

May 2, 2014

VIA COURIER AND ELECTRONIC MAIL

OAo Armada
Attn.: Mr. Andriy Voznyak
15, 5th Donskoy Proezd, Building 6
117344 Moscow
Russian Federation

Re: Sanctions Case No. 173 – Letter of Reprimand

Dear Mr. Voznyak,

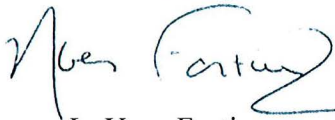
In its Decision No. 65 (the “Decision”), the Sanctions Board found that the record supported a conclusion that OAO Armada could be held responsible for a fraudulent practice committed by one of its subsidiaries (the “Respondent”), and that a sanction should therefore be imposed on OAO Armada in accordance with Section 9.04(a) of the World Bank Sanctions Procedures as adopted January 1, 2011, and amended July 8, 2011 (the “Sanctions Procedures”).

The present letter shall serve as a reprimand for OAO Armada’s failure to supervise the Respondent. That failure contributed to a substantial risk of conflict of interest that should have prompted additional control mechanisms on the part of OAO Armada. In its determination of this sanction, the Sanctions Board took into account all applicable sanctioning factors, as stated in the Decision in Paragraphs 68 to 82.

The Sanctions Board herewith reaffirms the responsibility of controlling entities to take all appropriate measures to prevent and remediate any forms of misconduct within their corporate groups. This applies in particular to situations in which, as in the present instance, it is the conduct of the controlling entity that creates or increases the risk of a conflict of interest for its subsidiaries.

Pursuant to the Decision, this letter shall be posted on the World Bank’s website as of today for a minimum period of six months, following which the letter may be removed only if OAO Armada has, in accordance with Section 9.03 of the Sanctions Procedures, adopted and implemented adequate policies to prevent and address conflicts of interest.

Sincerely,



L. Yves Fortier

Chair

World Bank Group Sanctions Board

Cc (via electronic mail):

Mr. Leonard F. McCarthy, Integrity Vice President, World Bank Group
Mr. Jacob S. Frenkel, Shulman Gandal Pordy & Ecker, PA (Counsel for the Respondent
and OAO Armada)