

Case No. GD5/0038/01/10

October 11, 2011

Sevan, Republic of Armenia

VERDICT

IN THE NAME OF THE REPUBLIC OF ARMENIA

COMMON JURISDICTION COURT OF FIRST INSTANCE

IN GEGHARKUNIK REGION OF THE REPUBLIC OF ARMENIA

Presided by: Judge, S. Manukyan
Assisted by: K. Hovhannisyan, V. Ghajoyan, H. Sargsyan, Z. Adamyan, L. Melikyan
Participated by: Prosecutor, A. Amirzadyan
Victims, A. Gharibyan, A. Manukyan, M. Karapetyan
Representative of victims, K. Petrosyan
Counsels, S. Aslanyan, L. Torosyan, O. Markosyan, V. Nikolyan, V. Hayrapetyan

An open-court hearing of the criminal case on charges against:

Karen Vardges Ghasaboghlyan: born on December 8, 1974 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with higher education; divorced; with one dependent person under his care; convicted with the Verdict issued on July 29, 2010 by the Common Jurisdiction Court of First Instance in Gegharkunik Region of the Republic of Armenia, pursuant to Clauses 2 and 3, Part 2, Article 178, Part 1 and Clause 2.1, Part 2, Article 266, Part 1 and Clauses 1 and 2, Part 2, Article 268 of the Criminal Code of the Republic of Armenia; sentenced to 9 (nine) years of imprisonment, with the application of Part 4, Article 66 of the Criminal Code of the Republic of Armenia; resided at 10 Khaghaghutian Str., Apt. 27, Sevan, Gegharkunik, Republic of Armenia; serves the punishment in Penitentiary Institution "Nubarashen" under the Ministry of Justice of the Republic of Armenia; punishment commenced on March 13, 2009; charges are pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia; pleaded partially guilty in the charges pressed against him.

Arsen Nurijan Arakelyan: born on April 14, 1961 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with higher education; divorced; with no dependent persons under his care; convicted with the Verdict issued on January 19, 2010 by the Common Jurisdiction Court of First Instance

in Gegharkunik Region of the Republic of Armenia, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; sentenced to 2 (two) years and 6 (six) months of imprisonment; released from punishment under Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia; resided at 19 Sayat Nova Str., Apt. 29, Sevan, Gegharkunik, Republic of Armenia; under detention since November 9, 2010; charges are pressed, pursuant to Parts 1 and 2, Article 214 of the Criminal Code of the Republic of Armenia; pleaded partially guilty in the charges pressed against him.

Artur Meruzhan Tovmasyan: born on April 5, 1980 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with higher education; divorced; with two dependent persons under his care; with no prior convictions; unemployed; resides at 13 Khorherdayin Str., Sevan, Gegharkunik, Republic of Armenia; not under detention; charges are pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia; pleaded fully guilty in the charges pressed against him.

Narine Azat Navasardyan: born on September 1, 1967 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with secondary-professional education; married; with no dependent persons under her care; unemployed; convicted with the Verdict issued on January 19, 2010 by the Common Jurisdiction Court of First Instance in Gegharkunik Region of the Republic of Armenia, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; sentenced to 2 (two) years of imprisonment; released from punishment under Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia; resides at 27 Geghama Str., Sevan, Gegharkunik, Republic of Armenia; not under detention; charges are pressed, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; pleaded partially guilty in the charges pressed against her.

Sahakanuysh Hayrik Asatryan: born on December 11, 1958 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with secondary-professional education; married; with one dependent person under her care; unemployed; convicted with the Verdict issued on January 19, 2010 by the Common Jurisdiction Court of First Instance in Gegharkunik Region of the Republic of Armenia, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; sentenced to 2 (two) years of imprisonment; released from punishment under Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia; resides at 25 Nalbandyan Str., Apt. 25, Sevan, Gegharkunik, Republic of Armenia; not under detention; charges are pressed, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; pleaded partially guilty in the charges pressed against her.

Ara Rafik Mkrtychyan: born on March 20, 1976 in Sevan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with higher education; married; with three dependent persons under his care; unemployed; with no prior convictions; resides at 2 Gortsaranayin Str., Apt. 35, Sevan, Gegharkunik, Republic of Armenia; not under detention; charges are pressed, pursuant to Part 1,

Article 179 and Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; did not plead guilty in the charges pressed against him.

Victoria Garnik Asatryan: born on September 11, 1969 in Zovaber, Gegharkunik, Republic of Armenia, Armenian by nationality; citizen of the Republic of Armenia; with secondary-professional education; married; with one dependent person under her care; unemployed; with no prior convictions; resides at 16 Khaghaghutian Str., Apt. 6, Sevan, Gegharkunik, Republic of Armenia; not under detention; charges are pressed, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; pleaded partially guilty in the charges pressed against her.

Pap Telman Manukyan: born on November 21, 1970 in Geghamavan, Gegharkunik, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; with secondary-professional education; factually divorced; with three dependent persons under his care; with no prior convictions; resides at 3 Tadevosyan Str., Ashtarak, Republic of Armenia; not under detention; charges are pressed, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia; did not plead guilty in the charges pressed against him.

1. Judicial background of the case

Upon misusing their professional powers against the interests of the bank in the period from 2007 to 2009, Arsen Nurijan Arakelyan (worked as a branch manager), Narine Azat Navasardyan (worked as an accountant), and Karen Vardges Ghasaboghlyan (worked as an economist) provided loans without forming proper loan documentation packages in branch "Sevan" of "VTB-Armenia Bank" CJSC and committed other forms of infringements. Based on this fact, criminal case No. 50104409 was instigated on June 16, 2009 by the Investigative Sub-division "Sevan" of the Investigative Division "Gegharkunik" under the General Department of Investigations in the Police of the Republic of Armenia, pursuant to Part 1, Article 214 of the Criminal Code of the Republic of Armenia.

With the decision of the preliminary investigation authority from June 18, 2009, criminal case No. 50104409 was combined with criminal case No. 50102209, the latter being instigated (based on the fact that Karen Vardges Ghasaboghlyan had illegally obtained and possessed 0.62 grams of opium) on March 13, 2009 by the Investigative Sub-division "Sevan" of the Investigative Division "Gegharkunik" under the General Department of Investigations in the Police of the Republic of Armenia, and the preliminary investigation continued with No. 50102209.

On September 29, 2009, Sargis Rafik Voskanyan, a resident of Varser, Gegharkunik, Republic of Armenia, applied to the Police Department in Sevan, reporting that, on October 23, 2007, the employees at branch "Sevan" of "VTB-Armenia Bank" CJSC had registered and received, without his knowledge, a loan under his name in the amount of 1,000,000 Armenian drams. Based on this fact, criminal case No. 50108409 was instigated on October 2, 2009 by the Investigative Sub-division "Sevan" of the Investigative Division "Gegharkunik" under the General Department of Investigations in the Police of the Republic of Armenia, pursuant to Part 1, Article 214 of the Criminal Code of the Republic of Armenia.

With the decision of the preliminary investigation authority from October 26, 2009, the part of criminal case No. 50102209, related to the employees (Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, and others) at branch "Sevan" of "VTB-Armenia Bank" CJSC, was separated from this criminal case and combined with criminal case No. 50108409, and the preliminary investigation continued with No. 50108409.

Upon abusing the trust of Alina Aghvan Sargsyan, Pap Telman Manukyan registered a loan in the amount of 600.000 Armenian drams under the name of the latter in branch "Sevan" of "VTB-Armenia Bank" CJSC. Based on this fact, criminal case No. 50101210 was instigated on February 3, 2010 by the Investigative Sub-division "Sevan" of the Investigative Division "Gegharkunik" under the General Department of Investigations in the Police of the Republic of Armenia, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia.

The former employees at branch "Sevan" of "VTB-Armenia Bank" CJSC misused their professional powers against the interests of the bank, registered a fake consumer loan agreement on January 21, 2008 in the amount of 480,000 Armenian drams under the name of Karine Vardges Ghasaboghlyan, without the knowledge of the latter, withdrew the loan in cash and thieved the funds. Based on this fact, criminal case No. 50101610 was instigated on February 17, 2010 by the Investigative Sub-division "Sevan" of the Investigative Division "Gegharkunik" under the General Department of Investigations in the Police of the Republic of Armenia, pursuant to Parts 1, Articles 179, 214, and 325 of the Criminal Code of the Republic of Armenia.

With the decision of the preliminary investigation authority from March 11, 2010, the criminal cases were combined, and the preliminary investigation continued with No. 50101610.

On November 29, 2010, pursuant to the subordination, the criminal case was forwarded to the Department of Investigations of the National Security Service of the Republic of Armenia and was taken into examination on May 7, 2010 by A. Tonoyan (deputy head of the Department).

On June 25, 2010, Artur Meruzhan Tovmasyan was accused of forging and using documents evidencing certain rights, as well as of thieving a large amount of funds upon abusing the trust of others; charges were pressed against him, pursuant to Part 1, Article 325 and Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Artur Meruzhan Tovmasyan. On August 26, 2010, the preliminary investigation authority issued a decision to change the charges pressed against Artur Meruzhan Tovmasyan and to press new charges for committing a crime in a different amount, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia. On the same day, Artur Meruzhan Tovmasyan was accused of thieving a large amount of funds upon abusing the trust of others, of thieving a particularly large amount of funds in prior agreement with a group of persons, and of legalizing the illicit proceeds in prior agreement with a group of persons; charges were pressed against him, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3,

Article 179 and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

On August 27, 2010, Victoria Garnik Asatryan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Victoria Garnik Asatryan.

On August 27, 2010, Sahakanuysh Hayrik Asatryan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Sahakanuysh Hayrik Asatryan.

On September 8, 2010, Karen Vardges Ghasaboghlyan was accused of thieving a particularly large amount of funds in prior agreement with a group of persons, of legalizing the illicit proceeds himself and in prior agreement with a group of persons, and of furtively thieving a large amount of funds; charges were pressed against him, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

With the decision of the Common Jurisdiction Court in Kentron and Nork-Marash Administrative Regions of Yerevan from September 8, 2010, a provisional measure in the form of detention for a term of 2 months was imposed on the accused, Karen Vardges Ghasaboghlyan.

On September 9, 2010, Ara Rafik Mkrtchyan was accused of thieving a significant amount of funds and of providing assistance in thieving a particularly large amount of funds; charges were pressed against him, pursuant to Part 1, Article 179 and Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Ara Rafik Mkrtchyan.

On September 10, 2010, Narine Azat Navasardyan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Narine Azat Navasardyan.

On October 7, 2010, Pap Telman Manukyan was accused of thieving a large amount of funds; charges were pressed against him, pursuant to Clause 3, Part 2, Article 179 of the Criminal Code of the Republic of Armenia. A provisional measure in the form of a written undertaking not to leave was imposed on the accused, Pap Telman Manukyan.

On October 27, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Ara Rafik Mkrtchyan and to press new charges for committing a crime in a different amount, pursuant to Part 1, Article 179 and Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. On the same day, Ara Rafik Mkrtchyan was accused of thieving a significant amount of funds and of providing assistance in thieving a particularly large amount of funds,

pursuant to Part 1, Article 179 and Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

On October 28, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Artur Meruzhan Tovmasyan and to press new charges for committing a crime in a different amount, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia. On the same day, Artur Meruzhan Tovmasyan was accused of thieving a large amount of funds upon abusing the trust of others, of thieving a particularly large amount of funds in the amount of 7,250,000 Armenian drams in prior agreement with a group of persons, and of legalizing the illicit proceeds in the amount of 7,250,000 Armenian drams in prior agreement with a group of persons; charges were pressed against him, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

On October 29, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Victoria Garnik Asatryan and to press new charges for committing a crime in a different amount, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. On the same day, Victoria Garnik Asatryan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

On October 29, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Sahakanuysh Hayrik Asatryan and to press new charges for committing a crime in a different amount, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. On the same day, Sahakanuysh Hayrik Asatryan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

On October 29, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Narine Azat Navasardyan and to press new charges for committing a crime in a different amount, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia. On the same day, Narine Azat Navasardyan was accused of providing assistance in thieving a particularly large amount of funds; charges were pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

With the decision of the Common Jurisdiction Court in Kentron and Nork-Marash Administrative Regions of Yerevan from November 3, 2010, the detention term imposed on Karen Vardges Ghasaboghlyan was extended by two months. On November 5, 2010, the preliminary investigation authority issued a decision to supplement the charges pressed against Karen Vardges Ghasaboghlyan and to press new charges for committing a crime in a different amount, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia. On the same day, Karen Vardges Ghasaboghlyan was accused of thieving a particularly large amount of funds in prior agreement with a group of persons, and of legalizing a particularly large amount of

illicit proceeds himself and in prior agreement with a group of persons, and of furtively thieving a large amount of funds; charges were pressed against him, pursuant to Clauses 2 and 3, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

On November 9, 2010, Arsen Nurijan Arakelyan was arrested. On November 11, 2010, Arsen Nurijan Arakelyan was accused of legalizing a particularly large amount of illicit proceeds himself and in prior agreement with a group of persons, of thieving a particularly large amount of funds himself and in prior agreement with a group persons, and of misusing the professional powers of organizational employee; charges were pressed against him, pursuant to Clause 1, Part 3, Article 179, Clause 1, Part 3, Article 190, and Part 1, Article 214 of the Criminal Code of the Republic of Armenia. With the decision of the Common Jurisdiction Court in Kentron and Nork-Marash Administrative Regions of Yerevan from November 11, 2010, a provisional measure in the form of detention for a term of two months was imposed on the accused, Arsen Nurijan Arakelyan.

On November 11, 2010, with a view to ensure the further confiscation of assets, the preliminary investigation authority imposed an arrest on: part of the apartment, located at 16/6 Khaghaghutian Str., Sevan, Republic of Armenia, under the co-ownership of Victoria Garnik Asatryan; part of the apartment, located at 2/35 Gortsaranayin Str., Sevan, Republic of Armenia, under the co-ownership of Ara Rafik Mkrtchyan; part of the apartment, located at 10/27 Khaghaghutian Str., Sevan, Republic of Armenia, under the co-ownership of Artur Meruzhan Tovmasyan; part of the apartment, located at 19/25 Sayat Nova Str., Sevan, Republic of Armenia, under the co-ownership of Arsen Nurijan Arakelyan; part of the 7 units of agricultural land (0.020, 0.173, 0.474, 0.604, 0.996, and 0.568 acres each), located in Geghama, Republic of Armenia, under the co-ownership of Pap Telman Manukyan; part of the house, of the 0.120 acres of adjunct land, and of the 4 units of agricultural land (0.879, 0.750, 1.444, and 0.300 acres each), located in Varser, Republic of Armenia, under the co-ownership of Benik Onik Stepanyan.

On November 16, 2010, Benik Onik Stepanyan was accused of thieving particularly large funds in the amount of 13,150,000 Armenian drams, in prior agreement with a group of persons, of thieving large funds in the amount of 2,000,000 Armenian drams, and of legalizing large illicit proceeds in the amount of 3,065,170 Armenian drams, in prior agreement with a group of persons; charges were pressed against him, pursuant to Clause 1, Part 3, Article 179, Clause 3, Part 2, Article 179, and Clause 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia. With the decision of the preliminary investigation authority from November 16, 2010, a Benik Onik Stepanyan was declared wanted for criminal prosecution purposes. With the decision of the Common Jurisdiction Court in Kentron and Nork-Marash Administrative Regions of Yerevan from November 16, 2010, a provisional measure in the form of detention for two months was imposed on the accused, Benik Onik Stepanyan.

On November 17, 2010, the representative of "VTB-Armenia Bank" CJSC filed a petition in to the criminal procedure authority, soliciting the confiscation of losses caused in the amount of 68,895,171.1 Armenian drams.

With the decision of the preliminary investigation authority from November 17, 2010, the part of criminal case No. 50101610 was separated, whereby fake statements were presented by Benik Onik Stepanyan, Rosa Sirekan Khachatryan, Yurik Hrachik Khachatryan (deputy governor of the village of Varsar), Lilit Arakelyan and others, the loan under the name of Valiko Haykaz Gevorgyan was received by Gayane Gagik Musheghyan, and the loan under the name of A. Kaloyev was received by A. Khargsyan.

On December 13, 2010, the criminal case with an indictment was filed to the Common Jurisdiction Court in First Instance in Gegharkunik Region of the Republic of Armenia.

On June 9, 2011, in the course of court examination, based on the Republic of Armenia Law on Making Amendments to the Criminal Code of the Republic of Armenia, adopted on May 23, 2011, the prosecutor brought corresponding decisions to the court on changing the charges pressed against Karen Vardges Ghasaboghlyan and Artur Meruzhan Tovmasyan, in order to bring the charges into compliance with the amendments to the criminal law and to press new charges, hence:

The charges pressed against Karen Vardges Ghasaboghlyan on November 5, 2010 were changed, brought into compliance with the Republic of Armenia Law on Making Amendments to the Criminal Code of the Republic of Armenia, adopted on May 23, 2011, and new charges were pressed against Karen Vardges Ghasaboghlyan, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

The charges pressed against Artur Meruzhan Tovmasyan on October 28, 2010 were changed, brought into compliance with the Republic of Armenia Law on Making Amendments to the Criminal Code of the Republic of Armenia, adopted on May 23, 2011, and new charges were pressed against Artur Meruzhan Tovmasyan, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

On August 19, 2011, in the course of court examination, the prosecutor brought a decision to the court on changing the charges pressed against Pap Telman Manukyan and pressing new charges; as a result, the charges pressed against Pap Telman Manukyan on October 7, 2010 were changed and new charges were pressed for committing fraud in a large amount, pursuant to Clause 3, Article 2, Article 178 of the Criminal Code of the Republic of Armenia.

In the course of court disputes, the prosecutor withdrew the charges pressed against Ara Rafik Mkrtchyan, pursuant to Part 1, Article 179 of the Criminal Code of the Republic of Armenia, since the evidences under the court examination did not prove that Ara Rafik Mkrtchyan had taken 100,000 Armenian drams from Davitbek Erem Davtyan (the father of Murad Davitbek Davtyan, who had received a loan from "VTB-Armenia Bank" CJSC), inputted the information into the computer system, printed a corresponding payment slip, and thieved 100,000 Armenian drams by deleting the information from the computer system.

In the course of court disputes, the prosecutor withdrew the charges pressed against Arsen Nurijan Arakelyan, pursuant to Part 1, Article 214 of the Criminal Code of the Republic of Armenia and replaced the charges from Clause 1, Part 3, Article 179 and

Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia into Part 2, Article 214 of the Criminal Code of the Republic of Armenia, since the evidences under the court examination did not prove that Arsen Nurijan Arakelyan: had personally provided the underlying funds of the loan, registered in branch “Sevan” of “VTB-Armenia Bank” CJSC under the name of Alina Aghvan Sargsyan in the amount of 600,000 Armenian drams, to Pap Telman Manukyan, while misusing his powers (including, powers to order) of an organizational employee; had personally taken funds in the amount of 3,583,300 Armenian drams (out of a mortgage loan, registered under the name of Ruzan Ashot Gharibyan in the same branch of the bank) from Artyom Davoyan, the brother-in-law of Ruzan Ashot Gharibyan; had not deposited the funds into the cash register of the bank and had thieved these funds in whole; had legalized a particularly large amount of illicit proceeds.

Taking into consideration the foregoing position of the prosecutor and the partial loan repayments made by the accused, Pap Telman Manukyan, the representative of “VTB-Armenia Bank” CJSC justified his petition filed to the court, soliciting the confiscation of 66,903,192.7 Armenian drams from the accused, for the benefit of “VTB-Armenia Bank” CJSC.

2. Factual circumstances of the case

Based on the court examination and the evidences obtained within the scope of the criminal case, the Court established the following:

Working as a supervisor of the credit division and as an economist of the asset operations group in branch “Sevan” of “VTB-Armenia Bank” CSJC in the period from 2005 to August of 2008, the accused, Karen Vardges Ghasaboghlyan, thieved (by means of abusing the trust of the bank’s borrowers) 1,000,000 Armenian drams from Valiko Haykaz Gevorgyan and 500,000 Armenian drams from Arman Norik Gharibyan.

Besides, after registering fake loan agreements under the names of Artak Grisha Torosyan (in the amount of 680,000 Armenian drams), Pavel Yurik Gabrielyan (680,000 Armenian drams), Zhasmen (Evelina) Aleksanyan (600,000 Armenian drams), Yury Karlen Hovhannisyanyan (480,000 Armenian drams), Arman Onik Poghosyan (450,000 Armenian drams), Karen Lyova Navasardyan (680,000 Armenian drams), Karen Vardges Ghasaboghlyan transferred the proceeds in the amount of 3,570,000 Armenian drams to the bank account of “Astghik” LLC (a retailer of consumer electronics), and after reaching an initial agreement with Rosa Sirekan Khachatryan (director of the company) and Artur Meruzhan Tovmasyan (salesperson of the company), they made documents to show that the borrowers had acquired consumer electronics from “Astghik” LLC, and withdrew the funds (transferred and thieved) in cash.

Besides, Karen Vardges Ghasaboghlyan registered fake loan agreements under the names of his sister, Karine Vardges Ghasaboghlyan (in the amount of 480,000 Armenian drams), his mother, Elmira Ludwig Vardanyan (in the amount of 320,000 Armenian drams), and Zhasmen (Evelina) Aleksanyan (in the amount of 240,000 Armenian drams), transferred the proceeds in the amount of 1,040,000 Armenian

drams to the bank account of "Getuk" LLC, and possessed the acquired consumer electronics upon his discretion.

With the purpose of legalizing the foregoing funds in the amount of 3,570,000 Armenian drams and the foregoing assets in equivalence of 1,040,000 Armenian drams, a total of 2,044,068 and 399,761.5 Armenian drams was deposited into the bank as a repayment of the principle amount and interests, respectively, thus legalizing 2,443,829.5 Armenian drams from the total proceeds of theft in the amount of 4,610,000 Armenian drams.

Besides, by means of using fake documents, Karen Vardges Ghasaboghlyan registered fake consumer loans under the names of Hayk Seryozha Mnatsakanyan (in the amount of 640,000 Armenian drams), Alexander Hamlet Isakov (in the amount of 680,000 Armenian drams), Karen Aghasi Arakelyan (in the amount of 480,000 Armenian drams), Manuk Tovmasyan (in the amount of 600,000 Armenian drams), Aleksan Lyova Davtyan (in the amount of 600,000 Armenian drams), and Mkhitar Paylak Hovhannisyan (in the amount of 680,000 Armenian drams), and, after reaching an initial agreement with Rosa Sirekan Khachatryan and Artur Meruzhan Tovmasyan, transferred the proceeds in the amount of 3,680,000 Armenian drams to the bank account of "Astghik" LLC (a retailer of consumer electronics), made documents to show that the borrowers had acquired consumer electronics from "Astghik" LLC, and withdrew the funds (transferred and thieved) in cash. After repaying the foregoing loans, they legalized the proceeds of theft in the amount of 3,680,000 Armenian drams.

