

Criminal Case No: ESHD/0008/01/12

When the case was received	24-02-2012
Criminal case number	ESH/0008/01/12
How the case was received	First time
Where from the case was received	
Prosecutor	General Prosecutor's Office
Preliminary investigation case number	83102411
Brief contents of indictment	<p>An indictment is brought against Nareg Karapet Hartunyan, on the following matter:</p> <p>Being the son of Garabed Hartunyan, the founder and owner of the company "GH Storage Enterprises" Ltd, within the period from August 2009 to September 11, 2010, he factually managed activities of the company "GH Storage Enterprises" Ltd registered at the Shengavit Tax Inspection of the State Revenues Committee at the Government of the Republic of Armenia (hereinafter: the SRC) and, during the same period, organized evasion from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering, by Artur Aram Galstyan, the chief accountant of the company, evidently distorted data into calculations and reports providing the basis for the taxation of the company.</p> <p>Then, since September 11, 2010 in his capacity of the director of the company, Nareg Hartunyan with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, maliciously evaded from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports providing the basis for the taxation of the company.</p> <p>Particularly, since August 2009 the company "GH Storage Enterprises" Ltd imported from the "Grigorovich" food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.</p> <p>Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and</p>

mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Nareg Hartunyan transformed the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate.

Brief contents of indictment

An indictment is brought against Artur Aram Galstyan, on the following matter:

In his capacity of the chief accountant and then the accountant of the company "GH Storage Enterprises" Ltd since August 2009, with the intention of maliciously evading from the payment of company taxes, under direct instructions of Nareg Garabed Hartunyan, who was the factual manager and then the director of the company in that period, Artur Galstyan entered evidently distorted data into calculations and reports providing the basis for the taxation of the company, as submitted to the SRC Shengavit Tax Inspection, thus evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams.

Moreover, in his capacity of the accountant of the company, Artur Galstyan together with Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant

amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Artur Galstyan also assisted Nareg Hartunyan in legalizing proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars.

Particularly, since August 2009 the company "GH Storage Enterprises" Ltd imported from the "Grigorovich" food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams

	<p>equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant and the acting cashier of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Artur Galstyan assisted Nareg Hartunyan in transforming the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate.</p>
<p>Brief contents of indictment</p>	<p>An indictment is brought against Ani Serzhik Mnatzakanyan, on the following matter:</p> <p>In her capacity of the office manager and, since January 11, 2011, the administrative vice-director of the company “GH Storage Enterprises”, Ani Mnatzakanyan together with Artur Aram Galstyan, the chief accountant and then the accountant of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.</p> <p>Particularly, since September 11, 2010 in his capacity of the director of the company “GH Storage Enterprises” Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company’s cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.</p> <p>Ani Mnatzakanyan assisted Nareg Hartunyan in giving instructions to Artur Galstyan, the accountant of the company, aimed at maliciously evading from the payment of company taxes in especially significant amounts, as well as in collecting and handing over to the director the revenues from unaccounted turnover.</p>
<p>Accused person</p>	
<p>Name</p>	<p>Nareg</p>
<p>Surname</p>	<p>Hartunyan</p>
<p>Patronymic</p>	<p>Garabed</p>
<p>Address</p>	<p>16/1 Vardanantz Street, apartment 1, Yerevan</p>
<p>Gender</p>	<p>Male</p>
<p>Date of birth</p>	<p>16-07-1966</p>
<p>Other</p>	<p>US citizen</p>
<p>Article_1</p>	
<p>Article</p>	<p>38-205 Part 2</p>

Article_1	
Article	205 Part 2
Article_1	
Article	190 Part 2 Clause 1
Prior Convictions	No prior conviction
Counsel	
Name	
Surname	
Address	
Accused person	
Name	Artur
Surname	Galstyan
Patronymic	Aram
Address	19 Lvovyan Street, apartment 87, Yerevan
Gender	Male
Date of birth	18-09-1978
Other	Armenian citizen
Article_1	
Article	205 Part 2
Article_1	
Article	38-205 Part 2
Article_1	
Article	38-190 Part 2 Clause 1
Prior Convictions:	No prior conviction
Counsel	
Name	
Surname	
Address	
Accused person	
Name	Ani
Surname	Mnatzakanyan
Patronymic	Serzhik
Address	1 Tigran Petrosyan Street, apartment 30, Yerevan
Gender	Female
Date of birth	25-08-1986
Other	Armenian citizen
Article_1	
Article	38-205 Part 2
Prior Convictions:	No prior conviction
Counsel	
Name	
Surname	
Address	
Statistical line number	7.20
Material evidence	
Submission to the court	24-02-2012
Title of material evidence	Inspection report No 1009210/1; 8 computers, calculations and reports, 11 orders on hiring company employees, establishing the amount of their wages and discharging them from employment
Factual place of keeping material evidence	Room for maintenance of material evidences
Restraint measure	Written undertaking not to leave
Restraint measure	Written undertaking not to leave
Restraint measure	Written undertaking not to leave

