

CONFIDENTIAL

URGENT INTERNAL MEMO

RISK MANAGEMENT

Finance Department

Veridian Bank

TO: Executive Office, Board of Directors, Key Stakeholders

FROM: Evelyn Reed, Head of Risk Management

SUBJECT: Unprecedented Market Manipulation in Meridian Opportunities Fund

DATE: November 15, 2022

ISSUE CATEGORY: Internal Power Struggle, Financial Misconduct

CONFIDENTIALITY LEVEL: Confidential

As we continue to investigate the Meridian Opportunities Fund, our team has uncovered disturbing evidence of market manipulation by key Investment Department personnel. This memo provides an update on the situation and outlines our immediate course of action.

KEY FINDINGS:

1. **Market data analysis** reveals an unusual pattern of trades in the Meridian Fund, specifically targeting Cascade Technology Portfolio holdings. These trades exhibit characteristics of layering schemes, designed to conceal the true value of the assets.
2. **Interviews with junior analysts** have surfaced concerns about pressure from senior Investment Department staff to prioritize profits over risk management. These analysts have reported feeling uneasy about the Fund's valuation methodology and the lack of transparency in trading activities.
3. **Internal audit trails** point to unauthorized access to the Fund's system by a select group of Investment Department personnel. This unauthorized access has enabled them to manipulate market data and conceal suspicious transactions.

IMPLICATIONS AND ACTION ITEMS:

1. **Risk score update:** I am increasing the risk score for the Meridian Opportunities Fund to 92 (High Risk), reflecting the severity of this internal power struggle and financial misconduct.

2. **Immediate action:** I am requesting an emergency meeting with the Executive Office and Board of Directors to discuss this situation and potential consequences. I will provide a detailed briefing on our findings and recommend immediate corrective actions.
3. **Compliance alert:** I am issuing a compliance alert to the entire bank, emphasizing the importance of adhering to our risk management policies and procedures. I will also conduct a review of our compliance procedures to ensure they are adequate and effective.
4. **Internal audit investigation:** I am expanding our internal audit investigation to include the Investment Department and key personnel involved in the Meridian Opportunities Fund. This will help us identify any potential accomplices and uncover the full extent of this internal power struggle.

NEXT STEPS:

1. **Update the Board of Directors:** I will provide a comprehensive briefing on this situation to the Board of Directors at the next scheduled meeting.
2. **Collaborate with the Legal Department:** I will work closely with the Legal Department to ensure we have a clear understanding of our legal obligations and potential liabilities.
3. **Implement corrective actions:** I will develop and implement a plan to address the root causes of this internal power struggle, including improving risk management processes and addressing any compliance issues.

REQUEST FOR SUPPORT:

I request the support of the Executive Office and Board of Directors in addressing this critical situation. Your prompt attention to this matter is essential in preventing further financial damage and maintaining the integrity of our institution.

CONFIDENTIALITY REMINDER:

This memo is confidential and should not be shared outside of authorized personnel. I will ensure that all relevant parties are aware of the need for confidentiality and the potential consequences of breaching it.

CONTACT INFORMATION:

If you have any questions or concerns, please do not hesitate to reach out to me directly.

Evelyn Reed

Head of Risk Management

Finance Department

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