Besides, in the period from May 24, 2007 to July 30, 2008, without forming corresponding loan documentation packages, Karen Vardges Ghasaboghlyan registered, inputted into the computer system, and thieved fake loans in the amount of 21,400,000 Armenian drams, under the names of Arman Onik Poghosyan (in the amount of 1,000,000 Armenian drams), Arman Haykaram Aghamalyan (in the amount of 2,000,000 Armenian drams), Garush Edik Torosyan (in the amount of 1,000,000 Armenian drams), Arsen Rafik Sukiasyan (in the amount of 1,000,000 Armenian drams), Gurgen Samvel Arakelyan (in the amount of 1,900,000 Armenian drams), Nver Samvel Tovmasyan (in the amount of 700,000 Armenian drams), Artur Rudik Sargsyan (in the amount of 1,000,000 Armenian drams), imaginary name of Garush Manvel Karibyan (in the amount of 1,500,000 Armenian drams), his mother, Elmira Ludwig Vardanyan (in the amount of 1,800,000 Armenian drams), his name (in the amount of 1,000,000, 1,800,000, and 2,000,000 Armenian drams), his cousin, Arman Meruzhan Aleksanyan (in the amount of 1,000,000, 1,000,000, and 1,700,000 Armenian drams), and Sargis Rafik Voskanyan (in the amount of 1,000,000 Armenian drams).

Besides, after reaching an initial agreement with Benik Onik Stepanyan (a resident of Varsar, Gegharkunik, Republic of Armenia), without forming corresponding loan documentation packages or with fake loan documentation packages, they registered and thieved loans in the amount of 13,150,000 Armenian drams, under the names of Benik Onik Stepanyan (in the amount of 800,000, 1,000,000, and 1,000,000 Armenian drams), Hermine Hovik Hambardzumyan (in the amount of 1,350,000 Armenian drams), Tamara Avetik Hambardzumyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), Benik Onik Stepanyan's sister, Kanakara Onik Stepanyan (in the amount of 1,000,000 and 2,000,000 Armenian drams), Benik Onik Stepanyan's father,

Onik Stepanyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), Eduard Hrachik Bareghamyan (in the amount of 1,000,000 Armenian drams), and Knkush Aghvan Melkonyan (in the amount of 1,000,000 Armenian drams).

A total of 1,018,000 and 281,428.9 Armenian drams were deposited into the bank as a repayment of the principle amount and interests of the loans in the total amount of 21,400,000 Armenian drams, respectively. After reaching an illicit agreement with Benik Onik Stepanyan, a total of 1,996,767.9 and 1,068,413.4 Armenian drams was deposited into the bank as a repayment of the principle amount and interests of the loans in the amount of 13,150,000 Armenian drams, respectively; thus, they legalized a total of 4,364,610.2 Armenian drams from the total proceeds of theft in the amount of 34,550,000 Armenian drams.

Besides, with a false purpose of repaying the loan of the borrower, Karen Vardges Ghasaboghlyan took 640,000 Armenian drams from Sargis Rafik Shahbazyan, a borrower in branch "Sevan" of "VTB-Armenia Bank" CJSC, inputted the information into the computer system, provided the corresponding payment slip, and after deleting this transaction from the computer system, he inputted information for a loan repayment in the amount of 200,000 Armenian drams and thieved the remaining funds in the amount of 440,000 Armenian drams. With the same method, he thieved: 380,000 Armenian drams from the funds taken from Artur Meruzhan Tovmasyan (a borrower in the same branch of the bank) in the amount of 500,000 Armenian drams; 365,000 Armenian drams from the funds taken from Hambardzum Volodya Beglaryan; 190,000 Armenian drams from the funds taken from Artur Meruzhan Tovmasyan, with a false purpose of repaying the loan of the latter, whereby he did not deposit the funds into the cash register and thieved these funds.

Working as a branch manager at "Sevan" branch of "VTB-Armenia Bank" CJSC in the period from May of 2005 to April of 2009, the accused, Arsen Nurijan Arakelyan, misused his powers to order against the interests of the bank and for the benefit of Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group), and caused serious harm to the legitimate interest of "VTB-Armenia Bank" CJSC.

Working at Gegharkunik's Territorial Unit of the Service for Compulsory Enforcement of Judicial Orders and combining this with a salesperson's position at "Astghik" LLC (a retailer of consumer electronics) until May of 2009, the accused, Artur Meruzhan Tovmasyan, reaching an initial agreement with Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group) and Rosa Sirekan Khachatryan (director at "Astghik" LLC), formed fake statements and used them to register consumer loans under the names of Hayk Seryozha Mnatsakanyan (in the amount of 640,000 Armenian drams), Alexander Hamlet Isakov (in the amount of 680,000 Armenian drams), Karen Aghasi Arakelyan (in the amount of 480,000 Armenian drams), Manuk Tovmasyan (in the amount of 600,000 Armenian drams), Aleksan Lyova Davtyan (in the amount of 600,000 Armenian drams), and Mkhitar Paylak Hovhannisyan (in the amount of 680,000 Armenian drams); they transferred the proceeds in the amount of 3,680,000 Armenian drams to the bank account of "Astghik" LLC (a retailer of consumer electronics), made documents to show that the borrowers had acquired consumer electronics from "Astghik" LLC, and withdrew the funds (transferred and thieved) in cash. After repaying the foregoing

loans, they legalized the proceeds of theft in the amount of 3,680,000 Armenian drams.

Besides, after reaching an initial agreement with Rosa Sirekan Khachatryan and Karen Vardges Ghasaboghlyan, Artur Meruzhan Tovmasyan registered fake loans under the names of Artak Grisha Torosyan (in the amount of 680,000 Armenian drams), Pavel Yurik Gabrielyan (in the amount of 680,000 Armenian drams), Zhasmen (Evelina) Aleksanyan (in the amount of 600,000 Armenian drams), Yury Karlen Hovhannisyan (in the amount of 480,000 Armenian drams), Arman Onik Poghosyan (in the amount of 450,000 Armenian drams), and Karen Lyova Navasardyan (in the amount of 680,000 Armenian drams); they transferred the proceeds in the amount of 3,570,000 Armenian drams to the bank account of "Astghik" LLC (a retailer of consumer electronics), made documents to show that the borrowers had acquired consumer electronics from "Astghik" LLC, and withdrew the funds (transferred and thieved) in cash.

After reaching an illicit agreement with Karen Vardges Ghasaboghlyan, a total of 1,736,398 Armenian drams was deposited into the bank as a repayment of the loan in the amount of 3,570,000 Armenian drams; thus, they legalized a total of 1,736,398 Armenian drams from the total proceeds of theft in the amount of 3,570,000 Armenian drams.

Besides, on March 10, 2008, the accused, Artur Meruzhan Tovmasyan, upon abusing the trust of his friend, Manvel Marlen Karapetyan, registered a fake loan under the name of the latter in the amount of 1,800,000 Armenian drams and thieved these funds; on April 22, 2008, he registered a loan under the name of Arsen Yurik Manukyan, furtively possessed and thieved these funds.

Working as a chief accountant at "Sevan" branch of "VTB-Bank Armenia" CJSC, the accused, Narine Azat Navasardyan, assisted Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group) in transferring and thieving the proceeds of fake loans in the amount of 3,570,000 Armenian drams to the bank account of "Astghik" LLC (a retailer of consumer electronics); these fake loans were registered under the names of Artak Grisha Torosyan (in the amount of 680,000 Armenian drams), Pavel Yurik Gabrielyan (in the amount of 680,000 Armenian drams), Zhasmen (Evelina) Aleksanyan (in the amount of 600,000 Armenian drams), Yury Karlen Hovhannisyan (in the amount of 480,000 Armenian drams), Arman Onik Poghosyan (450,000 Armenian drams), and Karen Lyova Navasardyan (680,000 Armenian drams).

Besides, Narine Azat Navasardyan assisted Karen Vardges Ghasaboghlyan in transferring and thieving the proceeds of fake loans in the amount of 1,040,000 Armenian drams to the bank account of "Getuk" LLC; these fake loans were registered under the names of Karen Vardges Ghasaboghlyan's sister, Karine Vardges Ghasaboghlyan (in the amount of 480,000 Armenian drams), the mother of the latter, Elmira Ludwig Vardanyan (in the amount of 320,000 Armenian drams), and Zhasmen (Evelina) Aleksanyan (in the amount of 240,000 Armenian drams).

Besides, Narine Azat Navasardyan assisted Karen Vardges Ghasaboghlyan in transferring and thieving the proceeds of fake loans in the amount of 3,680,000 Armenian drams to the bank account of "Astghik" LLC (a retailer of consumer

electronics); these fake loans were registered under the names of Hayk Seryozha Mnatsakanyan (in the amount of 640,000 Armenian drams), Alexander Hamlet Isakov (in the amount of 680,000 Armenian drams), Karen Aghasi Arakelyan (in the amount of 480,000 Armenian drams), Manuk Tovmasyan (in the amount of 600,000 Armenian drams), Aleksan Lyova Davtyan (in the amount of 600,000 Armenian drams), and Mkhitar Paylak Hovhannisyan (in the amount of 680,000 Armenian drams).

Besides, Narine Azat Navasardyan assisted Karen Vardges Ghasaboghlyan in thieving the proceeds of fake loans in the amount of 34,550,000 Armenian drams, registered without underlying loan documentation packages, but inputted into the computer system; these fake loans were registered under the names of Arman Onik Poghosyan (in the amount of 1,000,000 Armenian drams), Arman Haykaram Aghamalyan (in the amount of 2,000,000 Armenian drams), Garush Edik Torosyan (in the amount of 1,000,000 Armenian drams), Arsen Rafik Sukiasyan (in the amount of 1,000,000 Armenian drams), Gurgen Samvel Arakelyan (in the amount of 1,900,000 Armenian drams), Nver Samvel Tovmasyan (in the amount of 700,000 Armenian drams), Artur Rudik Sargsyan (in the amount of 1,000,000 Armenian drams), Garush Manvel Karibyan (in the amount of 1,500,000 Armenian drams), Elmira Ludwig Vardanyan (in the amount of 1,800,000 Armenian drams), Karen Vardges Ghasaboghlyan (in the amount of 1,000,000, 1,800,000, and 2,000,000 Armenian drams), Arman Meruzhan Aleksanyan (in the amount of 1,000,000, 1,000,000, and 1,700,000 Armenian drams), Sargis Rafik Voskanyan (in the amount of 1,000,000 Armenian drams), Benik Onik Stepanyan (in the amount of 800,000, 1,000,000, and 1,000,000 Armenian drams), Hermine Hovik Hambardzumyan (in the amount of 1,350,000 Armenian drams), Tamara Avetik Hambardzumyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), Kanakara Onik Stepanyan (in the amount of 1,000,000 and 2,000,000 Armenian drams), Onik Stepanyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), Eduard Hrachik Bareghamyan (in the amount of 1,000,000 Armenian drams), and Knkush Aghvan Melkonyan (in the amount of 1,000,000 Armenian drams).

Working as a manager of the customer service division at branch “Sevan” of “VTB-Armenia Bank” CJSC, the accused, Sahakanuysh Hayrik Asatryan, with the assistance of Narine Azat Navasardyan (chief accountant), dispatched the following loans to Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group), thus assisting the latter in thieving the bank’s funds; the loans were registered under the names of Gurgen Samvel Arakelyan (in the amount of 1,900,000 Armenian drams), Elmira Ludwig Vardanyan (in the amount of 1,800,000 Armenian drams), Arman Meruzhan Aleksanyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), Sargis Rafik Voskanyan (in the amount of 1,000,000 Armenian drams), Karen Vardges Ghasaboghlyan (in the amount of 1,000,000, 1,800,000, and 2,000,000 Armenian drams), Arsen Rafik Sukiasyan (in the amount of 1,000,000 Armenian drams), Artur Rudik Sargsyan (in the amount of 1,000,000 Armenian drams), Garush Manvel Karibyan (in the amount of 1,500,000 Armenian drams), Benik Onik Stepanyan (in the amount of 800,000, 1,000,000, and 1,000,000 Armenian drams), Hermine Hovik Hambardzumyan (in the amount of 1,350,000 Armenian drams), Knkush Aghvan Melkonyan (in the amount of 1,000,000 Armenian drams), Eduard Hrachik Bareghamyan (in the amount of 1,000,000 Armenian drams), Tamara Avetik

Hambardzumyan (in the amount of 1,000,000 and 1,000,000 Armenian drams), and Kanakara Onik Stepanyan (in the amount of 2,000,000 Armenian drams).

Working as a cashier-senior specialist of the customer service division at branch "Sevan" of "VTB-Armenia Bank" CJSC, and later as a deputy manager of the same branch of the bank, the accused, Ara Rafik Mkrtychyan, with the assistance of Narine Azat Navasardyan (chief accountant), dispatched the following loans to Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group), thus assisting the latter in thieving the bank's funds; the loans were registered under the names of Arman Haykaram Aghamalyan (in the amount of 2,000,000 Armenian drams), Garush Edik Torosyan (in the amount of 1,000,000 Armenian drams), Onik Stepanyan (in the amount of 1,000,000 Armenian drams), and Kanakara Onik Stepanyan (in the amount of 1,000,000 Armenian drams).

Working as a cashier-senior specialist of the customer service division at branch "Sevan" of "VTB-Armenia Bank" CJSC, the accused, Victoria Garnik Asatryan, with the assistance of Narine Azat Navasardyan (chief accountant), dispatched the following loans to Karen Vardges Ghasaboghlyan (supervisor of the credit division and economist of the asset operations group), thus assisting the latter in thieving the bank's funds; the loans were registered under the names of Arman Meruzhan Aleksanyan (in the amount of 1,700,000 Armenian drams), Nver Samvel Tovmasyan (in the amount of 7,000,000 Armenian drams), Arman Onik Poghosyan (in the amount of 1,000,000 Armenian drams), and Onik Stepanyan (in the amount of 1,000,000 Armenian drams).

Upon abusing the trust of Alina Aghvan Sargsyan (his neighbor), the accused, Pap Telman Manukyan, took the passport of the latter and, without asking for her permission, registered a consumer loan (in the amount of 600,000 Armenian drams) under her name in branch "Sevan" of "VTB-Armenia Bank" CJSC and thieved these funds, without making repayments of the loan.

3. Examination and assessment of evidence

The accused, Karen Vardges Ghasaboghlyan, pleaded partially guilty in the charges pressed against him, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia, denied the civil petition and testified that he worked as a supervisor of the credit division in "Sevan" branch of "VTB-Bank Armenia" CJSC in the period from 2005 to 2008. The loan documentation packages formed by him were kept in the drawers of his office. He opened the loan accounts and conducted all the operations with loans, since the accounting division of such a large branch could not handle the large volume of transactions. They had only one accountant, who never gave instructions to him, and only one economist; he was the one managing the whole workload. None of the audit checks resulted in a notice or warning that these practices were unacceptable and that the accountant should have been responsible for such tasks. Due to the heavy workload, he could not even give instructions to others. They had cases when they worked until 21:00 o'clock, but did not finish the job. He was responsible for opening accounts and crediting loans, since the accountant could not handle that. The computers were interconnected, there were no passwords, he did not share

information, but he received information from all other divisions. He inputted the loan documentation packages into the computer system. The cashier was not interested in loans, while the accountant looked at the indicators at the end of each month, in order to compile her reports. Due to shortage of time, he never gathered a credit committee. He never gathered a credit committee even for normal loans; they trusted each other and signed the decisions. All the loan documentation packages included a credit committee decision, but it did not mean that the credit committee had actually gathered. During his four years of employment in the branch, there was no single case of the credit committee gathering. The loan portfolio was equal to approximately 2,000,000 US dollars. The credit committee never gathered for any of the loans, and no instructions were given from the accounting division. He never asked the branch manager to instruct the accountant and the cashier to give him money; they trusted him even without the branch manager's instruction. There were cases of delinquent loans, when he went to see the customers, took money from them, and repaid their delinquencies. They were cases, when he managed to collect from 2 to 3 million Armenian drams from the borrowers; he repaid the delinquencies and used the stamp on the cash register desk himself, in order to help his co-workers. His duties did not include the collection and repayment of loans, but he fulfilled these tasks for the sake of the bank.

No acceptance of delivering the tasks was conducted after he quit the job. Quite possibly, the missing loan documentation packages or documents were lost in moving these articles during the on-going renovation of the premises in the branch. Afterwards, the branch manager invited him to the branch, where he wrote an explanation about the fake loans.

Hambardzum Volodya Beglaryan and Sargis Rafik Shahbazyan left the funds with him. He did not deposit these funds, but he formed and gave a payment slip in return. That is, they made a repayment of the loan, but he deleted this transaction from the computer system, and the status of the loan did not change. He was not inclined to act so, but, since there were no funds available, he did not make any repayments of the loan. The same story went for Arman Norik Gharibyan's loan. Karen Lyova Navasardyan did not sign an agreement, and was totally unaware of the loan registered under his name. He inputted a total of 23 loans into the computers system, but he did not form corresponding loan documentation packages. As for the rest of the loans registered without the knowledge of the borrowers, such as Arman Onik Poghosyan, Knkush Aghvan Melkonyan, Elmira Ludwig Vardanyan, Knarik Chagharyan, and Kanakara Onik Stepanyan; these were loans with corresponding loan documentation packages, and everybody concerned was aware of that. He was the one conducting all the transactions with the 23 fake loans. He opened accounts under the names of the borrowers, credited the loans, printed the corresponding slips, went down to the cash register and received the funds. Whenever asked, he replied that the customer was upstairs and did not want to come down to the cash register. There were cases, when he stamped the slips himself in the cash registry. He took the stamp and used it, since it was on the cash register desk and the employee behind the desk was busy. There were cases, when the employee at the cash registered trusted him and stamped the slips without checking them.

Karen Vardges Ghasaboghlyan formed the loan documentation packages (in the amount of 21,400,000 Armenian drams in total) for the following loans himself: Arman Onik Poghosyan, Gurgen Samvel Arakelyan, Nver Samvel Tovmasyan, Garush Manvel Karibyan, Elmira Ludwig Vardanyan, Arman Meruzhan Aleksanyan, and Sargis Rafik Voskanyan. Arman Onik Poghosyan received the funds himself. Davitbek Erem Davtyan provided the funds in the amount of 100,000 Armenian drams to him, and not to Ara Rafik Mkrtychyan. Benik Onik Stepanyan's loan was real, and Ruzanna Gharibyan's loan was still outstanding when he quit his job.

The following consumer loans were real, and the borrowers received the consumer electronics themselves: Hayk Seryozha Mnatsakanyan (in the amount of 640,000 Armenian drams), Alexander Hamlet Isakov (in the amount of 680,000 Armenian drams), Karen Aghasi Arakelyan (in the amount of 480,000 Armenian drams), Manuk Tovmasyan (in the amount of 600,000 Armenian drams), Aleksan Lyova Davtyan (in the amount of 600,000 Armenian drams), and Mkhitar Paylak Hovhannisyan (in the amount of 680,000 Armenian drams).

Karen Vardges Ghasaboghlyan did not agree with the charges pressed against him: he thieved the funds, but there was no money laundering. The part of the indictment text, where he, in agreement with the branch manager, was accused of transferring 3,570,000 Armenian drams to "Astghik" LLC, of withdrawing these funds in cash and of distributing in-between them, was not true. There was no agreement between him and the branch manager or other employees of the bank regarding the fake loans. They were totally unaware of his actions. In general, nobody was unaware of his actions, he had no agreements with others and he did not act upon the instruction of others. As for the following loans, the borrowers were aware of their loans: Hayk Seryozha Mnatsakanyan, Alexander Hamlet Isakov, Karen Aghasi Arakelyan, Manuk Tovmasyan, Aleksan Lyova Davtyan, and Mkhitar Paylak Hovhannisyan. He did not agree with the indictment text related to these loans, since the borrowers came to the branch, registered their purchase of consumer electronics, and received the loans. He had no agreement with Artur Meruzhan Tovmasyan. He negotiated with Rosa Sirekan Khachatryan for purchasing consumer electronics and always made his purchases from her; he neither took from nor provided any funds to Rosa Sirekan Khachatryan. His only agreement was with Rosa Sirekan Khachatryan, and there was no other initial agreement with anyone else. Without an initial agreement, he acquired consumer electronics from "Getuk" LLC; again, the transactions were conducted solely by him. Later, he made repayments of the loans, and some loans were even fully repaid. He had no initial agreement with Benik Onik Stepanyan to register fake loans under the names of Hermine Hovik Hambardzumyan, Tamara Avetik Hambardzumyan, Kanakara Onik Stepanyan, Onik Stepanyan, Knkush Aghvan Melkonyan, and Eduard Hrachik Bareghamyan. There were only one or two cases, when he said that the guarantors could not come and provided the agreement to Benik Onik Stepanyan, who took the agreements for signature and brought them back signed.

He made repayments of the loans, since he had no intention not to repay; he wanted to repay the loans, since the borrowers were persons unassociated with him, and he did not want the fake loans to be disclosed.

The accused, Arsen Nurijan Arakelyan, pleaded partially guilty in the charges pressed against him, pursuant to Parts 1 and 2, Article 214 of the Criminal Code of the Republic

of Armenia, denied the civil petition, and testified that he worked as a manager in branch "Sevan" of "VTB-Armenia Bank" CJSC in the period from 2005 to 2009. The bank was renamed in 2006. The bank had 87 branches. When he undertook his position, the condition of "Sevan" branch was quite poor and it was providing only 1 or 2 types of loans. After two years, the branch was in the top 10. In case of consumer loans, the borrower had to go to the store, pick a consumer electronic product, ask for the list of required documents, return to the bank with the required documents, apply to the credit division, submit the required documents; afterwards the loan was registered, and the borrower had to make the down payment; the funds were not transferred until the acceptance of delivering the purchase was presented to the branch. This related to loans with an amount not exceeding 2,000,000 Armenian drams; these loans were registered by the supervisor of the credit division, and it was not necessary to turn to the branch manager. The underlying funds of consumer loans were transferred to the stores by all means. He was provided with the documentation packages, and in case all the documents were in place, he wrote an endorsement note, and the funds were transferred to the bank accounts of the stores by all means. It was not possible to receive the loans in cash.

As for the instructions, all the branches of the bank (except for those in provincial areas) had a position of an accounting assistance (alongside the position of a chief accountant), which was vacant in branch "Sevan". The economist and the credit supervisor formed the instruction, which included the number, amount, interest rate, and collateral of the loan; the instruction was supposed to be addressed to the chief accountant, but it was impossible to arrange this procedure in due time, since the chief accountant had a heavy workload and could not handle such a procedure. The computer system was programmed by the headquarters of the bank in such a way that Karen Vardges Ghasaboghlyan could immediately input the amount of the loan without an instruction and could conduct all the required transactions; that is, the instruction was no longer necessary.

