

## **Confidential**

### **Investigation Update: Meridian Opportunities Fund**

**Date:** November 17, 2022

**To:** Arthur Sterling (CEO), Marcus Thorne (Investment Division), Evelyn Reed (Risk Management), Victoria Ashford (Board Chair)

**From:** Sarah Chen (Compliance Officer, Finance Department)

**Subject:** Urgent Review of Investment Valuations and Potential Exposure

As part of our ongoing investigation into the Meridian Opportunities Fund, our team has identified a series of discrepancies in the fund's valuation methodology. These discrepancies raise concerns about potential exposure to investment fraud and necessitate immediate review.

#### **Key Findings:**

- 1. Inconsistent Valuation Methods:** Our review reveals that the Investment Division has employed multiple valuation methods for the Meridian Fund, including mark-to-model and mark-to-market. These methods have resulted in inconsistent valuations, making it difficult to determine the fund's true value.
- 2. Lack of Transparency:** The Investment Division has failed to provide adequate documentation for the valuation methodology used, making it challenging for Compliance to verify the accuracy of the fund's valuations.
- 3. Potential for Phantom Assets:** Our analysis suggests that the Meridian Fund may contain phantom assets, which are assets that are not actually held by the fund but are being represented as such.

#### **Recommendations:**

- 1. Immediate Review:** I recommend that the CEO, Investment Division, and Risk Management conduct an immediate review of the Meridian Fund's valuation methodology and assets to determine the extent of the discrepancies.
- 2. Documentation Review:** Compliance will conduct a thorough review of the documentation provided by the Investment Division to ensure that it is accurate and transparent.
- 3. Phantom Asset Investigation:** We will conduct a thorough investigation into the potential existence of phantom assets within the Meridian Fund.

**Next Steps:**

1. **Emergency Board Meeting:** I recommend that the Board of Directors convene an emergency meeting to discuss the findings and recommendations outlined in this memo.
2. **Investigation Team:** I will assemble a team of experts from Compliance, Risk Management, and Internal Audit to investigate the discrepancies and potential exposure.
3. **Regulatory Notification:** If the investigation confirms that the Meridian Fund contains phantom assets or that the valuation methodology is flawed, I will notify the Federal Banking Commission and other regulatory bodies as required.

**Confidentiality:** This memo contains confidential information and is intended for the eyes of the addressees only. Please ensure that it is handled accordingly.

**Action Required:** All addressees are required to acknowledge receipt of this memo and confirm that they have taken the necessary steps to address the concerns outlined above.

**Acknowledgement:** Please respond to this email with a confirmation of receipt and a statement indicating that you have taken the necessary steps to address the concerns outlined above.

**Sincerely,**

Sarah Chen  
Compliance Officer, Finance Department