

## EXECUTIVE COMMITTEE MEETING MINUTES

### Meeting Details:

- Date: August 15, 2022
- Time: 9:00 a.m.
- Location: Veridian Bank, Executive Conference Room
- Department: Executive Office
- Confidentiality Level: Public Disclosure (Draft)
- Author: Evelyn Reed, Head of Risk Management

### Summary:

The Executive Committee convened on August 15, 2022, to discuss the escalating crisis at Veridian Bank. The meeting focused on internal power dynamics, major fraud developments, and their implications. The committee acknowledged the severity of the situation, with multiple risk assessment scores exceeding 65, indicating a significant threat to the bank's stability. Key discussions centered on regulatory non-compliance, corporate espionage, and investment fraud.

### Meeting Overview:

The meeting began with an update from Evelyn Reed, Head of Risk Management, who presented a comprehensive risk assessment report. The report highlighted the bank's vulnerability to regulatory non-compliance, with a risk assessment score of 67. This was followed by a presentation from Sarah Chen, Compliance Officer, who highlighted the bank's failure to report suspicious transactions to the Federal Banking Commission (FBC).

### Discussion Points:

1. **Regulatory Non-Compliance:** The committee acknowledged the bank's failure to comply with regulatory requirements, including the Bank Secrecy Act (BSA) and the Volcker Rule. The FBC had issued multiple warnings, but the bank had failed to take adequate action.
2. **Corporate Espionage:** The committee discussed the recent data breach incidents, which had compromised client information and internal communications. Sentinel Cybersecurity had been engaged to investigate the incidents, but the full extent of the damage was still unknown.
3. **Investment Fraud:** The committee reviewed the latest audit findings, which revealed a massive investment fraud scheme involving the Meridian Opportunities Fund. The fund's assets had been misvalued, and the scheme had resulted in significant losses for institutional clients.

**4. Internal Power Dynamics:** The committee discussed the power struggle between Marcus Thorne, CEO, and Evelyn Reed, Head of Risk Management. Reed had been warning about the bank's vulnerabilities, but her concerns had been dismissed by Thorne and Arthur Sterling, the bank's chairman.

#### **Key Decisions:**

- 1. Appointment of Independent Investigator:** The committee appointed an independent investigator to review the bank's internal controls and identify areas for improvement.
- 2. Enhanced Compliance Measures:** The committee agreed to implement enhanced compliance measures, including the establishment of a new Compliance Committee and the appointment of additional compliance officers.
- 3. Investment Fund Restructuring:** The committee decided to restructure the Meridian Opportunities Fund to prevent further losses and ensure the fund's stability.

#### **Action Items:**

- 1. Evelyn Reed:** Develop a comprehensive risk management plan to address the bank's vulnerabilities.
- 2. Sarah Chen:** Implement enhanced compliance measures, including the establishment of a new Compliance Committee.
- 3. Arthur Sterling:** Review the bank's internal controls and identify areas for improvement.
- 4. Independent Investigator:** Conduct a thorough investigation into the bank's internal controls and submit a report to the committee.

#### **Next Steps:**

The Executive Committee will reconvene on September 1, 2022, to review the progress made on the action items and discuss further developments in the crisis.

#### **Risk Assessment Scores:**

- Regulatory Non-Compliance: 67
- Corporate Espionage: 70
- Investment Fraud: 85

#### **Financial Impact:**

- Estimated losses: \$847 million
- Total assets: \$45 billion

**Recommendations:**

The committee recommends that the bank take immediate action to address the crisis, including the implementation of enhanced compliance measures and the restructuring of the Meridian Opportunities Fund.