As for the fake loan documentation packages, he could not check whether or not there was a fake document therein. All the fake loans were discovered after Karen Vardges Ghasaboghlyan quit the job. He applied to the headquarters of the bank, objecting Karen Vardges Ghasaboghlyan's dismissal. He found that Karen Vardges Ghasaboghlyan had to stay as an employee with material responsibility. There were 5,000 loan documentation packages in need for checking and organization; however, they did not agree with him and dismissed Karen Vardges Ghasaboghlyan. Ara Rafik Mkrtychyan undertook this task from 2008. He called borrowers with delinquencies and discovered that many of them were not aware. They called Karen Vardges Ghasaboghlyan to the branch, who promised to make repayments (chief accountant was also present during the conversation). Karen Vardges Ghasaboghlyan had the opportunity to input funds, he could register different loans, and he was the one taking the payment slips down to the corresponding employees. There were usually from 30 to 40 people in the waiting hall during the days when pensions and financial aid were disbursed; perhaps, Karen Vardges Ghasaboghlyan presented this situation to the cashiers as an excuse for the customers being unwilling to come downstairs to the waiting hall, and as a result, he personally received the funds. He could not check whether or not the document was forged; it was in the loan documentation package,

they endorsed it, and they discovered that these borrowers were unaware of the loans, only after they had called the borrowers to the branch.

As for the repayments of loans, it was not allowed for a third party to make a repayment of a loan; however, many borrowers received loans and left for the Russian Federation. Afterwards, they sent certain amounts to their relatives, who made repayments of the loans. In case of making a full repayment or in case of a transaction with the collateral, the presence of the borrower was mandatory; that is, it was allowed for a third party to make interim repayments of loans.

In the course of preliminary investigation, he asked to re-check the transfer made under the name of Alina Aghvan Sargsyan, since Pap Telman Manukyan had testified that he had given an instruction to provide the funds in cash. This comes to suggest that the funds were provided twice: firstly, the funds were transferred, and secondly, the funds were provided in cash. There was also a statement from the store that the funds were actually transferred. He was presented with the documentation package formed under the name of Alina Aghvan Sargsyan; he signed the documents, and the funds were transferred to the store. The option of withdrawing the funds in cash was excluded, since a fee of 3% and then another fee of 0.2% was to be applied on the amount withdrawn. That is, in this case, an amount smaller than 600.000 Armenian drams was supposed to be received.

A mortgage loan under the name of Ruzanna Gharibyan was registered in the fall of 2007. According to their testimonies, they properly fulfilled their repayment obligations until June of 2008; however, if someone would look into their repayment history, it would become evident that a partial repayment of the loan was made in January of 2008, and the loan became delinquent after that. They monitored the loan and found out that Ruzanna Gharibyan's workplace did not match with the company indicated in the salary statement she had presented. They called Artyom Davoyan, who, being the seller of the apartment, confessed that the salary statements were forged and that Ruzanna Gharibyan was his sister-in-law. That is, the loan was used for purposes other than indicated. He demanded that the loan be fully repaid. Since Artyom Davoyan had received a large business loan before and had properly repaid it, they trusted him in some way. Artyom Davoyan presented documents to evidence that he had a credit line from branch "Gavar" of "Anelik Bank" CJSC. He had received funds with the first tranche of the credit line, and he promised to fully repay the outstanding loan after the second tranche of the credit line was available. After coming to the bank a few days later, he called the representative of "Anelik Bank" CJSC on the phone, and the latter told him that the collateral was not sufficient enough to cover the second tranche of the credit line. They needed to present a statement as if the apartment was not pledged. Thinking that with this statement the second tranche of the credit line would be provided and, thus, Artyom Davoyan would be able to repay the outstanding loan, he gave the corresponding statement with a view that it would be taken to the bank and not to the real estate cadaster. Afterwards, upon learning that the second tranche of the credit line was not provided, he demanded that the statement and the ownership certificate be returned to him and that the loan be fully repaid until the end of the year. At that time, the outstanding amount of the loan was equal to 4,416,000 Armenian drams, which was also indicated in the statement. After about five days, Artyom Davoyan repaid an

amount equal to 553,000 Armenian drams, including 330,000 Armenian drams for the principle amount and the remaining amount for the accrued interests. After that, they made one repayment a month, total of six repayments for the period ending on December 30. Two repayments were made in December. If they had repaid the full amount in June, then why did they continue making repayments? After the repayments made in December, the outstanding amount of the loan was equal to 3,583,000 Armenian drams. They insisted as if they had given this amount to him in June. This amount was disclosed to them in January-February of 2009, when the loan was delinquent again, and a notification was sent to them with the foregoing number indicated therein. They thought that this amount was outstanding from June and insisted that they had given this amount to him. If he was to accept a full payment in June, he would request 4,416,000 Armenian drams. Besides, in the period from June 18 to the end of the year, he had made about 10-20 phone calls from the branch to Artyom Davoyan, Ruzanna Gharibyan, and Karen Khachatryan; however, they insisted that they had no association with him after that and that they had not come to the branch since then. The signatures on the payments slips were clear evidence of whom they belonged.

As for the mutual agreement and interrelated actions, it was evident that if Karen Vardges Ghasaboghlyan could register a fake loan with a passport alone and not to share his proceeds with anyone else, then why would he send Benik Onik Stepanyan to collect documents and signatures from his countrymen in the village and share his proceeds with the latter? That is, Karen Vardges Ghasaboghlyan cooperated with neither Benik Onik Stepanyan nor Artur Meruzhan Tovmasyan. As for the cooperation with him or other employees of the bank, they could thief the renovation loans instead, which were much easier in that respect.

In 2009, when the full information was available, he went to the headquarters of the bank, presented the situation to the head of the security department, the first deputy director, and the chief executive director of the bank, who said that he would send him to prison, without asking how and what had happened. The first deputy director told him to make a repayment, if there were funds available, but he replied that he was not guilty and he would not make a repayment, although there were funds available. He was kept in the security premises, his passport was taken from him, and he was released later in the evening, with an instruction to go to the branch in the morning and participate in the works of the committee. His authorities were taken from him, and his license was revoked.

The committee examined the transactions that they had presented to the committee, and it turned out as if the committee had discovered the fraudulent transactions itself. The auditors had examined the same case in the summer of 2008. They had also examined the case related to Benik Onik Stepanyan, but had not found any violations. As a result, it turned out that, apart from the 23 loan documentation packages, there were another 20 or 21 loan documentation packages, which did not have loan and collateral agreements included in the package initially. Compared to the loan portfolio in the amount of 2,000,000 Armenian drams, this was not a significant amount, since the whole amount of fake loans was equal to 21,000,000 Armenian drams, and not 44,000,000 Armenian drams. The rest of the loans were real.

There were cases, when he instructed the corresponding employees to bring the funds upstairs to his office, since his friends and relatives, having been approved a loan from the branch, wished not to go downstairs to the waiting hall for the funds. There were only a few such cases in his employment history with the bank.

The accused, Artur Meruzhan Tovmasyan, pleaded fully guilty in the charges pressed against him, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia; however, denying the civil petition, he testified that he had worked at "Lusastgh" LLC, "Astghik" LLC, and the Service for Compulsory Enforcement of Judicial Orders. He was responsible for sales of consumer electronics at "Astghik" LLC, where Rosa Sirekan Khachatryan was working as a director. In the period from 2007 to 2008, he registered and received consumer loans under the names of his friends: Mkhitar Paylak Hovhannisyanyan, Aleksan Lyova Davtyan, Hayk Seryozha Mnatsakanyan, Manuk Tovmasyan, and others. He asked for their passports and forged the salary statements, showing as if they worked at "Astghik" LLC. These were fake statements. He stamped the statements himself, and neither Rosa Sirekan Khachatryan nor the employees of the bank were aware of the fake statements. Not all of them provided statements on the size of their households. The friends came to the store, gave him the passports, and he took the passports to the bank alone. He did not apply with this issue to the branch manager, Arsen Nurijan Arakelyan. He had suspicions that Karen Vardges Ghasaboghlyan, who was the brother of his former wife, was involved in registering these loans, since he was employed in the credit division of the branch. The funds were transferred to the bank account of the store, and Rosa Sirekan Khachatryan gave him the funds from the sales of consumer electronics, while withdrawing certain amounts: around 10% for tax reasons, 3% for the store, and 4-7% for Rosa Sirekan Khachatryan. They knew that he was the beneficiary of the consumer electronics products and of the loans registered under the names of his friends, and that he was going to resell them back to the store, since Rosa Sirekan Khachatryan had to buy similar products for the store anyways. Rosa Sirekan Khachatryan provided the funds to him, and the consumer electronics products remained in the store. The latter was not aware who the beneficiary of the funds was. She knew that the consumer electronics products were not supposed to leave the store; he took the money, telling her that the customer was his friend.

He personally received the whole amount of the loans registered under the names of Alexander Hamlet Isakov, Karen Aghasi Arakelyan, Manuk Tovmasyan, Aleksan Lyova Davtyan, and Mkhitar Paylak Hovhannisyanyan; after Rosa Sirekan Khachatryan provided him with the underlying funds of the loan registered under name of Hayk Seryozha Mnatsakanyan, he transferred half of this amount to Karen Vardges Ghasaboghlyan. He was not aware of other loans and had no association therewith. He repaid all the loans registered by him. Only the loan registered under the name of Mkhitar Paylak Hovhannisyanyan was outstanding, which he had given to Karen Vardges Ghasaboghlyan for repayment; the latter failed to repay this loan. He also provided Karen Vardges Ghasaboghlyan with 500,000 Armenian drams from the loan registered under his name in the amount of 1,800,000 Armenian drams and took a payment slip from the latter; however, he later found out that Karen Vardges Ghasaboghlyan had made a repayment of only 120,000 Armenian drams from this amount. Afterwards, he

received another loan registered under Manvel Marlen Karapetyan's and his names. He presented the passport and all other statements. Manvel Marlen Karapetyan received the funds and provided to him. He promised to repay, and actually made a repayment of 500,000 Armenian drams; afterwards, he experienced financial difficulties and was unable to repay. He is also aware of the loan registered under the name of Arsen Yurik Manukyan, since the latter gave him the passport, received the loan and gave him the funds, whereas he issued a payment slip and wrote an obligation letter that he would repay the loan; however, he was unable to repay the loan. The funds were spent for his personal needs.

Arsen Nuriyan Arakelyan (branch manager), Rosa Sirekan Khachatryan, and Karen Vardges Ghasaboghlyan did not participate in the receipt, distribution, and return of the underlying funds of the loans; these persons were unaware of the foregoing transactions, and the part of the testimony given in the course of preliminary investigation, indicating that Karen Vardges Ghasaboghlyan had registered consumer loans under the names of third parties and that most of the funds were given to Karen Vardges Ghasaboghlyan after the funds were transferred to the bank account of the store, was not true.

Artur Meruzhan Tovmasyan also indicated that he had made partial repayments and that he would repay all the outstanding loans in due timeframes.

The accused, Narine Azat Navasardyan, pleaded partially guilty in the charges pressed against her, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia, denied the civil petition, indicated that she felt guilty for being late in informing her supervisor about the violations and that she did not intend to assist in committing theft in a particularly large amount. Whatever was being done, she always told by Karen Vardges Ghasaboghlyan that the branch manager was aware of that. There was no intention, she did not suspect or feel that the loans were fake. She had no relation to the registration of loans whatsoever; the credit division was responsible for the whole procedure.

The accused, Narine Azat Navasardyan, refused to testify in the course of the court examination and asked to accept her testimony given in the course of preliminary investigation.

The accused, Narine Azat Navasardyan, testified in the course of preliminary investigation, indicating that she had worked in the banking industry since 1985. In the period from 2003 to 2009, she worked as a chief accountant at branch "Sevan" of "VTB-Armenia Bank" CJSC, and the duties of the chief accountant included the checking of other employee's works, the opening and closing of the operational day, the compiling and submitting of reports in set timeframes. She was also a member of the credit committee, which made decision on providing agricultural and mortgage loans. The branch manager was responsible for gathering the credit committee, but, except for a few cases, he never gathered a credit committee; Karen Vardges Ghasaboghlyan and the branch manager were the only ones making loan approval decisions. According to the acting regulations of the bank, she was not allowed to dispatch the underlying funds of loans without the document "instruction to the accounting"; however, the loans were provided without this document. She was not aware of a case, when the underlying funds of the loan were provided to a third party,

upon the instruction of the branch manager. In case of mortgage loans, she went through the loan documentation package herself, since the underlying amounts were large, and she examined the sufficiency of the collateral pledged for the loan. The original copies of real estate certificates (for the apartments pledged as collateral) were kept in loan documentation packages. In some cases, Karen Vardges Ghasaboghlyan (supervisor of the credit division) made repayments of several borrowers' loans. When she told Arsen Nurijan Arakelyan (branch manager) about this issue, she received a response that the latter was well aware and that the borrowers chose to give their funds to Karen Vardges Ghasaboghlyan, for him to make repayments of the loans, with a view not to miss the repayment deadlines. In the summer of 2008, when she was checking the registration of loans in the computer system, she discovered that a loan in the amount of 1,800,000 Armenian drams was registered under the name of Karen Vardges Ghasaboghlyan's mother, Elmira Ludwig Vardanyan. Since Karen Vardges Ghasaboghlyan had taken out two loans under his name before and had made no repayments of these loans, the new loan registered under his mother's name raised certain suspicions, since she knew that Karen Vardges Ghasaboghlyan had no property to pledge as collateral. The cashier, Victoria Garnik Asatryan, told her that this loan was registered and received by Karen Vardges Ghasaboghlyan. After that, Karen Vardges Ghasaboghlyan registered another loan under his mother's name; moreover, on the same day, loans were registered under the name of Karen Vardges Ghasaboghlyan's cousin, Arman Meruzhan Aleksanyan. In the same period, complaints were received from the public. Several borrowers complained that they had made repayments by giving the money to Karen Vardges Ghasaboghlyan, but the latter thieved their funds and did not use them for repayments. Some of them had payment slips given by Karen Vardges Ghasaboghlyan on making loan repayments, and there were some others who complained that loans were registered under their names in the branch of the bank, but they were totally unaware and never received such loans. She informed Arsen Nurijan Arakelyan (branch manager) about this issue, who told her that he would resolve those problems and there was no need for her to worry. Meanwhile, Karen Vardges Ghasaboghlyan threatened that he would harm himself. She talked about the problem with Karen Vardges Ghasaboghlyan's mother, who was aware of what had happened and told her that they would do everything in order to repay at least some part of the loans. At the same time, the supervision department from the bank's headquarters was carrying out an inspection in the branch; however, to her surprise, no violations were revealed thereby. In August of 2008, Karen Vardges Ghasaboghlyan did not pass the qualification exams, and he was dismissed from work in September of the same year. After Karen Vardges Ghasaboghlyan's dismissal, she demanded that the branch manager normalize the repayment of delinquent loans; however, no measures were undertaken by the latter towards the resolution of the problem. In 2009, when Arsen Nurijan Arakelyan was dismissed from work, and a related procedure of accepting the delivered work was initiated, the members of the committee discovered that the apartment ownership certificate was missing in the loan documentation package formed under the name of Hambardzum Volodya Beglaryan. When she asked Arsen Nurijan Arakelyan where the ownership certificate was, he replied that the loan was repaid and the ownership certificate was returned to the owner. Arsen Nurijan Arakelyan could not give an answer to her question why the loan was still registered in

the computer system with an unpaid balance, if the loan was repaid. Perhaps, the loan was repaid, but the funds were not deposited into the cash register. In the course of accepting the delivered works, it was also discovered that 23 loan documentation packages were missing from the branch. Before his dismissal from work, Karen Vardges Ghasaboghlyan left a note with the branch manager, indicating that he had registered the loans with no documentation packages upon his own initiative and that he had received the underlying funds.

The accused, Sahakanuysh Hayrik Asatryan, pleaded partially guilty in the charges pressed against her, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia, denied the civil petition and testified that in August of 2008, when Karen Vardges Ghasaboghlyan failed to pass the qualification exams, she learned in the course of accepting the delivered works that several people had given their funds to Karen Vardges Ghasaboghlyan, who had not used these funds for repayments. At that time, she did not know what of kind fraud was committed. Arsen Nurijan Arakelyan met with Karen Vardges Ghasaboghlyan and told him that there were certain complaints. Narine Azat Navasardyan, Ara Rafik Mkrtchyan, and she also told Arsen Nurijan Arakelyan that people were complaining about Karen Vardges Ghasaboghlyan, saying that the funds provided by them were not used for repayments. In 2009, inspections were carried out by the department, and it was discovered that fake loans were registered, fake transactions were conducted, repayments were not made, etc. She was doing her job and was not aware that something was happening somewhere.

During her employment history with the branch, there were 3 or 4 cases, when Arsen Nurijan Arakelyan instructed her to provide Karen Vardges Ghasaboghlyan with the underlying funds of the loans, registered under the names of Arsen Nurijan Arakelyan's relatives, since these borrowers did not want to come downstairs to the cash register due to a reason that there were certain people downstairs whom the borrowers did not want to meet. Since Arsen Nurijan Arakelyan was aware, she gave the funds to Karen Vardges Ghasaboghlyan. She did this in fear of deteriorating her relationship with the branch manager. She might get dismissed from work, if she refused to obey the instruction given by the branch manager. She was only culpable for obeying the instructions. Her actions lead to violations of both professional and statutory nature. There were cases, when Karen Vardges Ghasaboghlyan received funds under the names of a third parties, repaid the loans after some time, and made repayment of others' loans; however, she did not know what the origin of the funds for repayments was.

As for the theft of funds, she had no intentional association and only in the end she learned that such cases of fraud were committed in the branch. Before that, there was an atmosphere of trust; Karen Vardges Ghasaboghlyan took the funds from the borrowers and brought in the funds for repayments, and she noticed nothing suspicious about that. She never received a proposal to commit theft. Her duties included the payment of pensions, opening of savings accounts, acceptance of utility payments, dispatching of loans, and acceptance of loan repayments. Stamp No. 122 was attached to her, and all the payment slips with this stamp on them represented the funds dispatched for loans to borrowers. Gurgen Samvel Arakelyan personally received the funds; although he did not remember this in the course of preliminary

examination, he recalled that instance during the court examination. Karen Vardges Ghasaboghlyan received the loan registered under the name of his mother, Elmira Ludwig Vardanyan. Karen Vardges Ghasaboghlyan's cousin, Arman Meruzhan Aleksanyan, personally received the loan. She did not provide the funds to Onik Stepanyan. She learned about Hambardzum Volodya Beglaryan and Sargis Rafik Shahbazyan in the course of accepting the delivered works, when they declared that they had provided the funds, but repayments were not made. Knkush Aghvan Melkonyan, Tamara Avetik Hambardzumyan, Eduard Hrachik Bareghamyan, and Kanakara Onik Stepanyan personally received the funds. In all three episodes, Benik Onik Stepanyan personally received the funds.

Sahakanuysh Hayrik Asatryan also indicated that her actions were not intentional and that, in every episode, she always obeyed the instructions in fear of deteriorating the relationship, which could lead to her dismissal from work.

The accused, Ara Rafik Mkrtchyan, did not plead guilty in the charges pressed against him, pursuant to Part 1, Article 179 and Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia, denied the civil petition and testified that he had worked as a cash collector at "Haykhnaybank" CJSC since 1996, and had worked in the cash register at branch "Sevan" of "VTB-Armenia Bank" CJSC since 2005. Since the branch began to provide loans, and there was only one credit analyst, who was unable to deal with the documentation properly due to his heavy workload, he went upstairs to help the credit analyst, upon the oral instruction of the branch manager. He worked in the position of a senior specialist and was supposed to work in the cash register. As a specialist in the customer service division, he was responsible for dealing with budgetary payments for motor vehicle license plates, technical examinations, driver's licenses and for utility payments. Sometimes, when his colleges were busy with pension payments, he dealt with loan repayments as well. However, he never dispatched funds for loans. Due to his daughter's illness, he almost skipped the work in December of 2007 and was busy with the problems related to the surgery of his child. In February of 2008, he was appointed as a deputy to the branch manager, with a probation period of three months. In May of 2008, he was permanently appointed in this position. In August of 2008, when Karen Vardges Ghasaboghlyan was dismissed from work, he undertook the position of the supervisor of the credit division. He did not provide any assistance and did not provide any funds to Karen Vardges Ghasaboghlyan, upon the instruction of the branch manager. During that time he did not work in the cash register and did not dispatch any funds for loans to anyone. Stamp No. 129 was attached to him, and there were no proper conditions in the branch to keep the stamps; all the stamps were kept in the same drawer. Even when he skipped the work due to his daughter's illness, his stamp was left in the same drawer. All the stamps attached to Sahakanuysh Hayrik Asatryan, Victoria Garnik Asatryan, and him were of the same shape and color, and it was hard to differentiate. It was possible to stamp with the wrong stamp by mistake. In accepting payments, he never paid attention on which stamp he was using. Therefore, he was only culpable for improper storage of the stamp; he did not provide assistance of any kind. In the course of preliminary investigation, Davitbek Erem Davtyan, being interrogated with him face-to-face, confessed that he did not provide him with 100,000 Armenian drams; Davitbek Erem Davtyan claimed the truthfulness of his testimony given in the

course of court examination. Upon the instruction of the branch manager, he assisted the works of the credit division and provided no assistance in theft of funds. He was not aware that Karen Vardges Ghasaboghlyan committed such actions. He never accepted any funds on behalf of a third party and never provided funds for a third party. Sometimes, when the computer was busy or there was little time left to make the repayments at the end of the month, several borrowers happened to give their funds to either Karen Vardges Ghasaboghlyan or him; in turn, they deposited the funds into the cash register and provided the payment slips to the borrowers, accordingly. There were delinquent loans left after Karen Vardges Ghasaboghlyan was dismissed from work. He called the borrowers; some of them claimed that they had not received any loans, others claimed that they had already repaid their loans, while others repaid the loans later, after claiming that they had not received any loans. After September of 2008, there were cases, when several individuals complained that their names were registered in the computer system, despite that fact that they had not received any loans. Karen Vardges Ghasaboghlyan wrote a note, saying that he had registered these loans upon his own initiative. In the period from June to July of 2008, an audit inspection was carried out in the branch. Somewhere from 200 to 300 loan documentation packages were examined, and no infringements were revealed. In the spring of 2009, the fake loans were discovered.

The accused, Victoria Garnik Asatryan, pleaded partially guilty in the charges pressed against her, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia, denied the civil petition and testified that in August of 2008, when an audit examination was carried out in the branch and Karen Vardges Ghasaboghlyan was dismissed from work, she learned that fake loans were registered in the branch. Before that, there were cases, when Karen Vardges Ghasaboghlyan received loans under the names of third parties and repaid loans on behalf of third parties; however, these transactions were not carried out simultaneously, usually it was at the end of the day, or after a day or a week. There were cases, when people gave their funds to Karen Vardges Ghasaboghlyan, who brought in these funds and made repayments. She could recall one or two episodes, when Karen Vardges Ghasaboghlyan brought others' passports and said that the branch manager was aware. They provided the funds, since Arsen Nurijan Arakelyan had told that if he was aware, then they had to deal with either an associate or a relative. She gave the loan registered under the name of Nver Samvel Tovmasyan to Karen Vardges Ghasaboghlyan, since the latter said that the branch manager was aware. Upon the instruction of Arsen Nurijan Arakelyan, she gave the loan registered under the name of Onik Stepanyan to the son of the latter, Benik Onik Stepanyan. She pleaded partially guilty, since she gave the funds to Karen Vardges Ghasaboghlyan and did not check whether or not the branch manager was aware, as she was told by Karen Vardges Ghasaboghlyan. Victoria Garnik Asatryan also indicated that her actions were not intentional, and that she just obeying the instructions in every episode.

