

MEMORANDUM

TO: Risk Management Team, Veridian Bank

FROM: Veridian Legal Department

DATE: March 15, 2022

SUBJECT: Urgent: Unresolved Transactions in Meridian Opportunities Fund (MOF)

CLASSIFICATION: Internal Only

ISSUE CATEGORY: Investment Fraud

CONCERN LEVEL: High

We have identified a series of unresolved transactions in the Meridian Opportunities Fund (MOF) that necessitate immediate investigation. These transactions, totaling \$23 million, appear to be linked to the suspicious Cascade Technology Portfolio (CTP) and Shadow Creek Investment Vehicle (SCIV). Our preliminary analysis suggests a possible connection between these transactions and the Meridian Fund's valuation methodology.

KEY TRANSACTIONS:

1. **CTP-SCIV Swap:** On February 10, 2022, a \$5 million transaction was recorded, transferring funds from CTP to SCIV. However, our review of the MOF's accounting records reveals that no corresponding entry exists in the SCIV's ledgers.
2. **Shadow Creek Dividend Payment:** On February 25, 2022, a \$10 million dividend payment was made to an unknown entity, claiming to represent SCIV. Our investigation has yet to verify the legitimacy of this transaction.
3. **Meridian Fund Revaluation:** On March 1, 2022, a revaluation of the MOF's assets resulted in an unprecedented \$8 million increase in valuation. We have not been able to replicate this revaluation using standard methodologies.

POTENTIAL ISSUES:

1. **Insider Trading:** These transactions may indicate insider trading or unauthorized trading activities by Veridian Bank personnel.
2. **Valuation Manipulation:** The MOF's valuation methodology appears to be compromised, potentially allowing for the concealment of significant losses or unauthorized gains.

3. Lack of Transparency: The absence of corresponding entries in the SCIV's ledgers and the failure to disclose the identity of the dividend recipient raise concerns about the bank's transparency and accountability.

RECOMMENDATIONS:

- 1. Immediate Investigation:** We recommend an immediate investigation into these transactions, focusing on the CTP-SCIV swap, Shadow Creek dividend payment, and Meridian Fund revaluation.
- 2. Risk Management Review:** The Risk Management team should conduct a comprehensive review of the MOF's valuation methodology and ensure that it aligns with industry standards and regulatory requirements.
- 3. Internal Audit:** We request that Internal Audit conduct a thorough examination of the bank's accounting practices and identify any possible weaknesses or irregularities.

ACTION REQUIRED:

The Risk Management team should:

- Conduct a detailed analysis of the transactions and provide a preliminary report to the Legal Department by March 18, 2022.
- Collaborate with Internal Audit to review the bank's accounting practices and identify areas for improvement.

The Legal Department will:

- Provide guidance on regulatory requirements and industry standards for valuation methodologies.
- Assist the Risk Management team in reviewing the MOF's valuation methodology.

CONTACTS:

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CLASSIFICATION NOTE:

This memo is classified Internal Only due to the sensitive nature of the information discussed. Distribution is restricted to authorized personnel only.

VERIFICATION:

This memo has been reviewed and verified by the Veridian Legal Department.

Please acknowledge receipt of this memo and confirm your understanding of the urgent actions required.

ACKNOWLEDGMENT:

Please reply to this memo with your acknowledgment and any questions or concerns you may have.

TIME-SENSITIVE UPDATE:

This memo is time-sensitive and requires immediate attention. Please respond promptly to ensure that we can address these critical issues effectively.