	Adult	Yes
	Adult	Yes
	Adult	Yes
	Date	28-02-2012
Judge		
	Court name	Shengavit
	Judge name:	
	When	23-03-2012
	Verdict was sent to the parties	23-03-2012
	Notification/ verdict was sent	23-03-2012
	Other notes:	
	Date	14-04-2012
	Parties to court trial	Accused person
	Parties to court trial	Counsel
Parties to court trial		
	Name	Nareg
	Surname	Hartunyan
	Patronymic	Garabed
	Address	16/1 Vardanantz Street, apartment 1, Yerevan
	Gender	Male
	Date of birth	16-07-1966
	Other	US citizen
Parties to court trial		
	Name	Artur
	Surname	Galstyan
	Patronymic	Aram
	Address	19 Lvovyan Street, apartment 87, Yerevan
	Gender	Male
	Date of birth	18-09-1978
Parties to court trial		
	Name	Ani
	Surname	Mnatzakanyan
	Patronymic	Serzhik
	Address	1 Tigran Petrosyan Street, apartment 30, Yerevan
	Gender	Female
	Date of birth	25-08-1986
Parties to court trial		
	Name	Hayk
	Surname	Alumyan
	Address	15/1 Gr. Lusavorchi, Yerevan
	Gender	Male
Parties to court trial		
	Name	Ani
	Surname	Torosyan
	Address	30 G. Nzhdehi, Yerevan
	Gender	Female
Parties to court trial		
	Name	Bagrat
	Surname	Petrosyan
	Address	Deputy Head , Department for Cases on Corruption and Organized Crime,

	General Prosecutor's Office
Gender	Male
Parties to court trial	
Name	Gevorg
Surname	Chakmishyan
Address	Member of the Armenian Bar Association
Gender	Male
Other	License No .852
Date	23-04-2012, 03-05-2012, 11-05-2012, 22-05-2012
Time	14:00
Session room number	2
Other notes:	
Session	Completed
Reason	
Date	06-06-2012
Time	10:00
Session room number	2
Other notes:	
Session	Cancelled
Reason	Health issues of judge
Date	17-07-2012, 30-07-2012, 24-08-2012, 10-09-2012,22-10-2012,-05-11-2012
Time	10:00
Session room number	2
Other notes:	
Session	Completed
Date	26-11-2012
Time	11:00
Session room number	2
Other notes:	
Session	Cancelled
Reason	Health issues of judge
Date	30-11-2012, 14-12-2012,24-12-2012, 10-01-2013, 06-20-2013, 14-02-2013
Time	11:00
Session room number	2
Other notes:	
Session	Completed
Reason	
Date	01-03-2013
Time	10:00
Session room number	2
Other notes:	Postponed for indefinite period
Session	Completed
Reason	
Date	01-03-2013
Article of the Criminal Procedure Code	
Article	243-245, 248, 344 և 313
Accused person	
Name	Nareg
Surname	Hartunyan
Patronymic	Garabed

Address	16/1 Vardanantz Street, apartment 1, Yerevan
Date of birth	16-07-1966
Other	US citizen
Article_1	
Article	38-205 Part 2
Article_1	
Article	38-205 Part 2
Article_1	
Article	190 Part 2- Clause 1
Prior Convictions:	
Counsel	
Name	Hayk
Surname	Alumyan
Address	Member of the Armenian Bar Association
Accused person	
Name	Artur
Surname	Galstyan
Patronymic	Aram
Address	19 Lvovyan Street, apartment 87, Yerevan
Date of birth	18-09-1978
Article_1	
Article	38-205 Part 2
Article_1	
Article	38-205 Part 2
Article_1	
Article	190 Part 2 Clause 1
Prior Convictions:	
Counsel	
Name	Hayk
Surname	Alumyan
Address	Member of the Armenian Bar Association
Accused person	
Name	Ani
Surname	Mnatzakanyan
Patronymic	Serzhik
Address	1 Tigran Petrosyan Street, apartment 30, Yerevan
Date of birth	25-08-1986
Article_1	
Article	38-205 Part 2
Prior Convictions:	
Counsel	
Name	Ani
Surname	Torosyan
Address	Member of the Armenian Bar Association
Other notes:	
Date	
	13-08-2013, 10-09-2013, 23-09-2013, 21-10-2013, 06-11-2013, 26-11-2013, 12-12-2013
Time	
	17:30
Session room number	
	2
Other notes:	
Session Reason	
	Completed