The accused, Pap Telman Manukyan, did not plead guilty in the charges pressed against him, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia, accepted the civil petition, declared that his testimonies given in the course of preliminary investigation were not valid, and testified that he applied to Arsen Nurijan Arakelyan (manager at branch "Sevan" of "VTB-Armenia Bank" CJSC) in

2008, since he wanted to pledge his apartment for a loan to be used for his plans of renovating a boat into a restaurant. Arsen Nurijan Arakelyan replied that the branch was not providing such loans. After that, he applied to "ACBA-Credit Agricole Bank" CJSC, where he was told that three female guarantors were required for such a loan. For this purpose, he collected the passports of his wife, her mother-in-law, and their neighbor, Alina Aghvan Sargsyan; however, the loan was not approved, and he returned the passports to their holders. After about a month, he wanted to buy a television set. Since he had a loan registered under his name, he asked for Alina Aghvan Sargsyan's passport again, promising that there would be no problems with the loan. However, he did not buy a television set, since the one he was looking for was out of stock. He decided to buy a cooker, a refrigerator, and a television set for the boat-to-be restaurant; for this purpose, he took a reference from the official of their community on the size of Alina Aghvan Sargsyan's household and took another reference from his acquaintance, Andranik Epremyan, on the amount of Alina Aghvan Sargsyan's salary. He brought the documents to Rosa Sirekan Khachatryan (director of "Astghik" LLC), who advised him to take the documents to the bank. He was told in the bank that the borrower had to personally come to the bank and sign the agreement. He told Alina Aghvan Sargsyan about this. Afterwards, upon learning that the loan was approved, he made the down payment of 150,000 Armenian drams, went to Rosa Sirekan Khachatryan, and asked to pick up the products two days after. In the meantime, he wanted to buy tableware for the boat-restaurant and sold the cooker, refrigerator, and television set to several strangers right from the store, for a total price of 400,000 Armenian drams. Afterwards, the water level of Lake Sevan was elevated, and the boat-restaurant was filled with water, making it impossible to work anymore. For the purpose of repaying the loan, he undertook laborer's jobs in Ashtarak and then in Artsakh. Meeting the officers of the Service for Compulsory Enforcement of Judicial Orders, who were in Alina Aghvan Sargsyan's apartment, he promised to repay 100,000 Armenian drams; however, the officers replied that at least half of the outstanding amount had to be repaid. He worked and repaid 386,000 Armenian drams. During that time, his father died, and he was unable to make further repayments. Under the pressure of the investigator, Mr. Gharibyan, he gave inaccurate testimony in the course of preliminary investigation, declaring as if he had personally taken 600,000 Armenian drams in cash from the branch manager, Arsen Nurijan Arakelyan. Afterwards, in the course of interrogation by an investigator of the National Security Service of the Republic of Armenia, he claimed the truthfulness of his earlier testimony, in fear of telling the truth, even in the presence of his counsel.

Pap Telman Manukyan also indicated that he had made partial repayments and promised to fully repay the loan in due time.

Besides the partial confessions of all the accused, the charges pressed against them are established and their argumentations are reversed with the following evidences:

The accused, Artur Meruzhan Tovmasyan, testified in the course of preliminary investigation that he worked as an operator at Sevan's Territorial Unit of the Service for Compulsory Enforcement of Judicial Orders. Concurrently, he also worked as a salesperson at "Astghik" LLC, a retailer of consumer electronics in Sevan, Republic of Armenia. In 2008, he received the underlying funds of the loan registered in branch "Sevan" of "VTB-Armenia Bank" CJSC, under the name of Manvel Marlen Karapetyan,

in the amount of 1,800,000 Armenian drams provided against other collateral, and provided these funds to Manvel Marlen Karapetyan. He personally signed all the documents required for the loan by the branch of the bank, received the funds from the cash register, and provided these funds to Manvel Marlen Karapetyan. Karen Vardges Ghasaboghlyan was the one who registered the loan under the name of Manvel Marlen Karapetyan. For the purpose of the loan, Manvel Marlen Karapetyan presented the required documents. He worked at gas maintenance service "AG". In the course of inspections carried out in the branch, he declared that he had received the underlying funds of the loan and that he was responsible for repaying it. He repaid around 800,000 Armenian drams from this loan, including the interests.

With the consent of his friends, Alexander Hamlet Isakov, Mkhitar Paylak Hovhannisyan, Hayk Seryozha Mnatsakanyan, Aleksan Lyova Davtyan, Karen Aghasi Arakelyan, and Manuk Tovmasyan, loans were registered under the names of these persons in "Sevan" branch of "VTB-Bank Armenia" CJSC, and the according loan documentation packages were formed by Karen Vardges Ghasaboghlyan. None of these persons went to the branch of the bank and none of them signed a document. In forming the loan documentation packages, Karen Vardges Ghasaboghlyan saw none of them. In registering loans for purchasing consumer electronics under the names of these persons, the borrowers provided him with certain documents themselves, while the salary statements were forged by him, by means of signing and sealing with the stamp of "Astghik" LLC. He provided the salary statements to Karen Vardges Ghasaboghlyan, who formed the loan documentation packages based on these documents. In 2006, he married Karen Vardges Ghasaboghlyan's sister, Karine Vardges Ghasaboghlyan, and they resided in his wife's apartment, located at 45/22 Nalbandyan Str., Sevan, Republic of Armenia. The apartment was in a poor condition, and, besides that, their salary was barely enough to live on. Since they desperately needed money, he asked Karen Vardges Ghasaboghlyan to register loans in the branch under the names of his friends, knowing that it was possible to receive the underlying funds in cash, after being transferred to the bank account of the store without actually purchasing the products, and to spend the funds for the needs of his family. Since he was employed at "Astghik" LLC, which was in a contractual relationship with the branch of the bank, the employees of this branch knew him in person and trusted him. Besides, Rosa Sirekan Khachatryan (director at "Astghik" LLC) called and notified the employees of the branch in prior. After the underlying funds of these loans were transferred to the bank account of the store, Rosa Sirekan Khachatryan signed and gave him the money withdrawal slip, which he used to withdraw the funds transferred to the bank account of the store. At that, 3% of the transferred funds were left on the bank account of the store. After withdrawing the funds from the bank account of the store, he gave the funds to Rosa Sirekan Khachatryan, who kept 4% of the funds and returned the remaining amount to him in cash. That is, the store did not sell products with loans, no products left the store, and he only took the cash underlying these loans, which Karen Vardges Ghasaboghlyan was aware of. Besides, he knew that the latter had received loans for purchasing consumer electronics from "Astghik" LLC and that nobody had purchased any products with these loans. There were cases, when he gave funds to Karen Vardges Ghasaboghlyan. Since he could not fully repay these loans, Karen Vardges Ghasaboghlyan told him on the phone that the loans were delinquent and proposed

him to find a person, who they could register a loan for in order to use the underlying funds to make repayments on the delinquent loans. On the day when this conversation took place, Arsen Yurik Manukyan was in the store, who had already presented the required documents from "Astghik" LLC for purchasing consumer electronics with a loan. He had presented these documents to the branch of the bank for registering the loan, but Arsen Yurik Manukyan's loans were not approved due to his small salary. Since Arsen Yurik Manukyan was in the store, he asked him to register a loan under his name with a promise that the loan would be fully repaid. Arsen Yurik Manukyan gave his consent, and Karen Vardges Ghasaboghlyan registered the loan. He gave certain funds to Karen Vardges Ghasaboghlyan to make repayments of the loans registered under the names of his friends and cousin. In particular, in his calculations, the whole amount given by him to Karen Vardges Ghasaboghlyan on different days, for the purpose of repaying the loan, registered under the name of Mkhitar Paylak Hovhannisyan, was enough to fully repay this loan. In response to the questions by Mkhitar Paylak Hovhannisyan and him, Karen Vardges Ghasaboghlyan always replied that the loan was fully repaid; however, as he discovered later, the loan registered under the name of Mkhitar Paylak Hovhannisyan had an outstanding balance in the amount of 180,000 Armenian drams. That is, Karen Vardges Ghasaboghlyan did not make fully repayments and thieved the funds. The loans, registered under the names of Alexander Hamlet Isakov, Karen Aghasi Arakelyan, and Manuk Tovmasyan, were fully repaid. After receiving the loan, registered under the name of Hayk Seryozha Mnatsakanyan in the amount of 640,000 Armenian drams, in cash from the bank account of the store, he kept half of it and gave the other half in the amount of 320,000 Armenian drams to Karen Vardges Ghasaboghlyan. He did not require payment slips from Karen Vardges Ghasaboghlyan to evidence the repayment of the foregoing loans. The loan, registered under his name in the branch of the bank, was provided in the amount of 1,800,000 Armenian drams against other collateral; out of the total amount, he gave 500,000 Armenian drams to Karen Vardges Ghasaboghlyan and took a payment slip; however, as result of the inspections carried out in the branch of the bank, it was discovered that Karen Vardges Ghasaboghlyan had thieved 380,000 Armenian drams from the total of 500,000 Armenian drams.

Artak Grisha Torosyan wanted to purchase a camera from their store with a loan, but the one he was looking for was out of stock at that moment. Rosa Sirekan Khachatryan promised to make the camera available in a few days; meanwhile, Artak Grisha Torosyan prepared the required documents for the loan and submitted them to Karen Vardges Ghasaboghlyan. Later on, he changed his mind and asked him to dispose of his documents. He called Karen Vardges Ghasaboghlyan and asked him whether he could dispose of the documents; Karen Vardges Ghasaboghlyan replied that he had already disposed of the documents. However, as he discovered later, Karen Vardges Ghasaboghlyan had lied to him: the latter had registered a loan under his name without his knowledge, and had probably thieved the funds.

There were cases, when he personally received the underlying funds of the loans, transferred to the bank account of "Astghik" LLC, and provided these funds to Karen Vardges Ghasaboghlyan, since Rosa Sirekan Khachatryan and Karen Vardges Ghasaboghlyan had reached an agreement on this issue; upon the instruction of Rosa Sirekan Khachatryan, he received the underlying funds of the loans (provided for

purchasing consumer electronics) withdrawn from the bank account of “Astghik” LLC with the branch of the bank and provided these funds to the latter. Rosa Sirekan Khachatryan took 10% from the amount of these transactions, leaving 3% on the bank account of the store and taking 7% in cash. Upon the instruction of Rosa Sirekan Khachatryan, he withdrew funds from the bank account of the store in 3 or 4 cases and provided these funds to Karen Vardges Ghasaboghlyan. There were cases, when Rosa Sirekan Khachatryan personally withdrew funds from the bank account of the store and provided these funds to Karen Vardges Ghasaboghlyan, or he personally withdrew funds from this account and provided the funds to Rosa Sirekan Khachatryan; Karen Vardges Ghasaboghlyan and Rosa Sirekan Khachatryan kept their calculations together in-between. Karen Vardges Ghasaboghlyan registered another loan under the name of his cousin, Nver Samvel Tovmasyan, and personally received the underlying funds.

In the beginning of 2008, Karen Vardges Ghasaboghlyan called him on the phone and asked him to find a person, under the name of whom a loan could be registered. He was not aware why Karen Vardges Ghasaboghlyan would need such a loan. In the meantime, he accidentally met Gurgen Samvel Arakelyan (his army friend and a resident of Varsar, Republic of Armenia) and asked him to use his name for registering a loan, bringing an excuse that he was already a borrower and could not take out a loan under his name again. Since Gurgen Samvel Arakelyan did not refuse, they went to branch “Sevan” of “VTB-Armenia Bank” CJSC, where they met Karen Vardges Ghasaboghlyan; upon learning that the loan was required for Karen Vardges Ghasaboghlyan, Gurgen Samvel Arakelyan refused and did not present any documents. After a while, he received a phone call from Gurgen Samvel Arakelyan, who told him that Karen Vardges Ghasaboghlyan had registered a loan under his name.

Upon analyzing the testimonies given by Artur Meruzhan Tovmasyan in the course of preliminary and court examination, and upon juxtaposing these materials in conjunction with other evidences, the Court establishes that the testimonies given by the latter in the course of court examination are not true and are given with a purpose of assisting Karen Vardges Ghasaboghlyan to avoid criminal liability and punishment.

Therefore, the Court considers the testimony given by Artur Meruzhan Tovmasyan in the course of preliminary investigation more accurate and corresponding to the other evidences obtained with the criminal case and established in the court examination.

The victim, Arsen Yurik Manukyan, testified that he had worked as a driver at “Hair ev Vordi Khalafyanner” LLC until February of 2008. Due to his work, he got acquainted with Artur Meruzhan Tovmasyan, an employee at “Astghik” LLC. In April of 2008, he wanted to purchase consumer electronics from “Astghik” LLC and presented his intention to Rosa Sirekan Khachatryan (director at “Astghik” LLC). The latter gave him an idea of the documents required for a loan; since he had his passport with him, he gave it to Artur Meruzhan Tovmasyan at the spot, before he would present the other documents. Since Rosa Sirekan Khachatryan and Artur Meruzhan Tovmasyan trusted him, they immediately let him take a washing machine, a sofa, and a camera with him. On the next day, he presented the required documents to the store, gave them to Artur Meruzhan Tovmasyan, who promised to get the transaction fully registered; afterwards, he would just have to go and sign the required documents related to the

consumer loan. Afterwards, Artur Meruzhan Tovmasyan told him that the bank had refused to approve the loan due to the fact that he had had two different consumer loans with two different banks before, which were fully repaid with a history of delinquencies. After some time, Artur Meruzhan Tovmasyan called him on the phone and told him to pay a visit to Karen Vardges Ghasaboghlyan, an employee at branch "Sevan" of "VTB-Armenia Bank" CJSC. Karen Vardges Ghasaboghlyan gave him a few documents, which, upon the instruction of the latter, he signed without reading. Next, they approached the cash register with Karen Vardges Ghasaboghlyan, he presented the documents to the cashier, signed the documents presented to him, and received the funds. He did not count the money, but an amount of 1,000,000 Armenian drams was indicated on the documents. Walking away from the cash register, Karen Vardges Ghasaboghlyan demanded that he return the funds, but he refused. At that time, Karen Vardges Ghasaboghlyan called Artur Meruzhan Tovmasyan and gave him the phone. Artur Meruzhan Tovmasyan also told him to return the funds to Karen Vardges Ghasaboghlyan, who took half of the funds and instructed him to provide the other half to Artur Meruzhan Tovmasyan. The latter said that the funds received were meant for an agricultural loan registered under his name, for the benefit of Karen Vardges Ghasaboghlyan and him. Artur Meruzhan Tovmasyan promised to repay the loan in three days, for which, upon his request, the latter wrote a promissory note. After a while, in the summer of 2008, he received a phone call from branch "Sevan" of "VTB-Armenia Bank" CJSC and was asked why he was not repaying his loan. He replied that the loan was received by Karen Vardges Ghasaboghlyan and Artur Meruzhan Tovmasyan; one or two days after the phone call, he accidentally met Karen Vardges Ghasaboghlyan and asked him about the loan. The latter replied that he was not the one responsible and that he should ask Artur Meruzhan Tovmasyan about the issue. After some time, he was told by Karen Vardges Ghasaboghlyan that the loan was fully repaid; since he received no phone calls from the bank anymore, he believed what he was told by Karen Vardges Ghasaboghlyan. Regarding the part of his testimony, given in the course of preliminary investigation, where he testified that he had taken the documents given to him by Karen Vardges Ghasaboghlyan to the office of the branch manager, where these documents were signed by the manager, the victim, Arsen Yurik Manukyan, indicated that he had given this testimony after being released from the hospital, thus, he could have possibly been wrong.

The victim, Arsen Yurik Manukyan, did not file a civil petition.

The victim, Manvel Marlen Karapetyan, testified that he accidentally met his long-standing acquaintance, Artur Meruzhan Tovmasyan, in March of 2008. In their conversation, the latter told him that he needed a loan, but, since he already had an outstanding loan, he could not take out one. Artur Meruzhan Tovmasyan proposed him to register a loan under his name, promising to make the repayments and saying that either his apartment or motor vehicle would be pledged as collateral. He gave his consent and, a few days after the conversation, presented the required documents to Artur Meruzhan Tovmasyan, except for his salary statement, since this document had to be taken from Yerevan. On the day agreed, they went to branch "Sevan" of "VTB-Armenia Bank" CJSC together with Artur Meruzhan Tovmasyan, entered the office of Karen Vardges Ghasaboghlyan, and registered the loan. He signed the documents without reading, and Karen Vardges Ghasaboghlyan took the documents to the office

of Arsen Nurijan Arakelyan (the branch manager) for signing and sealing. Afterwards, they approached the cash register together with Artur Meruzhan Tovmasyan, he presented his passport and the payment slip given to him by Karen Vardges Ghasaboghlyan, and received 1,800,000 Armenian drams, which Artur Meruzhan Tovmasyan immediately took from him. After a while, in 2009, he received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC on his delinquent loan with an outstanding principle amount of 1,300,000 Armenian drams and 240,000 Armenian drams of accrued interests. He met with Artur Meruzhan Tovmasyan, who brought an excuse, saying that he had no money to repay the loan with. They went to the bank together, where Artur Meruzhan Tovmasyan wrote a promissory note, undertaking an obligation to fully repay the loan until March of 2010.

The victim, Manvel Marlen Karapetyan, did not file a civil petition.

The victim, Arman Norik Gharibyan, testified that he went to branch "Sevan" of "VTB-Armenia Bank" CJSC on April 23, 2008 in order to pledge his motor vehicle as collateral and take out a loan. In the branch, he approached Karen Vardges Ghasaboghlyan and told him that he needed about 1,000,000 Armenian drams. Karen Vardges Ghasaboghlyan promised to provide the loan with a condition that he would take out a loan in the amount of 1,500,000 Armenian drams and would provide Karen Vardges Ghasaboghlyan with 500,000 Armenian drams, which the latter promised to repay in the future. Trusting Karen Vardges Ghasaboghlyan, he gave his consent and provided the latter with his motor vehicle's technical book and his passport. Returning to the branch after about an hour, he signed the documents given to him by Karen Vardges Ghasaboghlyan without reading, received the funds in the amount of 1,500,000 Armenian drams from the cash register, went upstairs to the office of Karen Vardges Ghasaboghlyan, and gave him 500,000 Armenian drams. Karen Vardges Ghasaboghlyan confirmed once again that he would repay the loan and gave him a loan repayment schedule, which indicated that an amount equal to 62,500 Armenian drams had to be paid every month in the period from May 23, 2008 to April 23, 2010. After some time, he left for the Russian Federation, from where he sent money to his relatives to make repayments of the loan. In January of 2009, after receiving a writ from the bank, he found out that Karen Vardges Ghasaboghlyan was under arrest, having made no repayments of the loan; the whole outstanding amount, in equivalence of 1,500,000 Armenian drams, had to be repaid by him.

The victim, Arman Norik Gharibyan, did not file a civil petition.

The victim, Valiko Haykaz Gevorgyan, testified in the course of preliminary investigation that he worked as a waiter at "Noralusin" LLC. He purchased a television set and a motor vehicle with consumer loans provided by branch "Sevan" of "VTB-Armenia Bank" CJSC before, where he got acquainted with Karen Vardges Ghasaboghlyan, who worked as a specialist at the credit division of the branch. For the purpose of resolving his financial needs, he decided to take out loan in the amount of 500,000 Armenian drams, for which he applied to Karen Vardges Ghasaboghlyan. The latter told him that he was in need for funds as well, but, being an employee of the branch, he was not allowed to take out a loan. The latter suggested him to apply for a loan in the amount of 1,500,000 Armenian drams, rather than for 500,000 Armenian drams, promising to repay 2/3 of the total amount of the loan. Karen Vardges Ghasaboghlyan also added that he was going to pledge an apartment as collateral and

that he would have problems with his apartment, in case he did not repay the loan. They agreed to meet the next day in order to complete the registrations. On the next day, March 4, 2008, he went to the branch, met Karen Vardges Ghasaboghlyan, they went to the cash register together, he signed the payment slip for withdrawing the loan in the amount of 1,500,000 Armenian drams, received the funds, and gave 1,000,000 Armenian drams to Karen Vardges Ghasaboghlyan, while keeping the remaining 500,000 Armenian drams. According to the repayment schedule, he gave 28,500 Armenian drams to Karen Vardges Ghasaboghlyan each month during a period of four months, in order for the latter to add another 57,000 Armenian drams and to make the repayments, accordingly. Next time, he went to the branch and, being unable to find Karen Vardges Ghasaboghlyan, he decided to make his part of the repayment himself; however, he was told by the employees of the branch that he had to pay large interest penalties due to past several delinquencies and partial repayments. After that, he met Karen Vardges Ghasaboghlyan, who asked him to make his part of the repayments and not to worry about the rest. Being assured that Karen Vardges Ghasaboghlyan's apartment was pledged as collateral and that the latter would have problems in case of delinquencies, he personally made all the subsequent repayments of his part of the loan every month. Afterwards, upon learning that his repayments would decrease the accrued interests rather than the principle amount, he did not make any further repayments and went to see Arsen Nurijan Arakelyan (the branch manager) and to tell him the whole story. On the spot, he found out that his motor vehicle was pledged as collateral, which he had sold long before. He met Karen Vardges Ghasaboghlyan a few times after that and demanded that he repay the loan; however, the latter always assured that there was no need to worry.

The victim, Valiko Haykaz Gevorgyan, did not file a civil petition.

The representative of "VTB-Armenia Bank" CJSC, Kamo Petrosyan, testified that the bank had incurred a particularly large material loss. He filed a civil petition, with a claim to confiscate the loss caused as a result of the crime from all the accused with the principle of several obligation. The amount of the loss included all the losses derived from the loan agreements. If the loans were provided under normal conditions, the bank would have gained profits, accordingly; conversely, a crime was committed, and it was established that the bank had incurred loss as a result of this crime. The calculations were made as of the day of the request made by the preliminary investigation authority; the bank was still incurring losses.

Regarding the individuals, who were not at fault for ending up in the list of "irresponsible borrowers", Kamo Petrosyan indicated that this question would be resolved after the circumstances of the criminal case and the fact of loans registered under the names of third parties were established by the court, since the register of "irresponsible borrowers" was run and administered by the Central Bank of the Republic of Armenia with a unified program.

The representative of "VTB-Armenia Bank" CJSC, Kamo Petrosyan, filed a civil petition in the course of court examination, soliciting: the confiscation (with the principal of several obligation) of 10,055,533.2 Armenian drams from the accused, Karen Vardges Ghasaboghlyan and Artur Meruzhan Tovmasyan, for the benefit of "VTB-Armenia Bank" CJSC; the confiscation (with the principal of several obligation) of 6,293,352.4

Armenian drams from the accused, Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Victoria Garnik Asatryan, for the benefit of "VTB-Armenia Bank" CJSC; the confiscation (with the principal of several obligation) of 6,543,210.1 Armenian drams from the accused, Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Ara Rafik Mkrtchyan, for the benefit of "VTB-Armenia Bank" CJSC; the confiscation (with the principal of several obligation) of 38,140,625.3 Armenian drams from the accused, Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Sahakanuysch Hayrik Asatryan, for the benefit of "VTB-Armenia Bank" CJSC; and the confiscation of 234,198.1 Armenian drams from the accused, Pap Telman Manukyan, for the benefit of "VTB-Armenia Bank" CJSC, as a compensation of losses caused as a result of committing an action prohibited by the criminal law.

