. Implement enhanced risk management controls and monitoring.
3. Communicate more effectively with the Board and investors regarding the fund's performance and risks.
4. Develop a plan to mitigate the potential consequences of the Investment Fraud crisis.

VI. Conclusion and Action Items (5 minutes)

The meeting concluded with a clear understanding of the gravity of the situation and the need for immediate action. The committee agreed to reconvene within the next 48 hours to review the progress on these initiatives and provide further guidance. Action items included:

1. Evelyn Reed to lead the comprehensive review of the Meridian Fund.
2. Marcus Thorne to provide detailed information on the fund's transactions and assets.
3. Arthur Sterling to communicate with the Board and investors regarding the situation.
4. The Executive Committee to reconvene within 48 hours to review progress and provide further guidance.

Attachments:

- Risk Management's RAS report for the Meridian Fund (Confidential)
- Investment Division's update on the Meridian Fund's performance (Confidential)
- Email exchange between Thorne and Sterling regarding the fund's issues (Confidential)

Next Steps:

The Executive Committee will reconvene on March 17, 2022, to review the progress on these initiatives and provide further guidance. In the meantime, all parties involved will work to address the issues and mitigate the potential consequences of the Investment Fraud crisis.

Approved by:

Arthur Sterling, CEO and Chair, Executive Committee
Victoria Ashford, Board Chair
James Blackwood, Former Regulator
Nina Patel, Tech Entrepreneur

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Risk Assessment Score:

55 (Moderate Risk Level)

Fraud Exposure Index (FEI):

Estimated total fraud: \$847 million
Discovered fraud: \$50 million

Employee Attrition Rate (EAR):

8% (annual rate)
34% (current rate, during crisis)

Liquidity Stress Ratio (LSR):

Current ratio: 1.25
Threshold ratio: 1.0

Regulatory Capital Adequacy Score (RCAS):

Current score: 80
Threshold score: 90

Financial Impact USD:

Estimated losses: \$2.3 billion
Estimated settlements: \$200 million