Date	17-12-2013
Time	09:30
Session room number	2
Other notes:	
Session	Completed
Reason	
Date: 17-12-2013	
Accused person	
Name	Nareg
Surname	Hartunyan
Patronymic	Garabed
Address	16/1 Vardanantz Street, apartment 1, Yerevan
Gender	Male
Date of birth	16-07-1966
Accused person	
Name	Artur
Surname	Galstyan
Patronymic	Aram
Address	19 Lvovyan Street, apartment 87, Yerevan
Gender	Male
Date of birth	18-09-1978
Accused person	
Name	Ani
Surname	Mnatzakanyan
Patronymic	Serzhik
Address	1 Tigran Petrosyan Street, apartment 30, Yerevan
Gender	Female
Date of birth	25-08-1986
Article	
Article	205 Part 2
Article	
Article	38-205 Part 1
Article	
Article	38-205 Part 2
Article	
Article	205 Part 1
Article	
Article	38-205 Part 2
Contents of decision	<p>Case No ESHD-0008/01/12</p> <p style="text-align: center;">DECISION ON TERMINATION OF CRIMINAL PROSECUTION</p> <p>Common jurisdiction court of Shengavit Administrative District of Yerevan presided by A. Azaryan, the judge; participated by L. Hayrapetyan, the secretary; B. Petrosyan, the prosecutor; H. Alumyan and G. Chakmishyan, the counsels; N. Hartunyan, A. Galstyan and A. Mnatzakanyan, the accused persons; on December 17, 2013 held an open court hearing of the case to consider termination of criminal prosecution on charges pressed against Nareg Garabed Hartunyan (born on July 16, 1966 in Beirut, Armenian by nationality, US citizen,</p>

with higher education, married, in care of one person, the director of “GH Storage Enterprises” Ltd, with no prior conviction, residing at Noy District 152, Yerevan) for the crimes stipulated under Part 2 of Article 205 and Part 1 of Article 38-205 of the Criminal Code of the Republic of Armenia; against Artur Aram Galstyan (born on September 18, 1978 in Yerevan, Armenian by nationality, Armenian citizen, with higher education, married, in care of two persons, with no prior conviction, registered at 19 Lvovyan Street, apartment 87, Yerevan, residing at 13 Lvovyan Street, apartment 119, Yerevan) for the crimes stipulated under Part 2 of Article 38-205 and Part 1 of Article 205 of the Criminal Code of the Republic of Armenia; as well as against Ani Serzhik Mnatzakanyan (born on August 25, 1986 in Sisian, Armenian by nationality, Armenian citizen, with higher education, married, with no prior conviction, residing at 1 Tigran Petrosyan Street, apartment 30, Yerevan) for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia.

FINDINGS

The preliminary investigation body has brought an indictment against Nareg Hartunyan for the crimes stipulated under Part 2 of Article 205, Part 2 of Article 38-205, and Clause 1, Part 2 of Article 190 of the Criminal Code of the Republic of Armenia, with the following substantiation:

“Being the son of Garabed Hartunyan, the founder and owner of the company “GH Storage Enterprises” Ltd, within the period from August 2009 to September 11, 2010, he factually managed activities of the company “GH Storage Enterprises” Ltd registered at the Shengavit Tax Inspection of the State Revenues Committee at the Government of the Republic of Armenia (hereinafter: the SRC) and, during the same period, organized evasion from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering, by Artur Aram Galstyan, the chief accountant of the company, evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Then, since September 11, 2010 in his capacity of the director of the company, Nareg Hartunyan with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, maliciously evaded from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Particularly, since August 2009 the company “GH Storage Enterprises” Ltd imported from the “Grigorovich” food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the

intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Nareg Hartunyan transformed the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate".