The witness, Evelina Khaltur Aleksanyan, testified that she purchased a television set from "Astghik" LLC with the loan provided by branch "Sevan" of "VTB-Armenia Bank" CJSC in 2006 and fully repaid the loan in about a one-year time. After that, she had no other association with this bank. She received a writ from the court in 2009, indicating that "VTB-Armenia Bank" CJSC had filed a petition to the court in order to confiscate 146,428.3 Armenian drams from her. The petition indicated as if she had taken out a loan in the amount of 240,000 Armenian drams from the bank in 2008. Since she was not aware of this loan, she applied to the police.

The witness, Tamara Avetik Hambardzumyan, testified that she, together with her neighbors, Eduard Hrachik Bareghamyan and Knkush Aghvan Melkonyan, took out an unsecured loan in the amount of 170,000 Armenian drams from credit organization "Finca" in 2007. Eduard Hrachik Bareghamyan provided the underlying funds of the loan to Benik Onik Stepanyan (his countryman from the same village), who made the repayments of the loan further on. In the spring of 2008, Benik Onik Stepanyan told them that their loans were transferred to branch "Sevan" of "VTB-Armenia Bank" CJSC, and that they had to go to the bank to sign certain documents, in order to make the further repayments of the loan in that bank. They went to the bank by taxi with Benik Onik Stepanyan and entered the office of Karen Vardges Ghasaboghlyan. The latter took her passport and gave her certain documents, which she signed without reading. Karen Vardges Ghasaboghlyan withdrew funds from the cash register with her passport, and she signed the payment slip. Afterwards, Benik Onik Stepanyan sent her home; after about a year, she received a writ from the bank, indicating that she had a delinquent loan in the bank in the amount of 1,000,000 Armenian drams, with a motor vehicle pledged as collateral. With the same method, Benik Onik Stepanyan defrauded her daughter, Hermine Hovik Hambardzumyan.

The witness, Knkush Aghvan Melkonyan, testified that her son, Arkadi Grigor Melkonyan, took out a loan in the amount of 250,000 Armenian drams from credit organization "Finca" in 2008 and responsibly made the according repayments. In 2008, Tamara Avetik Hambardzumyan, who lived in the same village and was a participant and a guarantor in the same group of loans, came to their house and told them that their son was invited to sign certain documents in branch "Sevan" of "VTB-Armenia Bank" CJSC; however since their son was not at home, she was invited to go to the bank instead. They went to branch "Sevan" of "VTB-Armenia Bank" CJSC together, entered an office in the second floor, where they found their countryman

from the same village, Benik Onik Stepanyan, with an employee of the bank. The latter gave her certain documents, which she signed without reading, and returned to the village. Afterwards, in the spring of 2009, she applied for a loan to credit organization "Aregak", but she was refused due to a reason that she had a delinquent loan from "VTB-Armenia Bank" CJSC. Upon learning about his, her son went to branch "Sevan" of "VTB-Armenia Bank" CJSC and found out that Benik Onik Stepanyan, together with an employee of the bank, Karen Vardges Ghasaboghlyan, had registered fake loans by means of fraudulent transactions and had thieved the underlying funds.

The witness, Alina Aghvan Sargsyan, testified that they lived with Pap Telman Manukyan in the same neighborhood and were in close relationship with their families. In the summer of 2008, Pap Telman Manukyan said that he wanted to purchase a product with a loan and asked her to act as a guarantor for the loan. She gave her consent and gave her passport to Pap Telman Manukyan. A few days after, she asked Pap Telman Manukyan to return her passport since she wanted to get registered with social benefit program "Paros"; the latter returned her passport and told her that her passport was not required. In April of 2009, several employees of branch "Sevan" of "VTB-Armenia Bank" CJSC came to her house and asked her why she was not repaying her outstanding loan in the amount of 600,000 Armenian drams. The representatives of the bank found out that she was not aware of the loan and that she had never conducted a transaction with the bank; with a suspicion, they asked whether or not she knew Pap Telman Manukyan. She replied that Pap Telman Manukyan lived in the same building with them. She told Pap Telman Manukyan about the problem and received a response that he had a job and would soon repay the loan. In October of 2009, she received a writ from the court about her delinquent loan in the amount of 800,000 Armenian drams and the accrued interests. She could not be present at the court hearing, since she was abroad. Later, she received the Verdict, indicating that certain funds had to be confiscated from her. Since Pap Telman Manukyan was not in Sevan, they went to the bank with the Pap Telman Manukyan's wife and met with the branch manager; she found out that there was actually a loan registered under her name, with household property pledged as collateral; this was totally fake. Again, she had a conversation with Pap Telman Manukyan, who promised to resolve the problem; however, after a while, several officers of the Service for Compulsory Enforcement of Judicial Orders came to confiscate her household property, and part of her salary was soon confiscated.

The witness, Nver Samvel Tovmasyan, testified that although Artur Meruzhan Tovmasyan was his cousin, they rarely saw each other. In the summer of 2008, he accidentally met Artur Meruzhan Tovmasyan and the brother-in-law of the latter, Karen Vardges Ghasaboghlyan, who said that he had taken out a consumer loan and asked whether he had his passport with him, so that the loan could be changed into his name for three months. Taking into consideration the kinship between Artur Meruzhan Tovmasyan and Karen Vardges Ghasaboghlyan, he trusted the latter and provided his passport. About half an hour later, Karen Vardges Ghasaboghlyan called him on the phone, and they agreed to meet so that the latter could return the passport. He found out later that a loan was registered under his name in branch "Sevan" of "VTB-Armenia Bank" CJSC, with a motor vehicle pledged as collateral. At

that time, he understood that Karen Vardges Ghasaboghlyan had defrauded him and registered a loan under his name.

The witness, Sargis Rafik Voskanyan, testified that Kanakara Onik Stepanyan, who lived in the same village with him, approached him in October of 2007, asking him to act as a guarantor for her loan. He gave his consent, took his passport with them, and went to branch "Sevan" of "VTB-Armenia Bank" CJSC, together with Kanakara Onik Stepanyan and her brother, Benik Onik Stepanyan. They presented their documents, signed the documents presented to them in the bank, and Kanakara Onik Stepanyan received the funds from the cash register of the bank. Afterwards, they returned to the village together. In September of 2009, several officers of the Service for Compulsory Enforcement of Judicial Orders came to his house and told him that Kanakara Onik Stepanyan had not fully repaid her loan and he, as a guarantor, had to repay it. On the next day, they went to branch "Sevan" of "VTB-Armenia Bank" CJSC with Kanakara Onik Stepanyan's father, Onik Stepanyan, in order for the latter to repay the loan. He found out in the bank that an agricultural loan in the amount of 1,000,000 Armenian drams was registered under his name, with a maturity period ending on October 23, 2009, and that no repayments were made whatsoever. Since he had not taken out the loan, he went to the Police Department in Sevan and reported the incidence.

The witness, Kanakara Onik Stepanyan, testified that in the fall of 2007 she agreed to the proposal of his brother, Benik Onik Stepanyan, to take out a loan under her name in order to renovate her brother's apartment; taking her passport, she went to branch "Sevan" of "VTB-Armenia Bank" CJSC with her brother. She only showed her passport and signed the loan agreement in the presence of Karen Vardges Ghasaboghlyan (economist in the credit division of the branch). Afterwards, she withdrew 1,000,000 Armenian drams from the cash register and provided these funds to her brother, Benik Onik Stepanyan. The latter made the repayments accordingly and fully repaid the loan in due time.

Regarding to the loan registered under her name in the amount of 2,000,000 Armenian drams in branch "Sevan" of "VTB-Armenia Bank" CJSC, Kanakara Onik Stepanyan indicated that she was not aware of this loan, she did not own a motor vehicle, and did not pledge a motor vehicle as collateral, and she was never contacted by the bank about the repayment of this loan.

The witness, Eduard Hrachik Bareghamyan, testified that he received a loan in the amount of 250,000 Armenian drams from credit organization "Finca" in 2007, and provided the underlying funds to Benik Onik Stepanyan, who made repayments of this loan. In the summer of 2008, he met Benik Onik Stepanyan, who asked him to go to branch "Sevan" of "VTB-Armenia Bank" CJSC in order to fully repay the loan registered under his name. Meeting the employee of the branch, Karen Vardges Ghasaboghlyan, he presented his passport to the latter, who filled in and passed a few documents to him for signature, while telling him to go downstairs and withdraw the funds from the cash register. Without asking a question, he signed the documents, went downstairs, told the cashier that he was sent by Benik Onik Stepanyan, and received funds in the amount of 1,000,000 Armenian drams without showing any documents. After returning to the office of Karen Vardges Ghasaboghlyan, he provided the funds to Benik Onik Stepanyan, who, in turn, provided 200,000 Armenian drams to Karen

Vardges Ghasaboghlyan and told him that his loan was fully repaid. In 2009, he was informed from branch "Sevan" of "VTB-Armenia Bank" CJSC that a loan was registered under his name in the amount of 1,000,000 Armenian drams, with a portable lawn mower pledged as collateral, a machine he had never owned. He understood that Benik Onik Stepanyan and Karen Vardges Ghasaboghlyan had abused his trust, defrauded him, and registered a loan under his name.

The witness, Ashot Khachatryan, testified he was the official of community "Kentron" in Sevan. In the summer of 2008, Pap Telman Manukyan came to the community hall and asked for a statement on the household size of Alina Aghvan Sargsyan. Pap Telman Manukyan said that he wanted to take out from the bank under the name of Alina Aghvan Sargsyan, who was well aware of that. He refused to provide the statement, saying that Alina Aghvan Sargsyan should request the statement herself. On the next day, Pap Telman Manukyan came to him again and asked for the same statement, while showing Alina Aghvan Sargsyan's passport. Since he knew that these persons had close familial relationships, and seeing Alina Aghvan Sargsyan's passport, he trusted Pap Telman Manukyan and provided the required statement.

The witness, Andranik Epremyan, testified that he had a second job as an executive director at production unit "Sintez", which belonged to a resident of Sevan, Vladimir Sargsyan. In the summer of 2008, Pap Telman Manukyan, whom he knew as a butcher and had a close relationship with, approached and asked him to issue a salary statement for his neighbor, Alina Aghvan Sargsyan, since he wanted to buy a television set with a loan. Feeling sympathetic and considering the fact that Pap Telman Manukyan had a job and constant income, he issued a statement as if Alina Aghvan Sargsyan worked as an associate accountant at production unit "Sintez", with a monthly salary of 115,000 Armenian drams.

The witness, Grisha Antonyan, testified that he took out a two-year loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC in July of 2007 and fully repaid it in September of 2009. He pledged his tractor as collateral for the loan. For the purpose of the loan, he presented statements from the place of his residence, on the size of his household, and on his salary, as well as the photocopies of his passport and social card. After repaying this loan, he neither took any loans nor acted as a guarantor for a third-party loan. In the fall of 2009, he received a writ from the court, which indicated that he had acted as a guarantor for the loan provided to his countryman, Onik Stepanyan, and since the loan was delinquent, the bank had applied to the Court in order to confiscate an amount equal to the loan. He went to the court and declared that he had neither acted as a guarantor for Onik Stepanyan's loan nor signed any documents. After looking at the documents in the loan application package for Onik Stepanyan, he realized and notified the court that his signatures were forged. Besides, Onik Stepanyan also notified the court that he had neither taken any loan from the bank nor acted as a guarantor for a third-party loan.

The witness, Alexander Hamlet Isakov, testified that in 2007 he accidentally met his classmate from school, Artur Meruzhan Tovmasyan. The latter asked him to apply for a loan in branch "Sevan" of "VTB-Armenia Bank" CJSC and provide the funds to him, while promising to repay the loan in due time. He gave his consent to Artur Meruzhan Tovmasyan's proposal and provided the latter with the photocopies of his passport

and social card. He did not go to the bank to apply for the loan, did not sign any documents, and did not even know how large was the loan registered by Artur Meruzhan Tovmasyan under his name. He never worked in "Astghik" LLC and never took a salary statement from this company.

The witness, Nelly Geghamyan, testified that her deceased mother, Rosa Sirekan Khachatryan, founded "Astghik" LLC in Sevan in 1997. After a year, due to her mother's poor health, they registered the company under her name. She did not know who worked at the company, since her mother was responsible for such issues. She only knew that the company did not have an accountant, and their friends helped them out with accounting. In the beginning they sold textile articles in the store, but from 2004 and on, they offered consumer electronics, as well. They purchased the inventory from stores and markets in Yerevan, and her mother put them on sale in their store. She had no information about the cooperation with branch "Sevan" of "VTB-Armenia Bank" CJSC, the loans registered and the statements provided, since all that happened before she became the director of the company. She knew Artur Meruzhan Tovmasyan as a salesperson of consumer electronics; however, the latter did not work in the store after she undertook the position of the director.

The witness, Manuk Tovmasyan, testified that, after submitting the required documents, he purchased consumer electronics from "Astghik" LLC in 2006 with a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC and properly repaid the full amount of the loan and the accrued interests in a time period of two years, in accordance with the repayment schedule issued by the bank. In 2007, he took out a renovation loan from "Sevan" branch of "Ardshinvestbank" CJSC in the amount of 1,200,000 Armenian drams with an annual interest rate of 22% and properly repaid it, in accordance with the repayment schedule issued by the bank. In January or February of 2008, his cousin, Artur Meruzhan Tovmasyan, approached him and asked for his passport, saying that he had to conduct a transaction to buy stock products for the store. He did not refuse, and a few days after, Artur Meruzhan Tovmasyan asked for a statement on his place of residence, saying that he wanted to take out a loan under the name of Manuk Tovmasyan from branch "Sevan" of "VTB-Armenia Bank" CJSC. He refused this time, saying that he already had an outstanding loan registered under his name. A few days later, Artur Meruzhan Tovmasyan returned his passport; in 2008, when he went to the bank to make a loan repayment, he was informed that there was a loan registered under his name in the amount of 600,000 Armenian drams. At that time, he met Karen Vardges Ghasaboghlyan, an employee at branch "Sevan" of "VTB-Armenia Bank" CJSC, who told him that the loan was taken out by Artur Meruzhan Tovmasyan. He also found out that part of that loan was already repaid. In March of 2009, he applied for another loan to "Sevan" branch of "Armeconombank" CJSC, but he was told that he was included in the list of "irresponsible borrowers", since he had a delinquent loan. He wrote a letter to the Central Bank of the Republic of Armenia in order to delist his name; soon afterwards, he received a phone call from the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC, Arsen Nurijan Arakelyan, who invited him to his office. Arsen Nurijan Arakelyan showed him his passport, a salary statement (indicating that he worked as an accountant-economist at "Astghik" LLC with a monthly salary of 130,000 Armenian drams), a note for accepting the delivery of the product under his name, and a payment slip (indicating a down payment in the

amount of 160,000 Armenian drams). After finding out that his signatures were forged on all these documents, he met Artur Meruzhan Tovmasyan, who told him that everything was mediated by Karen Vardges Ghasaboghlyan.

The witness, Vahe Saghatelyan, testified that, in October or November of 2009, he took out a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC in the amount of 974,000 Armenian drams, with gold pledged as collateral, and fully repaid the loan before its maturity period ending in April of 2010. In the spring of 2005, he acted as a guarantor for a loan taken out by his friend, Garush Edik Torosyan, who had pledged a house located in the village of Chkalovka. For the purpose of this loan, his friend and he went to the branch of the bank, where he left a photocopy of his passport and signed certain documents. Besides, Garush Edik Torosyan took out another loan from the same branch of the bank in the amount of 1,000,000 Armenian drams; they made the final repayment of his loan together, when the current branch manager, Grisha Baghdasaryan, had already undertaken his position. After that, Garush Edik Torosyan told him as if there was a loan registered under the name of Garush Edik Torosyan in branch "Sevan" of "VTB-Armenia Bank" CJSC with an outstanding amount of 1,000,000 Armenian drams, whereas he acted as a guarantor for the loan. Except for the episodes above, he had not conducted any transactions in branch "Sevan" of "VTB-Armenia Bank" CJSC, and he only acted as a guarantor for Garush Edik Torosyan's loan in 2005, which was fully repaid then.

The witness, Garush Edik Torosyan, testified that in 2005 he took out a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC in the amount of 2,000,000 Armenian drams and fully repaid it in due time. Afterwards, in December of 2007, he purchased furniture with a loan provided by branch "Sevan" of "Ardshininvestbank" CJSC, with a maturity period of 8 months. When making the final repayment of this loan, he found out that a delinquent loan in the amount of 1,000,000 Armenian drams was registered under his name in branch "Sevan" of "VTB-Armenia Bank" CJSC. He applied to Karen Vardges Ghasaboghlyan, an economist in the credit division of branch "Sevan" of "VTB-Armenia Bank" CJSC, who replied that it was a mistake. After learning from Sahakanuysh Hayrik Asatryan, a cashier at the branch, that there was actually a loan registered under his name in the amount of 1,000,000 Armenian drams, he applied to Karen Vardges Ghasaboghlyan again, who confessed that the loan was registered using fake signatures and the documents presented for the loans in the past, and asked him not to tell anybody about that incidence. However, he told the branch manager, Arsen Nurijan Arakelyan, about this incidence, who replied that he was not aware of that; however, he found out from Sahakanuysh Hayrik Asatryan that the latter provided the underlying funds of the loan to Karen Vardges Ghasaboghlyan, based on the documents signed and sealed by the branch manager. He did not own a motor vehicle and had no information about the motor vehicle pledged as collateral.

The witness, Artak Grisha Torosyan, testified that he wanted to purchase a camera from "Astghik" LLC with a loan and he approached Artur Meruzhan Tovmasyan, an employee at the store, with this issue. He presented all the required documents, but the approval of the loan was delayed, since the camera he was interested in was out of stock in the store. A few days after, he received a phone call from Artur Meruzhan Tovmasyan, who told him that the store had the camera he wanted in stock and that he had to make a down payment in the amount equal to 30% of the price. Since he

had no money at that point, he refused to purchase the camera and asked Artur Meruzhan Tovmasyan to dispose of his documents. In March of 2008, he received a phone call from branch "Sevan" of "VTB-Armenia Bank" CJSC and was told that he had a delinquent loan in the bank in the amount of 680,000 Armenian drams. After coming to the bank, he saw that all the documents, which he had presented to Artur Meruzhan Tovmasyan to apply for the loan, were in the loan documentation package formed under his name. He reported the problem to the branch manager, Arsen Nurijan Arakelyan, who called in Karen Vardges Ghasaboghlyan; the latter confessed that he had registered the loan and promised to repay it.

The witness, Davitbek Erem Davtyan, testified that he received an agricultural loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC. The person dealing with the loan, Ara Rafik Mkrtychyan, told him that he had to pay the interests for six months in the amount of 98,100 Armenian drams into the cash register, and, as the cash register was already closed, Karen Vardges Ghasaboghlyan proposed him to leave the money with the latter and come back for the payment slip on the next day. Trusting Karen Vardges Ghasaboghlyan, he left 100,000 Armenian drams with the latter. He left another 20,000 Armenian drams with the latter. On the next day, he did not manage to pick up the payment slip, since he was busy, and asked her wife to do that. Afterwards, his son and he left for the Russian Federation one after the other, and they sent money from there to his wife, who made periodic repayments of the loan. After returning from the Russian Federation, he took the loan repayment slips and went to the bank to check the balance of the loan with Ara Rafik Mkrtychyan. The latter checked the computer system and quoted the balance, which was 100,000 Armenian drams more than it was supposed to be. He understood that Karen Vardges Ghasaboghlyan had not repaid his loan with the 100,000 Armenian drams he had given to the latter and for which his wife had picked up the payment slip from the bank.

The witness, Eghishe Sargsyan, testified that his brother, Artur Rudik Sargsyan, decided to take out a loan in the amount of 1,500,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC in December of 2007. As a requirement for providing the loan, the bank imposed a seizure on his personal motor vehicle (model: VAZ 21-06) as a collateral for the loan and required several guarantors. He went to the bank to help his brother and acted as a guarantor, signing the agreement of guarantee. Artur Rudik Sargsyan fully repaid the loan in due time, and the seizure was reversed. Other than that, they took out no other loans, and he never acted as a guarantor for a third-party loan. After a while, he applied for a loan, but he was told that there was a consumer loan registered under his name; afterwards, he received two writs from the bank, indicating that he had a delinquent loan in the amount of 146,000 Armenian drams. For some time, the bank refused to show the loan documentation package to him; soon afterwards, they showed the loan agreement, the photocopies of his passport and social card, and told him that a camera was purchased with the loan registered under his name. Although he repaid this loan, he was still being refused by banks in providing a loan, since he had a delinquency in the past.

The witness, Marietta Grigoryan, testified that, on June 7, 2010, she wrote a letter to the prosecutor of Gegharkunik Region, indicating that she had not acted as a

guarantor for the agricultural loan No. 46, registered under the name of Benik Onik Stepanyan in branch "Sevan" of "VTB-Armenia Bank" CJSC, and she was not aware how her name appeared as a guarantor in the agreement of guarantee signed on June 25, 2007 for Benik Onik Stepanyan's loan. She did not sign this agreement, the signature did not belong to her and she was not aware who had signed it. In the course of court examination, the signature on the agreement was sent for a forensic handwriting examination, which proved that the signature did not belong to her. After that, her part of the case was dismissed.

The witness, Karen Aghasi Arakelyan, testified that Artur Meruzhan Tovmasyan promised to find him a job at "Astghik" LLC and took the photocopies of his passport and social card; after a few days, he also took statements on the place of residence and on the size of household. Artur Meruzhan Tovmasyan told him that after his employment the latter would register a loan under his name; however, he was not recruited by "Astghik" LLC. In the beginning of 2009, he received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC, indicating that he had a delinquent loan in the same bank in the amount of 120,000 Armenian drams. He did not give a salary statement to Artur Meruzhan Tovmasyan, did not go to the bank and did not sign any documents. He told Artur Meruzhan Tovmasyan about the issue, and the latter promised to repay the loan.

The witness, Hayk Seryozha Mnatsakanyan, testified that, in the beginning of 2008, he met Artur Meruzhan Tovmasyan, who told him that he wanted to purchase consumer electronics with a loan and asked him to register a loan under the name of Hayk Seryozha Mnatsakanyan, since he already had a loan registered under his name. Considering his close relationship with Artur Meruzhan Tovmasyan, he gave his consent, prepared the required documents and went together with the latter to see Karen Vardges Ghasaboghlyan, an economist of the credit division of branch "Sevan" of "VTB-Armenia Bank" CJSC, in order to register a consumer loan in the amount of 300,000 Armenian drams. After Karen Vardges Ghasaboghlyan found out that the loan was to be registered under the name of Hayk Seryozha Mnatsakanyan, and the repayments were to be made by Artur Meruzhan Tovmasyan, he asked to increase the amount of the loan by another 300,000 Armenian drams, promising to repay the additional part of the loan. He gave his consent to this condition, and a loan was registered under his name in the amount of 600,000 Armenian drams. He presented his passport, his social card, and a statement on the size of his household. He never worked at "Astghik" LLC. He signed the documents in the office of Karen Vardges Ghasaboghlyan; however, he did not receive the funds and did not make a down payment. Eventually, Artur Meruzhan Tovmasyan repaid his part of the loan in the amount of 300,000 Armenian drams, while he had to repay the remaining part of the loan.

