

Dear Mr. Stype,

The purpose of this letter is to inform you and the CFA Institute Research Challenge Program Team about the situation that happened recently at the Russia Local Final and to complain on the Actions taken by the Host Officials.

The CFA Russia Association held the Local Final this Tuesday, March 10, 2015. There were four Teams representing leading Russian Universities – Lomonosov Moscow State University, New Economic School, Higher School of Economics and Finance University. However only one of them should have been declared as a winner. This honor was given to our Team, representing Moscow State University.

However, 20 hours later our Team has received the letter from CFA Russia Association CEO, Vladimir Tutkevich, stating that after recalculation of the Local Final results our Team is no longer the winner of the Local Final. The main reason for that, mentioned by Mr. Tutkevich, was that the Jury had actually forgotten to combine Team scores from presentation with the scores received from the submitted report. By doing so, the Jury has found out, that the new winning Team is representing the Higher School of Economics.

We want to draw your attention to the fact that our Team is losing its “winner” status just because of some technical error done by the organizing staff. From the moment we (i.e. the Team and the University) were publicly (i.e. in front of the Jury, other competing Teams and the audience) named as the Winners we had a legitimate right to declare ourselves with such status and to use it any type of communication with any individuals, institutions or media. Although we did no fraudulent activities, “fairly played” during the Competition, we are now have our status migrating from Winners to Losers. We are now suffering much to our reputation, as no public notice regarding the recalculation of Local Final results as well as public excuses have not been done by CFA Association Russia yet. The excuses we have received from Mr. Tutkevich in a private e-mail are surely not enough.

The changing of our status is happening in the situation, when the two best Teams have an insignificant difference in the mean score, and the fact that the Jury had to spend 20 hours to find out that the mistake does exist – this altogether is raising a question about the reasons for such discrepancies.

We also want to address your attention to the fact that the scores (which are now seem to be the main evidence from CFA Russia) e-mailed to us recently, are dramatically different from we have seen on Tuesday. The Teams’ rating, declared at the Local Final, was (top to bottom) – Lomonosov MSU, Higher School of Economics, Finance University, New Economic School. What we now see in Mr. Tutkevich letter is that not only MSU and HSE have exchanged their ratings, but Finance University and NES also did. Which expands the question about the results’ discrepancies of all competing Teams.

We also need to inform you about some violations of CFA IRC Rules and CFA Code of Ethics and Professional Conduct which, in our opinion, had taken place during the Local Final:

1. Paragraph 2.6. b. of the Rules clearly prohibits Teams from giving ANY printed materials to the Judges before or after the Presentation. However, the Team representing the Higher School of Economics has provided the Jury with some printed materials right before they started their Presentation. Such violation of Rules might have provided the above named Team with an unfair advantage.

2. The CFA Russia Association have changed the “10+10” format of the Competition by not limiting the time frame during which the Jury may ask questions to the defending Team. Such change violates paragraphs 2.6. e-f and might have provided some Teams with an unfair advantage against the others.

3. We also suspect that the violation of paragraph 7.2. of the Rules (“Conflicts of Interest”) as well as violation of Standards VI.A (“Conflicts of interest – disclosure of conflict”) and Standard I.B (“Professionalism – Independence and Objectivity”) might have taken place during the Local Final. In our opinion, the Teams were not protected from the biased judgments about their Presentation, as 2 out of 7 Judges are employed (and therefore represent) the Subject Company. In other words, those Judges might have been biased towards “sell” recommendations or judgments that display the Subject Company in a negative way.

Our Team wants to assure you that we would have agreed with our Team’s negative result in the Contest, unless the situation developed this way. We now have reasonable doubts that the process of Result calculation was transparent and fair and that no violation of Ethics took place.

Summing everything up, we now expect that the Directorate of the CFA Investment Challenge together with the CFA Russia Association will take the following steps to address the situation:

A. Taking into account the reputational damage received by each member of Our Team, our Supervisors and the Lomonosov Moscow State University, we expect the administration of the CFA Russia Association to make public excuses to us with regard to the Local Final results

B. We expect that CFA Russia will take all reasonable efforts to hold an internal investigation regarding the reasons of wrong results calculation and to make a public statement regarding the steps which would be undertaken in order not to repeat such mistakes in the future.

C. Regarding the results of the Russia Local Final, we now see only two possible outcomes, which in our opinion, are equally ethical and fair to the competing Teams –

a. CFA Institute at its own discretion makes an exclusive decision to recognize both Teams representing Lomonosov Moscow State University and Higher School of Economics as the Local Final winners from Russia and to acknowledge the right of both Teams to participate in the European regional Final.

b. CFA Institute recognizes the Russia Local Final as invalid, with no winning Team at all, which therefore leads to no Team representing Russia at the European Regional Final this year.

CFA Institute has always been promoting ethical behavior and professionalism among its members. The level of the responsibility shown by CFA Russia Association is under no circumstances can be regarded as appropriate in respect to official CFA Institute event.

We attach to this e-mail the letter sent by Mr. Tutkevich earlier about the changing of MSU Team status. We also attach to our e-mail the official complaint made on behalf of the Lomonosov Moscow State University. We have added all involved parties in this correspondence, please reply to all the e-mails in the heading of the letter.

Sincerely,

Lomonosov Moscow State University Team:
Edgar Kazarov,
Erdni Khartskhaev,

Egor Karpunin,
Natalia Pridacha,
Evgeniy Annenkov,
Serge Studnikov (Teams Faculty advisor)