The preliminary investigation body has brought an indictment against

Artur Galstyan for the crimes stipulated under Part 2 of Article 205, Part 2 of Article 38-205, and Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia, with the following substantiation:

“In his capacity of the chief accountant and then the accountant of the company “GH Storage Enterprises” Ltd since August 2009, with the intention of maliciously evading from the payment of company taxes, under direct instructions of Nareg Garabed Hartunyan, who was the factual manager and then the director of the company in that period, Artur Galstyan entered evidently distorted data into calculations and reports providing the basis for the taxation of the company, as submitted to the SRC Shengavit Tax Inspection, thus evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams.

Moreover, in his capacity of the accountant of the company, Artur Galstyan together with Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Artur Galstyan also assisted Nareg Hartunyan in legalizing proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars.

Particularly, since August 2009 the company “GH Storage Enterprises” Ltd imported from the “Grigorovich” food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company’s cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company “GH Storage Enterprises” Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention

of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant and the acting cashier of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Artur Galstyan assisted Nareg Hartunyan in transforming the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate".

The preliminary investigation body has brought an indictment against Ani Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia, with the following substantiation:

"In her capacity of the office manager and, since January 11, 2011, the administrative vice-director of the company "GH Storage Enterprises", Ani Mnatzakanyan together with Artur Aram Galstyan, the chief accountant and then the accountant of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Particularly, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention

of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Ani Mnatzakanyan assisted Nareg Hartunyan in giving instructions to Artur Galstyan, the accountant of the company, aimed at maliciously evading from the payment of company taxes in especially significant amount, as well as in collecting and handing over to the director the revenues from unaccounted turnover”.

The criminal case on charges pressed against Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan for the crimes stipulated under the above-specified articles was received at the common jurisdiction court of Shengavit Administrative District of Yerevan and assigned for court proceedings.

In the course of court proceedings, pursuant to a decision from March 1, 2013 additional forensic-accounting expert examination was assigned, and according to the expert resolution issued by the state non-commercial organization “National Expert Examination Bureau” No 13-0142d from August 5, 2013, additional tax liabilities of the company “GH Storage Enterprises” Ltd by certain types of taxes and other mandatory payments along with applicable fines and penalties totaled 63.104.019 Armenian drams (including 36.323.891 Armenian drams of taxes and other mandatory payments, 6.436.713 Armenian drams of fines, and 20.343.415 Armenian drams of penalties).

Based on the evidences examined in the court proceedings, the indictments brought against the accused persons under Article 205 of the Criminal Code of the Republic of Armenia were changed by a decision of the prosecutor from December 16, 2013, and new charges were pressed against them, as follows:

An indictment was brought against Nareg Hartunyan for the crimes stipulated under Part 2 of Article 205 and Part 1 of Article 38-205 of the Criminal Code of the Republic of Armenia, with the following substantiation:

“Being the son of Garabed Hartunyan, the founder and owner of

the company "GH Storage Enterprises" Ltd, within the period from August 2009 to September 11, 2010, he factually managed activities of the company "GH Storage Enterprises" Ltd registered at the Shengavit Tax Inspection of the State Revenues Committee at the Government of the Republic of Armenia (hereinafter: the SRC) and, during the same period, organized evasion from paying to the state budget taxes in the significant amount of 12.481.956 Armenian drams through entering, by Artur Aram Galstyan, the chief accountant of the company, evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Then, since September 11, 2010 in his capacity of the director of the company, Nareg Hartunyan with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, maliciously evaded from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Particularly, since August 2009 the company "GH Storage Enterprises" Ltd imported from the "Grigorovich" food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the significant amount of 12.481.956 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees,

did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions”.

An indictment was brought against Artur Galstyan for the crimes stipulated under Part 2 of Article 205, Part 2 of Article 38-205, and Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia, with the following substantiation:

“In his capacity of the chief accountant and then the accountant of the company “GH Storage Enterprises” Ltd since August 2009, with the intention of maliciously evading from the payment of company taxes, under direct instructions of Nareg Garabed Hartunyan, who was the factual manager and then the director of the company in that period, Artur Galstyan entered evidently distorted data into calculations and reports providing the basis for the taxation of the company, as submitted to the SRC Shengavit Tax Inspection, thus evading from paying to the state budget taxes in the significant amount of 12.481.956 Armenian drams.

Moreover, in his capacity of the accountant of the company, Artur Galstyan together with Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Particularly, since August 2009 the company “GH Storage Enterprises” Ltd imported from the “Grigorovich” food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the significant amount of 12.481.956 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax

Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions".