The witness, Pavel Yurik Gabrielyan, testified that, in September of 2007, he received a real loan in the amount of 2,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC, with a maturity period of 18 months, with his father's house pledged as collateral. He fully repaid the loan in a time period of 10 months and conducted no other transactions with the bank. In the course of the preliminary investigation of this criminal case, he found out that a loan in the amount of 680,000 Armenian drams was registered under his name in branch "Sevan" of "VTB-Armenia

Bank" CJSC, which he was not aware of. Therefore, it had to be a fake loan. He was sure that his passport and other details, included in the loan documentation package of his former loan, were used for the purpose of registering this fake loan.

The witness, Yury Karlen Hovhannisyan testified that he had not taken out a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC on July 8, 2008 and was not aware of the loan registered under his name. He could not understand how his personal details ended up in branch "Sevan" of "VTB-Armenia Bank" CJSC, considering the fact that he had given neither his passport nor its photocopy to anybody. He did not know Sargis Rafik Voskanyan and never gave any statements to the latter. He found out that a loan was registered under his name in branch "Sevan" of "VTB-Armenia Bank" CJSC when he was still in prison.

The witness, Onik Stepanyan, testified that, in the summer of 2007, he took out a loan in the amount of 200,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC, with gold pledged as collateral, and fully repaid the loan later. In 2008, he went to the bank with his son, Benik Onik Stepanyan, and signed certain documents therein; his son told him that he was leaving for the Russian Federation, and he undertook an obligation to repay his son's loan in the amount of 700,000 Armenian drams (his son was supposed to send funds required for repayment from the Russian Federation). He did not own a tractor and did not know what tractor was pledged as collateral. He knew Sargis Rafik Voskanyan, but never acted as a guarantor for the loan of the latter. In September of 2007, her daughter, Kanakara Onik Stepanyan, took out a loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC, which she fully repaid later.

The witness, Karen Lyova Navasardyan, testified that, in 2006, he took out a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC for purchasing a television set. The loan documentation package was formed by Karen Vardges Ghasaboghlyan. He fully repaid the loan in a time period of one year. In June of 2007, he received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC, indicating that he had a delinquent consumer loan in the branch. After going to the branch, he found out that a loan was registered under his name in the amount of 600,000 Armenian drams for purchasing consumer electronics: a refrigerator and a camera. Although he was not aware of this loan and the signatures in the loan agreement did not belong to him and were imitated to resemble his signature, he fully repaid the loan.

The witness, Gohar Mkrtchyan, testified that, in 2008, she took out a loan in the amount of 50,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC, which she fully repaid later. Afterwards, she found out that a loan in the amount of 500,000 Armenian drams was registered under her name or the name of her husband, Yury Karlen Hovhannisyan, who, being in prison at that time, was serving his punishment at Penitentiary Institution "Nubarashen". As for her, she had not taken any loan other than the one taken out in 2008 in the amount of 50,000 Armenian drams, which she had already repaid. Upon the instruction of the new branch manager, she repaid 30,000 Armenian drams, later refused to continue and made no other repayments.

The witness, Sargis Rafik Shahbazyan, testified that, in May of 2007, he took out a loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia

Bank” CJSC, while pledging his house, located in the village of Zovaber, as collateral. He properly made the repayments of the loan. He went to the bank again on November 6, 2007, met Karen Vardges Ghasaboghlyan, an economist of the credit division of the branch, and said that he wanted to fully repay the loan. Karen Vardges Ghasaboghlyan took his 640,000 Armenian drams in cash, returned to the office after some time, and gave him the loan repayment slip. Karen Vardges Ghasaboghlyan also returned the ownership certificate for the house pledged as collateral and said that he would send a letter to the real estate cadaster, requiring the reversal of the seizure imposed on this property. On September 9, 2009, he received a writ from branch “Sevan” of “VTB-Armenia Bank” CJSC, indicating that he had a delinquent loan in the amount of 640,000 Armenian drams. He went to the bank, showed his loan repayment slip and the ownership certificate of his house to the new branch manager, Grisha Baghdasaryan. The former manager of this branch, Arsen Nurijan Arakelyan, was also present at this conversation.

The witness, Aleksan Lyova Davtyan, testified that, in 2007, he wanted to buy consumer electronics with a loan and applied to Artur Meruzhan Tovmasyan, who worked at a consumer electronics store at that time. The latter introduced the list of documents required for the transaction. He gave the photocopy of his passport and a statement on the size of his household to Artur Meruzhan Tovmasyan; however, soon he changed his mind and did not take out a loan, leaving his documents with the latter. After about two months, he met Artur Meruzhan Tovmasyan, who asked him to apply for a loan under his name and provide the funds to him; he gave his consent, without asking for any details. He never worked at “Astghik” LLC, never went to the bank and did not sign any documents.

The witness, Arman Arakelyan, testified that, in the summer of 2007, his friend, Murad Davitbek Davtyan, asked him to act as a guarantor for the loan that the latter had applied for. He gave his consent and presented all the required documents: photocopies of his passport and social card, salary statement, and statement on the place of residence. Afterwards, Murad Davitbek Davtyan and his father, Davitbek Erem Davtyan, and he went to the branch of the bank, where he signed the agreement of guarantee. Murad Davitbek Davtyan and Davitbek Erem Davtyan went downstairs to the cash register and received the underlying funds of the loan. After leaving the branch of the bank, he learned that Murad Davitbek Davtyan and Davitbek Erem Davtyan had repaid the interests for the next six months in the amount of 100,000 Armenian drams, but had not taken the payment slips, since the operational day was over. Two days after Murad Davitbek Davtyan left for the Russian Federation and he never showed interest for this issue. In 2009, he received a writ from the court, indicating that Murad Davitbek Davtyan had not fulfilled his contractual obligations, had not repaid the loan, which was to be confiscated from him in a civil procedure. Murad Davitbek Davtyan told him that the loan was fully repaid, but the repayment of 100,000 Armenian drams, made on the loan approval day, was not deposited into the cash registered, which led the branch to apply to the court. He also found out that when Murad Davitbek Davtyan left for the Russian Federation, his mother took the payment slip for the repayment of 100,000 Armenian drams from the bank, and that Davtyan family kept all the payment slips.

The witness, Aram Grigoryan, testified that, in 2001, he founded "Getuk" LLC and started a business of selling consumer electronics. In March of 2006, "Getuk" LLC signed an agreement with branch "Sevan" of "VTB-Armenia Bank" CJSC in order to sell consumer electronics with loans. Karen Vardges Ghasaboghlyan's mother, Elmira Ludwig Vardanyan, purchased consumer electronics with a loan in the amount of 400,000 Armenian drams from his store on April 11, 2008, and the part of this loan in the amount of 220,000 Armenian drams was still outstanding. Karen Vardges Ghasaboghlyan's aunt, Evelina Khaltur Aleksanyan, purchased consumer electronics with a loan in the amount of 300,000 Armenian drams, and part of this loan in the amount of 120,000 Armenian drams was still outstanding. Karen Vardges Ghasaboghlyan's sister, Karine Vardges Ghasaboghlyan, purchased consumer electronics with a loan in the amount of 600,000 Armenian drams, and part of this loan in the amount of 200,000 Armenian drams was still outstanding. He did not remember who took the consumer electronics in all these three episodes, but he was sure to have given the electronics and not the funds.

The witness, Murad Davitbek Davtyan, testified, that in the fall of 2007, he took out an agricultural loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC. After the loan was approved, his father, Davitbek Erem Davtyan, gave 100,000 and 20,000 Armenian drams to Karen Vardges Ghasaboghlyan, an employee at the bank, as a prepayment. After that, his father and he left for the Russian Federation. Later on, her mother took the payment slip for the 100,000 Armenian drams from the bank. In the fall of 2009, his father went to the bank to check the balance of the loan. He found out in the bank that the balance of the loan turned out to be 100,000 Armenian drams more than it was supposed to be. They found out that their repayment of 100,000 Armenian drams, made on the loan approval day, was not deposited into the cash registered; at that, instead of indicating October 6, 2007 as the date of the repayment, the payment slip indicated the date of October 18, 2007.

The witness, Knarik Chagharyan, testified that, in the fall of 2009, she received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC, indicating that she had acted as a guarantor for the loan of an unfamiliar person, Benik Onik Stepanyan, in the amount of 1,000,000 Armenian drams; since the borrower had not repaid the loan, she had to make the repayments instead. About three years before this incidence, she acted as a guarantor for the loan of her brother in the same branch of the bank. She never acted as a guarantor for the loans of other individuals. Her brother's loan was registered by Karen Vardges Ghasaboghlyan, who, supposedly, obtained her information from her brother's loan documentation package.

The witness, Ruzanna Gharibyan, testified that his son-in-law, Artyom Davoyan, who worked as a director at "Vardan ev Gayane Davoyanner" LLC, registered a loan under her name and later repaid it with her assistance. Ruzanna Gharibyan claimed the truthfulness of her testimony given in the course of preliminary investigation, saying that she did not remember the transaction in details and that she had personally and truthfully written her testimony in the course of preliminary investigation.

Ruzanna Gharibyan testified in the course of preliminary investigation that Artyom Davoyan was her daughter's husband. He worked as a director at "Vardan ev Gayane Davoyanner" LLC. She worked as an operator at the company. In 2007, Artyom

Davoyan decided to sell his apartment, since he was experiencing severe financial difficulties. With an intention to somehow assist his son-in-law, she purchased his apartment with a mortgage loan, after providing all the required documents and pledging this apartment as collateral, pursuant to the acting regulations. She took out a mortgage loan under her name and made a down payment of 30%. She properly made the repayments, and after a year, in the fall of 2008, together with her family and his son-in-law, she managed to fully repay the loan; in order to avoid paying unnecessary interests to the bank, they fully repaid the loan and reversed the seizure imposed on the apartment. Her son-in-law, Artyom Davoyan, made all the repayments of the loan, and, therefore, he should have the payment slips. She fully repaid her loan, the bank never bothered her with such an issue, and the fact that her loan had an outstanding balance in the amount of 3,500,000 Armenian drams was not true.

The witness, Artyom Davoyan, testified in the course of preliminary investigation that he worked as a director at “Vardan ev Gayane Davoyanner” LLC in Sevan, Republic of Armenia. The company was dissolved in 2009. Her mother-in-law, Ruzanna Gharibyan, and her brother-in-law, Aghvan Gharibyan, worked together with him at the same company. In 2007, he experienced severe financial difficulties and decided to sell his apartment. With an intention to somehow assist him, his mother-in-law purchased his apartment with a mortgage loan and signed the loan and real estate collateral agreements, after providing all the required documents, pursuant to the acting regulations. A mortgage loan was registered, and his mother-in-law made a down payment of 30%; every month her mother-in-law gave him money to make the repayments, and he made the repayments in the bank on behalf of the latter. After a year, in the summer of 2008, with the assistance from the family of his mother-in-law and with his earnings, they managed to fully repay the loan; in order to avoid paying unnecessary interests to the bank, they fully repaid the loan and reversed the seizure imposed on the apartment. Before the final repayment of the loan, the outstanding balance was 3,600,000 Armenian drams; he fully repaid this outstanding amount by providing the according funds to the branch manager, Arsen Nurijan Arakelyan. Karen Khachatryan was also present at the moment. After taking the funds, Arsen Nurijan Arakelyan told him that the loan was fully repaid and that he could take the corresponding statement and the ownership certificate of the apartment on the next day, in order to present these documents to the real estate cadaster and reverse the seizure imposed on the apartment. Arsen Nurijan Arakelyan did not give him a payment slip evidencing his repayment. Two or three days after making the final repayment, Karen Khachatryan went and took the ownership certificate of the apartment. The witness, Artyom Davoyan, claimed the truthfulness of this testimony in the course of the face-to-face interrogation with Arsen Nurijan Arakelyan.

The witness, Karen Khachatryan, testified in the course of preliminary investigation that he knew Artyom Davoyan, a resident of town of Sevan, for a long time, and they had a close relationship. In the period from 2006 to 2010, he worked as a compressor specialist at Karen Khachatryan’s gas station. In 2007 or 2008, Artyom Davoyan took out a loan in the amount of 5,000,000 Armenian drams under the name of his mother-in-law, Ruzanna Gharibyan, from branch “Sevan” of “VTB-Armenia Bank” CJSC and asked him to act as a guarantor for the loan. He did not refuse, they went to the branch of the bank, he acted as a guarantor and signed the corresponding agreements

for the loan and the guarantee. After receiving the loan, Artyom Davoyan made partial repayments of the loan; for the final repayment, he went to the bank with Artyom Davoyan, they entered the office of the branch manager, Arsen Nurijan Arakelyan, Artyom Davoyan provided a large amount of funds to Arsen Nurijan Arakelyan, who thanked for fully repaying the loan. However, they were not provided with a payment slip on that day. After two or three days, Artyom Davoyan asked him to go to the bank and take the ownership certificate of the apartment pledged as collateral by Artyom Davoyan's mother-in-law, Ruzanna Gharibyan, and the statement issued by Arsen Nurijan Arakelyan on reversing the seizure imposed on the apartment; he took these documents and gave them to Artyom Davoyan.

Regarding the letter sent by "VTB-Armenia Bank" CJSC to Ruzanna Gharibyan on December 25, 2008, with a signature and writings in the bottom part of the document in texts "one copy received" and "undertaking an obligation to make the repayments until the end of the year", Karen Khachatryan indicated that the foregoing signature and writings did not belong to him and he was not aware of this document. The witness, Karen Khachatryan, claimed the truthfulness of this testimony in the course of the face-to-face interrogation with Arsen Nurijan Arakelyan.

After analyzing the testimonies given in the course of preliminary and court examination by the witnesses, Ruzanna Gharibyan, Artyom Davoyan, and Karen Khachatryan, and after juxtaposing these materials in conjunction with other evidences, the Court establishes that these testimonies do not correspond to the other evidences obtained with the criminal case and established in the court examination. Therefore, the Court considers the testimonies given by the witnesses, Ruzanna Gharibyan, Artyom Davoyan, and Karen Khachatryan, inaccurate.

The witness, Rosa Sirekan Khachatryan, testified in the course of preliminary investigation that she founded "Astghik" LLC in 1997 and undertook the position of the director. Currently, her daughter, Nelly Geghamyan, was the director of the company. The company had a store, specialized in sales of consumer electronics. The company signed agreements with "Sevan" branches of "Ardshininvestbank" CJSC, "VTB-Bank Armenia" CJSC, and "ACBA-Credit Agricole Bank" CJSC, and offered consumer electronics with loans from these banks. Until May of 2008, Artur Meruzhan Tovmasyan worked as a salesperson in "Astghik" LLC, with a monthly salary of 40,000 to 50,000 Armenian drams. She did not know residents of the town of Sevan, Karen Aghasi Arakelyan, Alexander Hamlet Isakov, Aleksan Lyova Davtyan, Mkhitar Paylak Hovhannisyan, and Hayk Seryozha Mnatsakanyan, and never gave salary statement to either these individuals or to Artur Meruzhan Tovmasyan. In the end of April, 2009, the specialists of "VTB-Armenia Bank" CJSC carried out an inspection in branch "Sevan", and told her that loans were registered in the branch of the bank on the grounds of salary statements issued by "Astghik" LLC. She replied that she never issued such statements. In her presence, they called in Artur Meruzhan Tovmasyan and inquired whether he had issued such statements to anybody. Artur Meruzhan Tovmasyan replied that no such statements were issued. After this episode, she understood that Artur Meruzhan Tovmasyan had forged fake statements by means of imitating her signature and had registered loans under the names of third parties with the assistance of Artur Meruzhan Tovmasyan's brother-in-law, Karen Vardges

Ghasaboghlyan, who worked as an economist of the credit division of branch "Sevan" of "VTB-Armenia Bank" CJSC.

She also added that, as far as she was aware, Artur Meruzhan Tovmasyan received the underlying funds of the loans (for purchasing consumer electronics) from branch "Sevan" of "VTB-Armenia Bank" CJSC. When receiving the funds, she gave the seal to Artur Meruzhan Tovmasyan in order for the latter to seal the corresponding payment slips, evidencing the receipt of the funds. Taking advantage of this opportunity, Artur Meruzhan Tovmasyan forged and sealed fake statements and registered loans together with his brother-in-law, Karen Vardges Ghasaboghlyan.

The witness, Rosa Sirekan Khachatryan, passed away when the preliminary investigation was still in process.

The witness, Mkhitar Paylak Hovhannisyan, testified in the course of the preliminary investigation that he knew Artur Meruzhan Tovmasyan, a resident of town of Sevan, for a long time, and they had a close relationship. Artur Meruzhan Tovmasyan worked as a salesperson at "Astghik" LLC in the town of Sevan. In 2008, Artur Meruzhan Tovmasyan told him that he wanted to buy consumer electronics with a loan and asked him to apply for such a loan under his name, since the latter already had an outstanding loan and could not apply for another one without repaying the current loan. He did not refuse Artur Meruzhan Tovmasyan's proposal. He provided the latter with photocopies of his passport and social card. Artur Meruzhan Tovmasyan did not require other documents from him and asked him to go to the bank and sign the documents on the loan approval day; he gave his consent. However, Artur Meruzhan Tovmasyan did not call him after that, and he did not go to the branch of the bank, thinking that the loan was not approved. After a few months, he received a phone call from branch "Sevan" of "VTB-Armenia Bank" CJSC and was told that he had an outstanding loan. He called Artur Meruzhan Tovmasyan on the phone and told him about the problem; the latter replied that he had received the loan and was going to repay the loan in due time. He was sure that Artur Meruzhan Tovmasyan had fully repaid the loan, since the latter gave him a repayment slip, evidencing the full repayment of the loan. A cashier at the branch told him exactly the same, after looking up the information in the computer system of the branch. In the spring of 2009, he received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC, indicating that he had a delinquent consumer loan in the amount of 190,000 Armenian drams. He met Artur Meruzhan Tovmasyan and asked him about the reasons; the latter replied that he had given the funds for the final repayment of the loan to Karen Vardges Ghasaboghlyan, who was his brother-in-law and worked as an economist in the credit division of the branch; probably, Karen Vardges Ghasaboghlyan had not deposited the funds into the cash register, despite the repayment slip given to him by Karen Vardges Ghasaboghlyan, indicating that the loan was fully repaid. He did not receive the underlying funds of the loan, did not sign any documents in the branch of the bank, worked as a temporary employee at "Astghik" LLC for only a month in 2005 and did not get paid for the job.

The witness, Arman Onik Poghosyan, testified in the course of preliminary investigation that his passport was permanently taken from him in airport "Zvartnots", when he was returning to Armenia from the Russian Federation in February of 2007. He applied to the Police for a new passport. He received a new passport in the

summer of 2008. In the end of May of 2008, he received a writ from branch "Sevan" of "VTB-Armenia Bank" CJSC, indicating that he had a delinquent loan in the same branch in the amount of 450,000 Armenian drams, with accrued interests of 66,000 Armenian drams. In order to find out what it was, he went to the branch of the bank and declared that he had never taken out a loan from this branch of the bank. At that time, one of the employees of the branch looked up the computer system and said that, besides the loan mentioned in the writ in the amount of 450,000 Armenian drams, there was also another agricultural loan registered under his name in the amount of 1,000,000 Armenian drams. According to what the employee of the branch said, both of the loans were registered in 2007, when he had lost his passport and had not obtained the new one yet. One of the loans was provided for purchasing consumer electronics, while the second one was an agricultural loan, with a tractor and land pledged as collateral. Actually, he never owned a tractor or land. When he found out about this problem, he understood that the loans were registered under his name by Karen Vardges Ghasaboghlyan, an employee of the bank, who he had a close relationship with. In 2007, when he repatriated from the Russian Federation, he leased a motor vehicle (model: GAZ-3110) and transported passengers for living. At that time, Karen Vardges Ghasaboghlyan worked as an economist in the credit division of branch "Sevan" of "VTB-Armenia Bank" CJSC and periodically used his car. Not once did he ask Karen Vardges Ghasaboghlyan to grant him a loan for buying a car, but the latter refused, saying that their bank did not provide loans. He assumed that these fake loans were registered (by means of using the information from his lost passport) under his name by Karen Vardges Ghasaboghlyan, since the photocopy of his lost passport was in this car. Most probably, Karen Vardges Ghasaboghlyan took the passport information, registered the loans, and received the underlying funds. He did not give any documents to Karen Vardges Ghasaboghlyan, never went to the bank, and never signed any documents in the bank.

The witness, Arman Haykaram Aghamalyan, testified in the course of preliminary investigation that he was not aware of the loan registered under his name in the amount of 2,000,000 Armenian drams in branch "Sevan" of "VTB-Armenia Bank" CJSC, he never went to the bank, never applied to the bank for a loan, never pledged a personal computer as collateral, since he never had a personal computer at home. In the past, her mother had a loan from this bank, but he was not aware and could not guess how his passport ended up in this bank. He did not receive a loan and did not sign for a loan. He knew Karen Vardges Ghasaboghlyan, an employee at branch "Sevan" of "VTB-Armenia Bank" CJSC. Their mothers had worked together in the past; however, Karen Vardges Ghasaboghlyan never asked for his passport or a photocopy of it.

The witness, Arsen Rafik Sukiasyan, testified in the course of preliminary investigation that he took out a loan from branch "Sevan" of "VTB-Armenia Bank" CJSC in January or February of 2008 for purchasing consumer electronics from "Astghik" LLC and fully repaid this loan. Karen Vardges Ghasaboghlyan handled all the procedures for the loan. Two days after purchasing consumer electronics from "Astghik" LLC, he met Karen Vardges Ghasaboghlyan, who asked him to register a loan under his name, saying that it would be fully repaid. He refused Karen Vardges Ghasaboghlyan, who replied that the loan would not be registered without his consent. He had no

association with the loan registered under his name in the amount of 1,000,000 Armenian drams; he had not taken out a loan. This loan was registered by Karen Vardges Ghasaboghlyan, who facilitated the fake transactions. He did not own a motor vehicle, did not pledge a motor vehicle as collateral, and did not sign the payment slip, evidencing the receipt of the loan.

The witness, Gurgen Samvel Arakelyan, testified in the course of preliminary investigation that he knew Artur Meruzhan Tovmasyan for a long time as they served in the army together. In the end of March of 2008, he accidentally met Artur Meruzhan Tovmasyan in the town of Sevan, they talked and the latter asked whether or not he had his passport with him. Artur Meruzhan Tovmasyan suggested him to apply for a loan under his name, while the latter would make the repayments. He did not refuse and they went to branch "Sevan" of "VTB-Armenia Bank" CJSC together, met Karen Vardges Ghasaboghlyan, a credit supervisor, whom he did not know then. Karen Vardges Ghasaboghlyan photocopied the passport, while Artur Meruzhan Tovmasyan told him that the loan was actually meant for Karen Vardges Ghasaboghlyan and the latter would make the repayments. After hearing this, he refused to conduct the transactions and took back his passport. He left for the Russian Federation on the next day, did not go to the bank and did not meet these individuals until December of 2008. He found out in the Police Department of Investigation in Sevan that a loan was registered under his name in the amount of 1,900,000 Armenian drams in branch "Sevan" of "VTB-Armenia Bank" CJSC and that a motor vehicle was pledged as collateral. He did not own a motor vehicle and did not take out a loan from the bank. Without his knowledge, this loan was registered by Karen Vardges Ghasaboghlyan, by means of using the photocopy of his passport.

