

## EXECUTIVE COMMITTEE MEETING MINUTES

**Date:** August 15, 2022

**Time:** 9:00 AM CST

**Location:** Veridian Bank, Chicago Headquarters, 5th Floor Boardroom

### Attendees:

- Victoria Ashford, Chair, Board of Directors
- Arthur Sterling, CEO
- Marcus Thorne, Head of Investment Division
- Evelyn Reed, Head of Risk Management
- James Blackwood, Director, Regulatory Affairs
- Nina Patel, Director, Technology and Innovation

### Summary:

This meeting marks a critical turning point in Veridian Bank's escalating crisis. The executive committee convened to address the growing concerns surrounding the Meridian Opportunities Fund, managed by Marcus Thorne's Investment Division. Head of Risk Management, Evelyn Reed, presented compelling evidence of investment fraud, citing a Risk Assessment Score of 42, indicating a moderate to high level of risk. The committee engaged in a heated discussion, with CEO Arthur Sterling and Thorne defending their actions, while Reed and Director James Blackwood pressed for accountability. The meeting concluded with a series of resolutions aimed at containing the crisis and protecting the bank's interests.

### Detailed Minutes:

#### I. Introduction and Context

Victoria Ashford, Chair of the Board, opened the meeting by acknowledging the gravity of the situation and the need for decisive action. Arthur Sterling, CEO, provided a brief overview of the Meridian Opportunities Fund, highlighting its significant growth and potential.

#### II. Presentation by Evelyn Reed, Head of Risk Management

Evelyn Reed presented a comprehensive analysis of the Meridian Opportunities Fund, citing several red flags, including:

- Risk Assessment Score: 42, indicating a moderate to high level of risk
- Unusual transaction patterns, including frequent and large cash withdrawals

- Inadequate documentation and lack of transparency in investment decisions
- Failure to comply with regulatory requirements, including the Volcker Rule

Reed emphasized the significance of these findings, stating, "The data suggests a high probability of investment fraud, with potential losses in the hundreds of millions of dollars."

### **III. Discussion and Debate**

CEO Arthur Sterling and Marcus Thorne defended their actions, downplaying the significance of the findings and emphasizing the fund's growth and potential. Thorne stated, "We've been transparent about our investment strategy, and the returns speak for themselves." Sterling added, "We're not aware of any wrongdoing, and we're confident in our management team."

However, Director James Blackwood and Evelyn Reed pushed back, citing regulatory non-compliance and a lack of transparency. Blackwood stated, "We have a responsibility to our shareholders and regulators to ensure that our investments are sound and compliant with regulatory requirements." Reed added, "The data clearly indicates a high level of risk, and we must take decisive action to contain this crisis."

### **IV. Resolutions and Decisions**

The executive committee debated and voted on several resolutions, including:

- Appointment of an independent special investigator to review the Meridian Opportunities Fund
- Implementation of enhanced risk management controls and procedures
- Notification of regulatory authorities, including the Federal Banking Commission (FBC) and the Securities and Exchange Commission (SEC)
- Establishment of a task force to oversee the investigation and provide regular updates to the board

### **V. Conclusion**

The meeting concluded with a sense of urgency and a commitment to addressing the crisis. Victoria Ashford emphasized the importance of transparency and accountability, stating, "We must take decisive action to protect the bank's interests and restore confidence in our leadership." Arthur Sterling and Marcus Thorne were instructed to cooperate fully with the investigation and to implement the agreed-upon resolutions. Evelyn Reed was tasked with leading the risk management efforts and ensuring that the bank's controls and procedures are adequate to mitigate future risks.

#### **Action Items:**

- Evelyn Reed to provide regular updates on the investigation and risk management efforts

- Arthur Sterling and Marcus Thorne to cooperate fully with the investigation and implement the agreed-upon resolutions
- James Blackwood to notify regulatory authorities and provide regular updates on the regulatory response
- Nina Patel to oversee the task force and provide regular updates to the board

**Confidentiality Level:** Legal Privilege

**Author:** Evelyn Reed, Head of Risk Management

**Risk Assessment Score:** 42

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