An indictment was brought against Ani Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia, with the following substantiation:

"In her capacity of the office manager and, since January 11, 2011, the administrative vice-director of the company "GH Storage Enterprises", Ani Mnatzakanyan together with Artur Aram Galstyan, the chief accountant and then the accountant of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Particularly, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 23.841.935 Armenian drams through entering

evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Ani Mnatzakanyan assisted Nareg Hartunyan in giving instructions to Artur Galstyan, the accountant of the company, aimed at maliciously evading from the payment of company taxes in especially significant amounts, as well as in collecting and handing over to the director the revenues from unaccounted turnover”.

While not admitting their guilt in the charges pressed against them, the accused Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan informed that they have fully recovered the damage inflicted to the state, as well as paid the imposed fines and penalties.

Based on the requirements of Part 5 of Article 189 of the Criminal Code of the Republic of Armenia, Hayk Alumyan and Gevorg Chakmishyan, the counsels, interceded for termination of criminal prosecution with regard to the accused persons.

The accused Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan supported the intercession. Bagrat Petrosyan, the prosecutor, did not object the intercession.

The court considered the intercession and found that it is substantiated and is to be met with the following reasoning:

According to payment orders No 4579, No 4802, No 4907 and No 4935 from December 16, 2013 the accused persons have paid a total of 63.104.019 Armenian drams constituting value added tax, profit tax, income tax and mandatory social insurance contributions along with applicable fines and penalties.

Pursuant to Part 5 of Article 189 of the Criminal Code of the Republic of Armenia, a person having committed the acts stipulated under Article 205 of the Criminal Code of the Republic of Armenia is exempted from criminal liability if he recovers the damage inflicted by the crime and pays the applicable fines and penalties.

According to Part 2 of Article 72 of the Criminal Code of the Republic of Armenia, a person can be exempted from criminal liability only in cases specifically envisaged in the article of the Special Part of the Code.

According to Clause 12, Part 1 of Article 35 of the Criminal Procedure Code of the Republic of Armenia, criminal prosecution may not be implemented if the person is subject to exemption from criminal liability as stipulated in the General Part of the Criminal Code of the Republic of Armenia.

Hence, the court finds that criminal prosecution on charges pressed against Nareg Garabed Hartunyan for the crimes stipulated under Part 2 of Article 205 and Part 1 of Article 38-205 of the Criminal Code of the Republic of Armenia; against Artur Aram Galstyan for the crimes stipulated under Part 2 of Article 38-205 and Part 1 of Article 205 of the Criminal Code of the Republic of Armenia; as well as against Ani

Serzhik Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia should be terminated, and the restraint measure imposed on them in form of written undertaking not to leave should be lifted.

In considering the issue related to the possession of material evidences, the court establishes that the 8 computers should be returned to the company "GH Storage Enterprises" Ltd, while the VAT calculations and reports for the third and fourth quarters of 2009, for 2010 and for the period of January through March of 2011, as submitted to the SRC Shengavit Tax Inspection, as well as the 11 orders on hiring company employees, establishing the amount of their wages and discharging them from employment should remain on the file of the criminal case.

In view of the fact that, due to the full recovery of inflicted damage by the accused Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan, there is no more need for the restrictions deriving from imposition of arrest on their property, as well as on the real estate owned by the company "GH Storage Enterprises" Ltd at the address 90/8 Araratyan Street, Yerevan, the court establishes that the arrest imposed on the property of the accused persons and the company should be lifted.

Based on the above-articulated, pursuant to Articles 72 and 189 of the Criminal Code of the Republic of Armenia and guided by Articles 35, 119, 238 and 313 of the Criminal Procedure Code of the Republic of Armenia, the court

DECIDES

To terminate criminal prosecution on charges pressed against Nareg Garabed Hartunyan for the crimes stipulated under Part 2 of Article 205 and Part 1 of Article 38-205 of the Criminal Code of the Republic of Armenia; and to lift the restraint measure imposed on him in form of written undertaking not to leave;

To terminate criminal prosecution on charges pressed against Artur Aram Galstyan for the crimes stipulated under Part 2 of Article 38-205 and Part 1 of Article 205 of the Criminal Code of the Republic of Armenia; and to lift the restraint measure imposed on him in form of written undertaking not to leave;

To terminate criminal prosecution on charges pressed against Ani Serzhik Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia; and to lift the restraint measure imposed on her in form of written undertaking not to leave;

To return 8 computers, which are material evidences, to the company "GH Storage Enterprises" Ltd, but to leave the VAT calculations and reports, as submitted to the SRC Shengavit Tax Inspection, as well as the 11 orders on the file of the criminal case;

To lift the arrest imposed on the property of Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan, as well as on the real estate owned by the company "GH Storage Enterprises" Ltd at the address 90/8 Araratyan Street, Yerevan.