The witness, Artur Rudik Sargsyan, testified in the course of preliminary investigation that after presenting all the required documents to branch "Sevan" of "VTB-Armenia Bank" CJSC, he took out a loan in the amount of 500,000 Armenian drams, with a maturity period of one year; he used the loan to purchase consumer electronics from "Astghik" LLC in Sevan. According to the agreement signed with the bank, the purchased products were pledged as collateral. The loan was fully repaid in due time. In 2007, after presenting the required documents, he took out another loan in the amount of 1,500,000 Armenian drams from the same bank, while pledging his motor vehicle as collateral. The registration process of the loan was handled by Karen Vardges Ghasaboghlyan, an economist in the credit division of the bank. In 2009, the loan was fully repaid, and the seizure imposed on the motor vehicle was reversed. In the spring of 2008, he met Karen Vardges Ghasaboghlyan in restaurant "Harsnakar"; the latter asked him to register a loan under his name with a condition that the latter would receive the funds and would make the repayments. He refused, saying that he already had an outstanding loan and could not take out a second loan without repaying the first one. In the spring of 2009, the employees of the bank approached him and said that a loan was registered under his name in the amount of 1,000,000 Armenian drams. He replied that he was not aware of this loan. Most probably, Karen Vardges Ghasaboghlyan had registered the loan under his name and received the underlying funds, while using the documents presented by him for the registration of his previous loan.

The witness, Arman Meruzhan Aleksanyan, testified in the course of preliminary investigation that Karen Vardges Ghasaboghlyan was his cousin, who worked as a specialist in the credit division of branch "Sevan" of "VTB-Armenia Bank" CJSC until November of 2008. They had a normal relationship. Sometime in the period from November to December of 2008, the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC, Arsen Nurijan Arakelyan, called him on the phone and invited him to the bank, where he was told that he had a delinquent loan in the branch. He was surprised; he replied that he never conducted any transactions with the branch and was not aware of that loan. Afterwards, he met Karen Vardges Ghasaboghlyan and asked him about that loan. The latter told him that he had registered the loan under the name of Arman Meruzhan Aleksanyan and that there was not need to worry, since he would fully repay the loan. In May of 2009, he was invited to the bank again, where he was told that there were three loans registered under his name, two of them in the amount of 1,000,000 Armenian drams each and the last one in the amount of 1,400,000 Armenian drams. He explained that he never took out a loan, did not present or sign any related documents. The loans were registered by Karen Vardges Ghasaboghlyan, who used fake documents and imitated his signature; he was not aware and could not guess what the latter had done with the underlying funds of the loan.

The witness, Hermine Hovik Hambardzumyan, testified in the course of preliminary investigation that she knew Benik Onik Stepanyan for a long time. In the summer of 2008, Benik Onik Stepanyan came to their house and said that he wanted to take out a loan from "VTB-Bank Armenia" CJSC, but he needed three guarantors for his loan, two of them being her father and sister; he asked her to act as the third guarantor for his loan. Trusting Benik Onik Stepanyan, she gave her consent. They went to the bank, where she gave her passport to Benik Onik Stepanyan and did not know how large the loan was. Benik Onik Stepanyan told her nothing about that. After that, she never went to the bank again, never took out a loan under her name, she did not own a motor vehicle and did not pledge a motor vehicle as collateral. Benik Onik Stepanyan defrauded her and took out a loan in the amount of 1,350,000 Armenian drams by means of using fake documents.

The witness, Hambardzum Volodya Beglaryan, testified in the course of preliminary investigation that, in April of 2007, he took out a two-year agricultural loan in the amount of 1,000,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC and pledged his house as collateral. He presented all the documents required for the loan, and the loan and collateral agreements were signed with the mediation of Karen Vardges Ghasaboghlyan, an economist in the credit division of the branch. As a responsible borrower, he made periodic repayments in a period of one year and decided to fully repay the loan in July of 2008, since he had all the funds for that. Hence, together with his friend, Artur Grigoryan, he went to the bank, where they met Karen Vardges Ghasaboghlyan. He presenting his intention to Karen Vardges Ghasaboghlyan, who said that the cash register was closed for the lunch break and offered to take the funds, promising to deposit them into the cash register after the lunch break; afterwards, Hambardzum Volodya Beglaryan could come and take the ownership certificate for his house. Trusting Karen Vardges Ghasaboghlyan, he provided the latter with 550,000 or 560,000 Armenian drams in the presence of Artur

Grigoryan; this amount was enough to fully repay the loan. Afterwards, in accordance with their oral agreement, he went to the branch of the bank and took the ownership certificate for his house and a statement, soliciting the real estate cadaster to reverse the seizure imposed on his house. He did not remember whether or not Karen Vardges Ghasaboghlyan gave him a slip to evidence the repayment of the loan. After that, he never went to the bank again and did not conduct any transactions. In the fall of 2009, he found out that his loan still had an outstanding amount of 350,000 Armenian drams. He understood that Karen Vardges Ghasaboghlyan did not use his funds to fully repay the loan, while depositing only 200,000 Armenian drams into the cash register and thieving the remaining amount.

The witness, Geghetsik Avetisyan, testified in the course of preliminary investigation that she lived with her husband, Pap Telman Manukyan, and his children. Alina Aghvan Sargsyan also lived in their building and they had a close relationship with their families. In the summer of 2008, when she still had a job, her husband came to the store and gave her Alina Aghvan Sargsyan's passport. When she asked her husband why he had taken the passport, the latter replied that he wanted to take out a loan, and Alina Aghvan Sargsyan was supposed to act as a guarantor; however, the loan was not registered. She took the passport to her home and then gave it to Alina Aghvan Sargsyan. In the summer of 2009, she went to Alina Aghvan Sargsyan's house, where she met two young men; these individuals introduced themselves as employees of "VTB-Armenia Bank" CJSC and asked Alina Aghvan Sargsyan why she had not repaid her loan. Alina Aghvan Sargsyan was surprised; she said that she never took out a loan from "VTB-Armenia Bank" CJSC, never went there, and did not sign any documents. The employees of the bank replied that the loans were registered and taken out by her husband, Pap Telman Manukyan. After a few days, when her husband came home, he told Alina Aghvan Sargsyan that he had registered the loan under her name. Pap Telman Manukyan purchased consumer electronics and sold it. However, she did not see her husband bringing an oven, a washing machine, and a refrigerator to their home. In the fall of 2009, the bank applied to the court, soliciting the confiscation of an amount equal to Alina Aghvan Sargsyan's loan; however she was not aware whether or not Alina Aghvan Sargsyan went to the court. Once, they went to the branch of the bank together with Alina Aghvan Sargsyan and the latter told the new branch manager that she had not come to the bank, had not signed any documents, and had not taken out a loan. After that, Alina Aghvan Sargsyan reported the incidence to the Police.

The witness, Arayik Sargsyan, testified in the course of preliminary investigation that Alina Aghvan Sargsyan was his mother. When he repatriated from his overseas job, his mother told him that several employees of "VTB-Armenia Bank" CJSC had come to their house, asking why she was not repaying her loan in the amount of 600,000 Armenian drams. His mother also told him that she had not taken out a loan and had no association with that loan. She said that, in 2008, their neighbor, Pap Telman Manukyan, asked her to act as a guarantor for his loan and then returned her passport, saying that the loan was not registered. Afterwards, the bank applied to the court, but her mother was not present in the court hearing. He went to see the branch manager, who, in his understanding, was aware of the issue, since his mother and Pap

Telman Manukyan's wife were in his office earlier. He wanted to see and talk to Pap Telman Manukyan, but the meeting did not take place.

The witness, Hovhannes Vardanyan testified in the course of preliminary investigation that he worked as a head of commerce and services division at the town hall of Sevan. He always had close association with branch "Sevan" of "VTB-Armenia Bank" CJSC and received his pension at this branch. He took out a loan five or six years ago and fully repaid it. At that time, he was asked to present: statements from the place of his residence, on the size of his household and on his salary; the photocopy of his passport; the ownership certificate for his apartment; thus, he presented these documents to the branch of the bank. Besides, he acted as a guarantor for the loan of his neighbor, Karen Hayrapetyan, and signed the agreement of guarantee. He neither knew Rafik Sukiasyan nor acted as a guarantor for the loan of the latter. He was sure that his information and address ended up in Rafik Sukiasyan's loan documentation package, because the employees of the branch had taken this information from the loan documentation packaged formed in the past, where he had acted as a guarantor.

The conclusion No. 37470901 of the forensic handwriting examination from November 12, 2009 established that the signatures under the name of Karen Vardges Ghasaboghlyan, appearing over the line "borrower" on the second page of the loan and collateral agreements No. 253, signed between Karine Vardges Ghasaboghlyan and branch "Sevan" of "VTB-Armenia Bank" CJSC on January 21, 2008, were presumably put by a person other than Karine Vardges Ghasaboghlyan.

The conclusion No. 26210901 of the forensic handwriting examination from August 7, 2009 established that the signature appearing between the texts "Director of Astghik LLC" and "R. Khachatryan" on the statements from October 17, 2007, November 8, 2007, December 11, 2007, December 17, 2007, January 24, 2008, February 6, 2008, and February 11, 2008, were presumably put by a person other than Rosa Sirekan Khachatryan, with imitation of the her signature.

The conclusion No. 30520901 of the forensic handwriting examination from September 15, 2009 established that the signatures appearing on the documents in the loan application package No. 283, in particular, next to the text "Customer's signature" on the bottom part of the payment slip No. 283 from April 12, 2008, issued by branch "Sevan" of "VTB-Armenia Bank" CJSC, over the lines "Signatures" on the off-balance sheet payment slip, in part "Applicant" on the bottom part of the application, over the line "Applicant's signature" in the middle part of the analysis on customer creditworthiness, between the texts "Borrower" and "E. Aleksanyan" in the middle part of the loan (deposit/loan) schedule, in the part "Property accepted" of the acceptance of delivery record, in the part "Borrower" on the second page of the collateral agreement, in the part "Borrower" on the second page of the loan agreement, were presumably put by a person other than Evelina Khaltur Aleksanyan.

The conclusion No. 34150901 of the forensic handwriting examination from October 6, 2009 established that the signatures, appearing next to the text "Pay" in the upper left side of the cash withdrawal slip No. 7121300640584 from December 13, 2007, were presumably put by Garush Edik Torosyan.

The conclusion No. 06341001 of the forensic handwriting examination from May 17, 2010 established that the signatures, appearing over the line "Signature" next to the

text "Applicant" in the bottom part of the application written for the care of Arsen Nurijan Arakelyan, the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC, under the text "Borrower: Alina Aghvan Sargsyan" in the bottom part of the second page of the collateral agreement No. 300 from June 3, 2008, over the line "Signature" under the text "Property accepted by Arsen Sargsyan" on the bottom part of the acceptance of property record from June 3, 2008, were presumably put by Alina Aghvan Sargsyan.

The conclusion No. 10-0521 of the forensic handwriting examination from June 25, 2010 established that:

- Signatures, appearing next to the text "Applicant" on the application found in Sargis Rafik Voskanyan's loan documentation package No. 71, under the line "Pawnee" on the machinery appraisal report No. G71, under the line "Borrower" on the loan agreement No. G71, under the line "Pawnee" on the collateral agreement No. G71, under the line "Debtor" on the agreement of guarantee No. G71, on off-balance deposit slips from October 23, 2007, on the labels carrying the values, were presumably put by a person other than Sargis Rafik Voskanyan;
- Signature, appearing next to the text "Pay" on the cash withdrawal slip No. 7102300621862 from October 23, 2007, was put by Sargis Rafik Voskanyan;
- Signatures, appearing under the line "Guarantor" on Sargis Rafik Voskanyan's agreement of guarantee No. G71, on the off-balance deposit slips from October 23, 2007 and next to the text "Signature" on the labels carrying the values from October 23, 2007, next to the text "Payer" on declaration No. 8040800683978 from April 8, 2008, under the line "Guarantor" on the agreement of guarantee No. G106 found in Knkush Aghvan Melkonyan's loan documentation package No. G106, next to the line "Applicant" on the application found in Benik Onik Stepanyan's loan documentation package No. G75, next to the text "Applicant's signature" on the application-plan, under the line "Pawnee" on the machinery appraisal report No. G75, under the line "Pawnee" on the collateral agreement No. G75, under the line "Borrower" on the second page of loan agreement No. G75, under the line "Debtor" on the agreement of guarantee No. G75, on the off-balance deposit slips from November 8, 2007, next to the line "Signature" on the labels carrying the values, and next to the text "Pay" on the cash withdrawal slip No. 8051700698770 from May 17, 2008, were presumably put by Benik Onik Stepanyan;
- Signatures, appearing under the line "Appraiser" on the machinery appraisal report found in Sargis Rafik Voskanyan's loan documentation package No. 71, between the texts "Members" and "K. Ghasaboghlyan" on the decision of the credit committee No. G71, next to the text "Authorized employee" on the cash withdrawal slip No. 80409000684736 from April 9, 2008, found in Knkush Aghvan Melkonyan's loan documentation package No. G106, next to the line "Advisable" on the analysis of the customer's creditworthiness, found in Karen Aghasi Arakelyan's loan documentation package No. 229, next to the line "Advisable" on the analysis of the customer's creditworthiness, found in Aleksan Lyova Davtyan's loan documentation package No. 243, next to the line "Advisable" on the analysis of the customer's creditworthiness, found in Arman Onik Poghosyan's loan documentation package No. 245, next to the text "Executed by" on the cash

deposit slips No. 8033100681727 and 8041700688202 from March 31, 2008 and April 17, 2008, respectively, next to the text “Authorized employee” on the cash withdrawal slip No. 7111900631998 under the missing loan documentation package No. G78 from November 19, 2007, under the line “Appraiser” on the machinery appraisal report No. G75 found in Benik Onik Stepanyan’s loan documentation package, next to the text “Authorized employee” on the cash withdrawal slip No. 8032400678331 from March 24, 2008, found in Gurgen Samvel Arakelyan’s loan documentation package No. A/G105, next to the text “Authorized employee” on the cash withdrawal slip No. 8021500665393 from February 15, 2008, found in Arsen Rafik Sukiasyan’s loan documentation package No. G94, next to the text “Authorized employee” on the cash withdrawal slip No. 7122500645671 from December 25, 2007, found in Arman Haykaram Aghamalyan’s loan documentation package No. A/G76, next to the text “Authorized employee” on the cash withdrawal slips No. 8040700683331 from April 7, 2008, No. 80311700676496 from March 17, 2008, No. 8032700679840 from March 27, 2008, found in Arman Meruzhan Arakelyan’s loan documentation packages No. G104, No. A/G103 and No. G101, respectively, next to the text “Authorized employee” on the cash withdrawal slip No. 8041400686973 from December 25, 2007, found in Arman Haykaram Aghamalyan’s loan documentation package No. A/G76, next to the text “Authorized by” on the cash withdrawal slip No. 8041400686973 from April 14, 2008, found in Nver Samvel Tovmasyan’s loan documentation package No. G107, next to the text “Authorized employee” on the cash withdrawal slip No. 8042100689274 from April 21, 2008, found in Artur Rudik Sargsyan’s loan documentation package No. G112, next to the text “Authorized employee” on the cash withdrawal slip No. 8073000723747 from July 30, 2008, found in Karen Vardges Ghasaboghlyan’s loan documentation package No. A/G122, next to the text “Authorized employee” on the cash withdrawal slip No. 8060200703756 from June 02, 2008, found in Eduard Hrachik Bareghamyan’s loan documentation package No. A114, next to the text “Authorized employee” on the cash withdrawal slip No. 8052400701055 from May 24, 2008, found in Eduard Hrachik Bareghamyan’s loan documentation package No. A/G114, next to the text “Pay” on cash withdrawal slip No. 8022000666752 from February 20, 2008, next to the text “Executed by” on the cash deposit slip No. 8073000723754 in loan documentation package No. A/G114, next to the line “Advisable” on the analysis of customer’s creditworthiness, found in Elmira Ludwig Vardanyan’s loan documentation package No. 280, next to the text “Executed by” on the cash deposit slips No. 8061600708943, 805190069911, and 8073000723805, found in Elmira Ludwig Vardanyan’s loan documentation package No. 280, next to the text “Pay” on the cash withdrawal slip No. 8060600704674 from June 6, 2008, found in Elmira Ludwig Vardanyan’s loan documentation package No. 117, next to the text “Authorized employee” on the cash withdrawal slip No. 8051900699079, found in Artur Meruzhan Tovmasyan’s loan documentation package No. A/G113, next to the text “Executed by” on the cash deposit slip No. 8062500711757, found in Artur Meruzhan Tovmasyan’s loan documentation package No. A/G113, next to the text “Authorized employee” on the cash withdrawal slip No. 8062700712927 from June 27, 2008, found in Hermine Hovik Hambardzumyan’s loan documentation package No. A/G119, next to the text “Authorized employee” on the cash withdrawal slip

No. 7112300633529 from November 23, 2007 under the name of Gayane Gagik Musheghyan, next to the text “Executed by” on the slip No. 8073000723770 from July 30, 2008, and next to the text “Executed by” in the bottom part of the cash deposit slip No. 8073000723809 from July 30, 2008, found in Pavel Yurik Gabrielyan’s loan documentation package No. 259, were presumably put by Karen Vardges Ghasaboghlyan;

- Signature, appearing next to the text “Pay” on the slip No. 8073000723747, found in Karen Vardges Ghasaboghlyan’s loan documentation package No. A/G122, and the hand-written indication “Karen” under the text “Payer” on the cash deposit slip No. 8073000723754, found in the loan documentation package No. A/G114, were put by Karen Vardges Ghasaboghlyan;
- Signature, appearing next to the text “Authorized employee” on the cash withdrawal slip No. 8082700733698 from August 27, 2008, found in Artur Ashot Vardanyan’s loan documentation package No. A/G125, was put by Ara Rafik Mkrtchyan;
- Signatures, appearing between the texts “Branch manager” and “Arsen Nurijan Arakelyan” on the bottom part of the machinery appraisal report No. G71, found in Sargis Rafik Voskanyan’s loan documentation package No. G71, between the texts “Chairman of the credit committee” and “Arsen Nurijan Arakelyan” on the decision No. G71 of the credit committee, under the text “Arsen Nurijan Arakelyan, branch manager” on the bottom left part of the opposite side of the collateral agreement, next to the text “Arsen Nurijan Arakelyan” on the bottom left part of the opposite side of the second page of loan agreement No. G71, next to the text “Arsen Nurijan Arakelyan” on the bottom left part of the opposite side of the agreement of guarantee No. G71, between the texts “Branch manager” and “Arsen Nurijan Arakelyan” on the bottom left part of the report No. G106 under the name of Knkush Aghvan Melkonyan, under the text “Arsen Nurijan Arakelyan, branch manager” on the bottom left part of the collateral agreement, next to the text “Arsen Nurijan Arakelyan” on the bottom left part of loan and guarantee agreements No. G106, on the upper part of the application found in Karen Aghasi Arakelyan’s loan documentation package No. 229, next to the line “Advisable” on the analysis of customer’s creditworthiness, between the texts “Branch manager” and “Arsen Nurijan Arakelyan” on the schedule, next to the texts “Arsen Nurijan Arakelyan” in the bottom left parts of last pages of loan and collateral agreements, on the upper part of the application found in Aleksan Lyova Davtyan’s loan documentation package No. 243, next to the line “Advisable” on the bottom part of the analyses of customer’s creditworthiness, between the texts “Branch manager” and “Arsen Nurijan Arakelyan” on the repayment schedule, next to the texts “Arsen Nurijan Arakelyan” in the bottom left parts of the last pages of loan and collateral agreements, on the upper part of the application found in Arman Onik Poghosyan’s loan documentation package No. 245, next to the line “advisable” on the analysis of customer’s creditworthiness, between the texts “Branch manager” and “Arsen Nurijan Arakelyan” on the repayment schedule, next to the texts “Arsen Nurijan Arakelyan” on the bottom left parts of the last pages of loan and collateral agreements, next to the texts “Arsen Nurijan Arakelyan” on the bottom left parts of the last pages of loan and collateral

agreements found in Benik Onik Stepanyan's loan application package No. G75, next to the line "advisable" on the analysis of customer's creditworthiness found in Elmira Ludwig Vardanyan's loan documentation package No. 280, between the texts "Branch manager" and "Arsen Nurijan Arakelyan" on the repayment schedule, next to the texts "Arsen Nurijan Arakelyan" on the bottom left parts of the last pages of loan and collateral agreements, and next to the text "Arsen Nurijan Arakelyan" on the bottom left part of the opposite side of guarantee agreement No. G101 from March 27, 2008, were put by Arsen Nurijan Arakelyan;

- Signatures, appearing next to the text "Applicant" on the bottom part of the application found in Knkush Aghvan Melkonyan's loan documentation package No. G106, next to the lines "Applicant's signature" on the bottom left part of the application-plan, under the line "Pawnee" on the machinery appraisal report, under the line "Pawnee" on the bottom right part of the opposite side of collateral agreement No. G106, under the line "Borrower" on the bottom right part of the second page of loan agreement No. G106, under the line "Debtor" on the bottom right part of the opposite side of guarantee agreement No. G106, under the line "Signature" on the cash deposit slip No. 8115 from April 9, 2008, under the line "Signature" on the label carrying the value, and next to the text "Pay" on the cash withdrawal slip No. 8040900684736 from April 9, 2008, were put by Knkush Aghvan Melkonyan;
- Signatures, appearing on the bottom right part of the application found in Aleksan Lyova Davtyan's loan application package No. 243, on the bottom right part of the analysis of customer's creditworthiness, under the line "Borrower" on the bottom right part of the opposite side of the second page of loan agreement No. 243, under the line "Pawnee" on the bottom right part of the opposite side of the second page of collateral agreement No. 243, next to the line "Borrower" on the repayment schedule, next to the line "Signature" on the off-balance sheet deposit slip from December 11, 2007, next to the line "Signature" on the label carrying the value, and over the line "Customer's signature" on the payment slip No. 243, were presumably put by a person other than Aleksan Lyova Davtyan;
- Signature, appearing next to the text "Pay" on the cash withdrawal slip No. 8021500665393 from February 15, 2008, found in Arsen Rafik Sukiasyan's loan documentation package No. G94, was put by Arsen Rafik Sukiasyan;
- Signature, appearing next to the text "Pay" on the cash withdrawal slip No. 7122500645671 from December 25, 2007, found in Arman Haykaram Aghamalyan's loan documentation package No. A/G76, was put by a person other than Arman Haykaram Aghamalyan;
- Signatures, appearing next to the text "Pay" on the cash withdrawal slips No. 8040700683331, 8031700676496, and 8032700679840 from April 7, 2008, March 17, 2008, and March 27, 2008, respectively, found in Arman Meruzhan Aleksanyan's loan documentation packages No. G104, A/G103, and G101, respectively, and under the text "Debtor" on the bottom right part of the opposite side of guarantee agreement No. G101 from March 27, 2008, were put by Arman Meruzhan Aleksanyan;