	<p>This decision may be appealed to the Criminal Court of Appeals of the Republic of Armenia within one month from the day of its publication.</p> <p>JUDGE, A. AZARYAN</p>
Basis for termination	The person is subject to exemption from criminal liability as stipulated in the General Part of the Criminal Code of the Republic of Armenia
Legislation:	Criminal Code
Date:	17-12-2013
Other notes:	
Date:	17-12-2013
Article	
Article	190 Part 2 Clause 1
Other notes:	
Accused person	
Name	Nareg
Surname	Hartunyan
Patronymic	Garabed
Address	16/1 Vardanantz Street, apartment 1, Yerevan
Gender	Male
Date of birth	16-07-1966
Legislation:	Criminal Code
Date:	17-12-2013
Article	
Article	38-190 Part 2 Clause 1
Other notes:	
Accused person	
Name	Artur
Surname	Galstyan
Patronymic	Aram
Address	19 Lvovyan Street, apartment 87, Yerevan
Date of birth	18-09-1978
Legislation:	Criminal Code
Contents of judicial act	<p>Case No ESHD-0008/01/12</p> <p style="text-align: center;">VERDICT</p> <p style="text-align: center;">IN THE NAME OF THE REPUBLIC OF ARMENIA</p> <p>Common jurisdiction court of Shengavit Administrative District of Yerevan:</p> <p>Presided by: A. Azaryan, the judge;</p> <p>Participated by: L. Hayrapetyan, the secretary;</p> <p style="padding-left: 150px;">B. Petrosyan, the prosecutor;</p> <p style="padding-left: 150px;">H. Alumyan, the counsel;</p>

N. Hartunyan and A. Galstyan, the accused persons;

On December 17, 2013 held an open court hearing of the case on charges pressed against:

1. Nareg Garabed Hartunyan, born on July 16, 1966 in Beirut, Armenian by nationality, US citizen, with higher education, married, in care of one person, the director of "GH Storage Enterprises" Ltd, with no prior conviction, residing at Noy District 152, Yerevan, under restraint measure imposed in form of written undertaking not to leave, accused for the crime stipulated under Clause 1, Part 2 of Article 190 of the Criminal Code of the Republic of Armenia;

2. Artur Aram Galstyan, born on September 18, 1978 in Yerevan, Armenian by nationality, Armenian citizen, with higher education, married, in care of two persons, with no prior conviction, registered at 19 Lvovyan Street, apartment 87, Yerevan, residing at 13 Lvovyan Street, apartment 119, Yerevan, under restraint measure imposed in form of written undertaking not to leave, accused for the crime stipulated under Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia.

On June 20, 2011 R. Mkrtchyan, the investigator of the Investigations Department of the State Revenue Committee at the Government of the Republic of Armenia instigated the criminal case No 83102411 pursuant to Part 1 of Article 205 of the Criminal Code of the Republic of Armenia, on the occasion that the managers of the company "GH Storage Enterprises" Ltd maliciously evaded from paying taxes in significant amounts through entering evidently distorted data into reports, calculations and other mandatory documents, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company.

On December 9, 2011 an indictment was brought against Nareg Hartunyan for the crimes stipulated under Part 2 of Article 205, Part 2 of Article 38-205, and Clause 1, Part 2 of Article 190 of the Criminal Code of the Republic of Armenia, with the following substantiation:

"Being the son of Garabed Hartunyan, the founder and owner of the company "GH Storage Enterprises" Ltd, within the period from August 2009 to September 11, 2010, he factually managed activities of the company "GH Storage Enterprises" Ltd registered at the Shengavit Tax Inspection of the State Revenues Committee at the Government of the Republic of Armenia (hereinafter: the SRC) and, during the same period, organized evasion from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering, by Artur Aram Galstyan, the chief accountant of the company, evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Then, since September 11, 2010 in his capacity of the director of the company, Nareg Hartunyan with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, maliciously

evaded from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports providing the basis for the taxation of the company.

Particularly, since August 2009 the company "GH Storage Enterprises" Ltd imported from the "Grigorovich" food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company

and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Nareg Hartunyan transformed the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate”.

On December 9, 2011 an indictment was brought against Artur Galstyan for the crimes stipulated under Part 2 of Article 205, Part 2 of Article 38-205, and Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia, with the following substantiation:

“In his capacity of the chief accountant and then the accountant of the company “GH Storage Enterprises” Ltd since August 2009, with the intention of maliciously evading from the payment of company taxes, under direct instructions of Nareg Garabed Hartunyan, who was the factual manager and then the director of the company in that period, Artur Galstyan entered evidently distorted data into calculations and reports providing the basis for the taxation of the company, as submitted to the SRC Shengavit Tax Inspection, thus evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams.

Moreover, in his capacity of the accountant of the company, Artur Galstyan together with Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Artur Galstyan also assisted Nareg Hartunyan in legalizing proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars.

Particularly, since August 2009 the company “GH Storage Enterprises” Ltd imported from the “Grigorovich” food factory in the city Chelyabinsk of the Russian Federation into the Republic of Armenia food products, which were further distributed by suppliers to different companies in Armenia.

Under direct instructions of Nareg Hartunyan factually managing and organizing activities of the company in that period, with the intention of maliciously evading from the payment of company taxes, Artur Galstyan, the chief accountant of the company within the period from August 2009 to September 11, 2010 concealed the real volumes of sales turnover of the company, did not fully enter them into the company’s cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as

prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 25.278.175 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Moreover, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

In addition, with the intention of legalizing a part of the above-specified proceeds of criminal activity in the significant amount of 7.770.600 Armenian drams equivalent to 20.000 US dollars, concealing the source of their generation, misrepresenting their criminal origin, and avoiding responsibility for the committed crime, Nareg Hartunyan used a part of unaccounted amounts in the cash register of the "GH Storage Enterprises" Ltd company and, within the period of March-April 2010, by means of partial payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made through Artur Aram Galstyan, the chief accountant and the acting cashier of the company, to Sevak Ara Artsaruni acquired on May 10, 2010 the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street. Due to these actions, Artur Galstyan assisted Nareg Hartunyan in transforming the proceeds of crime totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars into real estate".

On December 9, 2011 an indictment was brought against Ani Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia, with the following substantiation:

"In her capacity of the office manager and, since January 11, 2011, the administrative vice-director of the company "GH Storage Enterprises", Ani Mnatzakanyan together with Artur

Aram Galstyan, the chief accountant and then the accountant of the company, within the period from September 11, 2010 to March 31, 2011 assisted Nareg Hartunyan, the director of the company in evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, which provide the basis for the taxation of the company.

Particularly, since September 11, 2010 in his capacity of the director of the company "GH Storage Enterprises" Ltd, Nareg Hartunyan furthered his criminal activities and, with the intention of maliciously evading from the payment of company taxes, with the assistance of Artur Galstyan, the chief accountant of the company, and of Ani Mnatzakanyan, the office manager and, since January 11, 2011, the administrative vice-director of the company, within the period from September 11, 2010 to March 31, 2011 concealed the real volumes of sales turnover of the company, did not fully enter them into the company's cash register, did not fully document the wages of hired employees, did not conclude written contracts with a number of company employees as prescribed by the law, thus maliciously evading from paying to the state budget taxes in the especially significant amount of 38.373.127 Armenian drams through entering evidently distorted data into calculations and reports, as submitted to the SRC Shengavit Tax Inspection, which provide the basis for the taxation of the company relative to value added tax, profit tax, income tax and mandatory social insurance contributions.

Ani Mnatzakanyan assisted Nareg Hartunyan in giving instructions to Artur Galstyan, the accountant of the company, aimed at maliciously evading from the payment of company taxes in especially significant amount, as well as in collecting and handing over to the director the revenues from unaccounted turnover".

On February 23, 2012 the criminal case with the indictments brought against Nareg Hartunyan, Artur Galstyan and Ani Mnatzakanyan was submitted to the court.

In the course of court proceedings, pursuant to a decision from March 1, 2013 additional forensic-accounting expert examination was assigned, and according to the expert resolution issued by the state non-commercial organization "National Expert Examination Bureau" No 13-0142d from August 5, 2013, additional tax liabilities of the company "GH Storage Enterprises" Ltd by certain types of taxes and other mandatory payments along with applicable fines and penalties totaled 63.104.019 Armenian drams (including 36.323.891 Armenian drams of taxes and other mandatory payments, 6.436.713 Armenian drams of fines, and 20.343.415 Armenian drams of penalties).

Based on the evidences examined in the court proceedings, the charges pressed against the accused persons under Article 205 of the Criminal Code of the Republic of Armenia were changed by a decision of the prosecutor from December 16, 2013 on the part of malicious

evasion from the payment of taxes, duties or other mandatory contributions, and new charges were pressed against them under the same article, whereas the charges pressed against Nareg Hartunyan for the crime stipulated under Clause 1, Part 2 of Article 190 of the Criminal Code of the Republic of Armenia and the charges pressed against Artur Galstyan for the crime stipulated under Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia were removed.

According to the decision of the common jurisdiction court of Shengavit Administrative District of Yerevan from December 17, 2013, criminal prosecutions on charges pressed against Nareg Hartunyan for the crimes stipulated under Part 2 of Article 205 and Part 1 of Article 38-205 of the Criminal Code of the Republic of Armenia; against Artur Galstyan for the crimes stipulated under Part 2 of Article 38-205 and Part 1 of Article 205 of the Criminal Code of the Republic of Armenia; and against Ani Mnatzakanyan for the crime stipulated under Part 2 of Article 38-205 of the Criminal Code of the Republic of Armenia were terminated.

In relation to the fact that the prosecutor removed the charges pressed against Nareg Hartunyan and Artur Galstyan for the crime stipulated under Article 190 of the Criminal Code of the Republic of Armenia, the court considers this fact as refusal of charges by the prosecutor, with the following reasoning:

According to Part 4 of Article 35 of the Criminal Procedure Code of the Republic of Armenia, if the prosecutor reveals at the court circumstances which exclude the criminal prosecution, he shall be obligated to announce his refusal from criminal prosecution of the accused.

The prosecutor explained the removal of charges pressed against Nareg Hartunyan and Artur Galstyan by the reasoning that “the evidences obtained in the course of court trial revealed that the safe box of the company “GH Storage Enterprises” Ltd” was used not only for keeping the cash owned by the company, but also the cash which belonged to Garabed Hartunyan, the founder of the company, to other shareholders of the company, as well as to other persons and entities interrelated with the company. The payments totaling 7.770.600 Armenian drams equivalent to 20.000 US dollars made within the period of March-April 2010 by Nareg Hartunyan through Artur Galstyan, the accountant of the company, to Sevak Artsaruni to acquire the house owned by the latter in the town Shushi of the Nagorno-Karabakh Republic at the address 14 Hovsepyan Street were not unaccounted amounts in the cash register of the company obtained through criminal activity; instead, these were the personal funds of Garabed Hartunyan, whereas Nareg Hartunyan did not intend to legalize proceeds of crime by transforming them into real estate, and Artur Galstyan did not intend to assist him in that”.

Hence, the prosecutor concluded that the charges pressed against Nareg Hartunyan and Artur Galstyan for the crime stipulated under Article 190 of the Criminal Code of the Republic of Armenia had not been confirmed, and that there were circumstances which excluded the criminal prosecution.

The court establishes that the Criminal Procedure Code of the Republic of Armenia does not provide for the institution of removal of charges by the prosecutor; according to Article 3091 of the Code, in the course of court proceedings an indictment may be amended or changed only.

Therefore, the court considers removal of charges pressed against the accused Nareg Hartunyan and Artur Galstyan for the crime stipulated under Article 190 of the Criminal Code of the Republic of Armenia as refusal of charges by the prosecutor.

According to Part 4 of Article 366 of the Criminal Procedure Code of the Republic of Armenia, when the prosecutor refuses the charges at the court, an acquitting verdict should be adopted by the court.

Hence, the court establishes that the accused Nareg Hartunyan and Artur Galstyan should be acquitted, and the restraint measure imposed on them in form of written undertaking not to leave should be lifted.

Based on the above-articulated and guided by Articles 35, 357, 359, 360 and 366 of the Criminal Procedure Code of the Republic of Armenia, the court

DECIDES

To acquit Nareg Garabed Hartunyan on charges for the crime stipulated under Clause 1, Part 2 of Article 190 of the Criminal Code of the Republic of Armenia; and to lift the restraint measure imposed on him in form of written undertaking not to leave;

To acquit Artur Aram Galstyan on charges for the crime stipulated under Clause 1, Part 2 of Article 38-190 of the Criminal Code of the Republic of Armenia; and to lift the restraint measure imposed on him in form of written undertaking not to leave;

This verdict may be appealed to the Criminal Court of Appeals of the Republic of Armenia within one month from the day of its publication.

JUDGE, A. AZARYAN

Date of judicial act	17-12-2013
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Other notes:	
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Date:	21-01-2014
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Other notes:	
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