- Signature, appearing next to the text “Pay” on the cash withdrawal slip No. 8041400686973 from April 14, 2008, found in Nver Samvel Tovmasyan’s loan documentation package No. G107, was put by Nver Samvel Tovmasyan;
- Signature, appearing under the text “Guarantor” on the bottom part of the opposite side of guarantor agreement No. G101 from March 27, 2008, was put by Artur Rudik Sargsyan;
- Signature, appearing next to the text “Pay” on the cash withdrawal slip No. 8060200703756 found in Eduard Hrachik Bareghamyan’s loan documentation package No. G114, was put by Eduard Hrachik Bareghamyan;
- Signatures, appearing next to the text “Signatures” on the off-balance cash deposit slip and on the label carrying the value, found in Artur Ashot Vardanyan’s loan documentation package No. A/G125, next to the text “Applicant” on the bottom part of the application, under the line “Pawnee-Borrower” on the opposite side of the collateral agreement, under the line “Borrower” on the bottom part of the opposite side of the loan agreement, next to the text “Artur Ashot Vardanyan” on the bottom part of the declaration of rights on movable assets, and next to the text “Pay” on the cash withdrawal slip No. 8082700733698 from August 27, 2008, were put by Artur Ashot Vardanyan;
- Signature, appearing next to the text “Private Enterprise” on the statement from August 25, 2008, found in Artur Ashot Vardanyan’s loan documentation package No. A/G125, was presumably put by a person other than H. Gharibyan;
- Signature, appearing next to the text “Director of AMK LLC” on the statement from August 25, 2008, found in Artur Ashot Vardanyan’s loan documentation package No. A/G125, was presumably put by a person other than M. Antonyan;
- Signatures, appearing next to the text “Signatures” on the off-balance slip and on the label carrying the value, next to the text “Customer’s signature” on the bottom part of payment slip No. 280, next to the line “Applicant” on the bottom left part of the application, next to the line “Applicant’s signature” on the analysis of customer’s creditworthiness, next to the text “Borrower” on the repayment schedule, under the text “Borrower” on the bottom right part of the third page of loan agreement No. 280, and under the text “Borrower” on the bottom right part of the third page of collateral agreement No. 280, were presumably put by a person other than E. Vardanyan;
- Hand-written indication “Tovmasyan”, appearing next to the text “Pay” on the cash withdrawal slip No. 8051900699079, found in Artur Meruzhan Tovmasyan’s loan documentation package No. A/G113, was put by a person other than Artur Meruzhan Tovmasyan;
- Hand-written indication “Artur”, appearing next to the text “Pay” on the cash deposit slip No. 8062500711757, found in Artur Meruzhan Tovmasyan’s loan documentation package No. A/G113, was put by a person other than Artur Meruzhan Tovmasyan;
- Signatures, appearing under the text “Property delivered by” on the acceptance of delivery record, found in Karen Aghasi Arakelyan’s loan documentation package

No. 229, under the text “Property delivered by” on the acceptance of delivery record, found in Arman Onik Arakelyan’s loan documentation package No. 245, under the text “Property delivered by” on the acceptance of delivery record, found in Aleksan Lyova Davtyan’s loan documentation package No. 243, under the text “Property delivered by” on the bottom left part of the acceptance of delivery record from December 25, 2007, found in Artak Grisha Torosyan’s loan documentation package No. 248, and under the text “Property delivered by” on the bottom left part of the acceptance of delivery record from February 11, 2008, found in Artak Grisha Torosyan’s loan documentation package No. 259, were put by Artur Meruzhan Tovmasyan;

- Signatures, appearing next to the line “Applicant” on the application found in Karen Aghasi Arakelyan’s loan documentation package No. 229, over the text “Applicant’s signature” on the bottom left part of the analysis of customer’s creditworthiness, under the text “Pawnee” on the bottom right part of the second page of collateral agreement No. 229, under the line “Borrower” on the bottom right part of the opposite side of the second page of loan agreement No. 229, next to the text “Borrower” on the repayment schedule, next to the texts “Signature” on the off-balance sheet deposit slip from November 8, 2007 and on the label carrying the value, and next to the text “Customer’s signature” on the bottom right part of payment slip No. 229 from November 8, 2007, were presumably put by a person other than Karen Aghasi Arakelyan;
- Signature, appearing under the text “Property accepted by” on the acceptance of delivery record, found in Karen Aghasi Arakelyan’s loan documentation package No. 229, was put by a person other than Karen Aghasi Arakelyan;
- Signature, appearing next to the text “Pay” on cash withdrawal slip No. 8062700712927 from June 27, 2008, found in Hermine Hovik Hambardzumyan’s loan documentation package No. A/G119, was put by a person other than Hermine Hovik Hambardzumyan;
- Signature, appearing next to the text “Pay” on cash withdrawal slip No. 7112300633529 from November 23, 2007, under the name of Gayane Gagik Musheghyan, was presumably put by a person other than Gayane Gagik Musheghyan;
- Signature, appearing next to the text “Executed by” on cash deposit slip No. 8121000769890 from December 12, 2008, under the name of Gayane Gagik Musheghyan, was put by Ara Rafik Mkrtchyan;
- Hand-written indication “Gayane”, appearing under the text “Payer” on the bottom left part of slip No. 8073000723770 from July 30, 2008, was presumably put Karen Vardges Ghasaboghlyan;
- Signature, appearing under the text “Property accepted by” on the bottom right part of acceptance of delivery record from December 25, 2007, found in Artak Grisha Torosyan’s loan documentation package No. 248, was presumably put by a person other than Artak Grisha Torosyan.

According to the verdict No. GD4/0482/02/09, issued on March 25, 2010 by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia, the

conclusion No. 43620901 of the forensic handwriting examination from February 2, 2010 established that the signatures, appearing next to text “Karen Lyova Navasardyan” on the documents found in the loan documentation package No. 234, were presumably put by Karen Lyova Navasardyan.

According to the verdict No. GD4/0493/02/09, issued on March 24, 2010 by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia, the conclusion No. 44300901 of the forensic handwriting examination from February 1, 2010 established that the signatures, appearing next to texts “Tamara Avetik Hambardzumyan” and “Kanakara Onik Stepanyan” on the documents found in loan documentation package G-10 and, were put by Tamara Avetik Hambardzumyan and presumably by Kanakara Onik Stepanyan, respectively.

The conclusion No. 09-1943 of the forensic accounting examination established that:

- Several provisions of Procedures for “Haykhnaybank” CJSC to Provide Loans for Purchasing Consumer Goods (Consumer and Computer Electronics, Furniture, etc.) were violated in the course of providing loans (for purchasing consumer goods) by branch “Sevan” of “VTB-Armenia Bank” CJSC, and loans were provided without the documents required under these procedures of the bank;
- Several provisions of Procedures for “Haykhnaybank” CJSC to Provide Loans (Against Other Collateral) to Natural Persons were violated in the course of providing loans (against other collateral) by branch “Sevan” of “VTB-Armenia Bank” CJSC, and loans were provided without the documents required under these procedures of the bank;
- Several provisions of Rules on Providing Agricultural Loans were violated in the course of providing agricultural loans by branch “Sevan” of “VTB-Armenia Bank” CJSC, and loans were provided without the documents required under these rules of the bank.

According to the same documents provided for examination, loans for purchasing consumer electronics, loans against other collateral, and agricultural loans were ultimately provided by the accounting division (in case the underlying funds of the loans were transferred out), which was administered by the chief accountant of branch “Sevan” of “VTB-Armenia Bank” CJSC, and by the cash register of the accounts-operations division (in case the underlying funds of the loans were provided in cash).

In all cases of loans provided for examination (except for loan documentation package No. 283), the loans were provided without the document “Instruction to the accounting”, which was supposed to be formed (based on the corresponding documents) by the economist of the asset operations group of the branch and signed by the branch manager.

As a rule, except for the loan agreements, the applications of borrowers, analyses of customers’ creditworthiness, collateral agreements, and “Instructions to the accounting” were missing in the following loan application packages No.: 283 (borrower: Evelina Khaltur Aleksanyan), A/G108 (borrower: Arman Norik Gharibyan), A/G96 (borrower: Valiko Haykaz Gevorgyan), A/G100 (borrower: Manvel Marlen Karapetyan), A/G71 (borrower: Marietta Rafik Gasparyan), A/G93 (borrower: Armen Levon Gevorgyan), A/G102 (borrower: Nerses Derenik Grigoryan); 284 (borrower:

Artak Grisha Torosyan), 258 (borrower: Mkhitar Paylak Hovhannisyan), 259 (borrower: Pavel Surik Gabrielyan), 302 (borrower: Vardan Martin Galstyan), 305 (borrower: Mary Garnik Simonyan), 312 (borrower: Yury Karlen Hovhannisyan), 308 (borrower: Zhasmena Ludwig Aleksanyan), 315 (borrower: Karen Vardges Safaryan), 316 (borrower: Edgar Edik Mkhitaryan), G82 (borrower: Gayane Gagik Musheghyan), G97 (borrower: Mary Harutyun Grigoryan), G96 (borrower: Martik Grigor Sahakyan), G99 (borrower: Armen Rubik Badalyan), G101 (borrower: Arman Meruzhan Aleksanyan), G100 (borrower: Artur Samvel Kaloyev), G11H (borrower: Arsen Yurik Manukyan), G110 (borrower: Narine Mnatsakan Asatryan), G89 (borrower: Hasmik Serob Arakelyan), and G85 (borrower: Yurik Nahapet Simonyan).

The conclusion of the inspection, carried out in branch “Sevan” of “VTB-Armenia Bank” CJSC in the period from May 15 to 21, 2010, established that the underlying documentation packages of the following 23 loans were missing: AG196, AG75, AG105, AG113, AG114, AG122, G95, AG119, AG118, AG112, G7, AG117, AG121, AG111, AG103, G104, G115, G114, G112, G107, G94, G88, and G78. The following 8 loan documentation packages did not include the loan agreements: G113, G100, G258, G248, G259, G202, G309, G312; at that, only one or two documents related to the loan or to the borrower were included in these loan documentation packages, e.g. only a photocopy of the borrower’s passport, or only a statement from the place of residence, or only a salary statement, etc. Hence, a total of 31 loan documentation packages were missing.

The examination of photocopies (original copies were seized) made from 15 loan documentation packages established that several documents, required under the internal regulations of the bank, were missing from these documentation packages, in particular:

- Application of the borrower (H31, G82, and G101);
- Statement from the place of residence (280 and 283);
- Salary statement (280, 245, H31, G75, and G82);
- Analysis of customer’s creditworthiness/ credit decision (AG125, H31, G106, G105, G70, G75, G67, G71, G82, and G101);
- Instruction to the accounting (AG125, H31, G106, G105, G70, G75, G67, G71, G82, G101, 280, 234, 253, 245, and 283);
- Decision of the credit committee of the branch or the approval of the branch manager (AG125, H31, G106, G105, G82, G101, 253, 245, and 283);
- Loan agreement (G82 and G101);
- Collateral agreement (G101);
- Collateral appraisal report (G82 and G101);
- Invoice (283);
- Down payment slip (280, 234, 253, 245, and 283);
- Technical passport of the motor vehicle pledged as collateral;
- Acceptance of delivery record not signed by the customer (280).

Given the fact that the loan documentation packages and the underlying documents were absent when providing the loans, it can be concluded that the provisions of internal credit regulations of the bank were violated by the employees of the branch, since no credit analysis could be conducted and no proper credit decisions could be made without the presence of the required documentation and without the formation of loan documentation packages (without corresponding agreements).

Besides, the thresholds, set for the maximum amount of the same type of loans provided by “Sevan” branch to the same borrower, were violated in cases of the loans provided to Karen Vardges Ghasaboghlyan, Onik Stepanyan, and Arman Meruzhan Aleksanyan.

Given the fact of missing loan documentation packages and insufficient documents as of the inspection day, it can be concluded that credit supervisor, Karen Vardges Ghasaboghlyan, violated the procedures for the formation of loan documentation packages; the loan documentation packages formed under the names of Karen Lyova Navasardyan, Karen Aghasi Arakelyan, Aleksan Lyova Davtyan, Alexander Hamlet Isakov, Pavel Yurik Gabrielyan, Karine Vardges Ghasaboghlyan, Onik Stepanyan, Arman Onik Poghosyan, Elmira Ludwig Vardanyan, Benik Onik Stepanyan, Hayk Seryozha Mnatsakanyan, Artak Grisha Torosyan, Hermine Hovik Hambardzumyan, Kanakara Onik Stepanyan, were used to register loans under the names of Arman Haykaram Aghamalyan, Artak Grisha Torosyan, Karine Vardges Ghasaboghlyan, Artur Meruzhan Tovmasyan, Manvel Marlen Karapetyan, Gurgen Samvel Arakelyan, Arman Meruzhan Aleksanyan, Tamara Avetik Hambardzumyan, Knkush Aghvan Melkonyan, Evelina Khaltur Aleksanyan, Nver Samvel Tovmasyan Benik Onik Stepanyan, Karen Vardges Ghasaboghlyan, Kanakara Onik Stepanyan, Hermine Hovik Hambardzumyan, Zhasmena Ludwig Aleksanyan, Yury Karlen Hovhannisyan, Artur Aghvan Vardanyan, and to make repayments within 5 days after the provision of these loans.

The following loan documentation packages and cash withdrawal slips were seized from branch “Sevan” of “VTB-Armenia Bank” CJSC and considered material evidence:

- Loan documentation package No. 248 under the name of Artak Grisha Torosyan;
- Loan documentation package No. 259 under the name of Pavel Yurik Gabrielyan;
- Loan documentation package No. 308 under the name of Zhasmen (Evelina) Aleksanyan;
- Loan documentation package No. 312 under the name of Yury Karlen Hovhannisyan;
- Loan documentation package No. 245 under the name of Arman Onik Poghosyan;
- Loan documentation package No. 234 under the name of Karen Lyova Navasardyan;
- Loan documentation package No. 253 under the name of Karine Vardges Ghasaboghlyan;
- Loan documentation package No. 280 under the name of Elmira Ludwig Vardanyan;

- Loan documentation package No. 283 under the name of Evelina Khaltur Aleksanyan;
- Loan documentation package No. 255 under the name of Hayk Seryozha Mnatsakanyan;
- Loan documentation package No. 246 under the name of Alexander Hamlet Isakov;
- Loan documentation package No. 229 under the name of Karen Aghasi Arakelyan;
- Loan documentation package No. 243 under the name of Aleksan Lyova Davtyan;
- Loan documentation package No. 258 under the name of Mkhitar Paylak Hovhannisyan;
- Loan documentation package No. G78 under the name of Armen Onik Poghosyan and cash withdrawal slip (original and photocopy) No. 7111900631998;
- Loan documentation package No. A/G76 under the name of Arman Haykaram Aghamalyan and cash withdrawal slip (original and photocopy) No. 712250064567;
- Loan documentation package No. G88 under the name of Garush Edik Torosyan and cash withdrawal slip (original and photocopy) No. 7121300640584;
- Loan documentation package No. G94 under the name of Arsen Rafik Sukiasyan and cash withdrawal slip (original and photocopy) No. 8021500665393;
- Loan documentation package No. G107 under the name of Nver Samvel Tovmasyan and cash withdrawal slip (original and photocopy) No. 8041400686973;
- Loan documentation package No. A/G105 under the name of Gurgen Samvel Arakelyan and cash withdrawal slip (original and photocopy) No. 80332400678331;
- Loan documentation package No. A/G117 under the name of Elmira Ludwig Vardanyan and cash withdrawal slip (original and photocopy) No. 8060600704647;
- Loan documentation package No. G112 under the name of Artur Rudik Sargsyan and cash withdrawal slip (original and photocopy) No. 8042100689274;
- Loan documentation package No. A/G114 under the name of Karen Vardges Ghasaboghlyan, cash withdrawal slip (original and photocopy) No. 8051400701055, and declaration No. 8073000723754;
- Loan documentation package No. G95 under the name of Karen Vardges Ghasaboghlyan and cash withdrawal slip (original and photocopy) No. 8022000666752;
- Loan documentation package No. A/G122 under the name of Karen Vardges Ghasaboghlyan and cash withdrawal slip (original and photocopy) No. 8073000723747;
- Loan documentation package No. A/G122 under the name of Karen Vardges Ghasaboghlyan and cash withdrawal slip (original and photocopy) No. 8073000723747;

- Loan documentation package No. A/G104 under the name of Arman Meruzhan Aleksanyan and cash withdrawal slip (original and photocopy) No. 8040700683331;
- Loan documentation package No. A/G103 under the name of Arman Meruzhan Aleksanyan and cash withdrawal slip (original and photocopy) No. 8031700676496;
- Loan documentation package No. A/G101 under the name of Arman Meruzhan Aleksanyan and cash withdrawal slip (original and photocopy) No. 8032700679840;
- Loan documentation package No. G71 under the name of Sargis Rafik Voskanyan;
- Loan documentation package No. A/G112 under the name of Benik Onik Stepanyan and cash withdrawal slip (original and photocopy) No. 8051700698770;
- Loan documentation package No. A/G115 under the name of Tamara Avetik Hambardzumyan and cash withdrawal slip (original and photocopy) No. 8080300708895;
- Loan documentation package No. A/G118 under the name of Kanakara Onik Stepanyan, cash withdrawal slip (original and photocopy) No. 8061600708895, and declarations No. 8082700733885 and 8082700738882 from;
- Loan documentation package No. G79 under the name of Onik Armenak Stepanyan and cash withdrawal slip (original and photocopy) No. 7111900632188;
- Loan documentation package No. A/G119 under the name of Hermine Hovik Hambardzumyan and cash withdrawal slip (original and photocopy) No. 8062700712927;
- Loan documentation package No. G75 under the name of Benik Onik Stepanyan;
- Loan documentation package No. G114 under the name of Eduard Hrachik Bareghamyan and cash withdrawal slip (original and photocopy) No. 806020070375;
- Loan documentation package No. G67 under the name of Onik Armenak Stepanyan;
- Loan documentation package No. G106 under the name of Knkush Aghvan Melkonyan;
- Loan documentation package No. G70 under the name of Kanakara Onik Stepanyan;
- Loan documentation package No. G105 under the name of Tamara Avetik Hambardzumyan;
- Loan documentation package No. G40 under the name of Sargis Rafik Shahbazyan and cash withdrawal slip (original and photocopy) No. 7050700559639;
- Loan documentation package No. A/G113 under the name of Artur Meruzhan Tovmasyan, cash withdrawal slip (original and photocopy) No. 9051900699079, declaration No. 8062500711757, and payment slip No. 8062400711293;

- Loan documentation package No. G39 under the name of Hambardzum Volodya Beglaryan, cash withdrawal slip No. 7042700556474, and a statement on reversing the seizure imposed on the apartment pledged by Hambardzum Volodya Beglaryan;
- Loan documentation package No. A/G96 under the name of Valiko Haykaz Gevorgyan, cash withdrawal slip (original and photocopy) No. 8030400670980; and declaration No. 8080400725075;
- Loan documentation package No. A/G108 under the name of Arsen Norik Gharibyan, cash withdrawal slip (original and photocopy) No. 8042300690013; and declaration No. 8052600701334;
- Loan documentation package No. H15 under the name of Ruzanna Ashot Gharibyan and a statement on reversing the seizure imposed on the apartment pledged by Ruzanna Ashot Gharibyan;
- Loan documentation package No. G113 under the name of Arman Yurik Manukyan and cash withdrawal slip No. 8042200689701;
- Loan documentation package No. A/G100 under the name of Manvel Marlen Karapetyan, cash withdrawal slip No. 8031000672687, and declaration No. 8062400711308;
- Loan documentation package No. 300 under the name of Alina Aghvan Sargsyan;
- Statements formed under the names of Hayk Seryozha Mnatsakanyan, Alexander Hamlet Isakov, Karen Aghasi Arakelyan, Manuk Tovmasyan, Mkhitar Paylak Hovhannisyan, Aleksan Lyova Davtyan, and Artur Meruzhan Tovmasyan;
- Payment slip No. 7101800620386 presented by Davitbek Erem Davtyan.

Regulation (approved on July 2, 2000 with Decision No. 35 by the Executive Board of “Haykhnaybank” CJSC) on Form No. 3: Organizational Structure of Branches (“Eghegnadzor”, “Ijevan”, “Stepanavan”, “Sevan” branches of “Haykhnaybank” CJSC) and Functions of Structural Units and Separate Positions; Statute of Branch “Sevan” of “VTB-Armenia Bank” CJSC; photocopy of the internal legal statute regulating the functional duties of the manager and credit supervisor of the branch.

The application, written by Manvel Marlen Karapetyan on May 8, 2008 and addressed to the manager of branch “Sevan” of “VTB-Armenia Bank” CJSC, Arsen Nurijan Arakelyan, indicated that the former had received loan No. AG100 in the amount of 1,800,000 Armenian drams and had given these funds to Artur Meruzhan Tovmasyan. With his signature on the bottom of this application, Artur Meruzhan Tovmasyan confirmed that he had fully received these funds. The letter, written by Artur Meruzhan Tovmasyan on May 8, 2009 and addressed to the manager of branch “Sevan” of “VTB-Armenia Bank” CJSC, Arsen Nurijan Arakelyan, indicated that the former had received the loan and had undertaken an obligation to fully repay it.

The letter, written and signed by Artur Meruzhan Tovmasyan on April 22, 2008, indicated that he would repay the loan registered under the name of Armen Manukyan in due time.

The following documents were presented by Sargis Rafik Shahbazyan on November 11, 2009: payment slips from September 7, 2007 in the amount of 450,000 Armenian drams, November 6, 2007 in the amount of 640,000 Armenian drams, May 7, 2007 in the amount of 1,000 Armenian drams; cash withdrawal slip from May 7, 2007 in the amount of 1,000,000 Armenian drams; mortgage obligation document from May 3, 2007; loan repayment schedule.

The letter, provided on January 29, 2010 by the Division of Passports in Sevan under the Department of Passports and Visas of the Police of the Republic of Armenia, indicated that no information on Garush Manvel Karibyan was found in the state register of the population in the Republic of Armenia.

The letter, provided on January 29, 2010 by the Division of Passports in Sevan under the Department of Passports and Visas of the Police of the Republic of Armenia, indicated that no information on Zhasmena Ludwig Aleksanyan was found in the state register of the population in the Republic of Armenia.

A photocopy of the Verdict No. GD4/0582/02/09 issued by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia; a photocopy of loan agreement No. G66; a photocopy of payment slip No. 7101800620386; a photocopy of transactions deleted from the computer system; photocopies of employees' passports.

A photocopy of deleted transactions was provided on March 26, 2010 by G. Baghdasaryan, the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC.

Rules on Providing Agricultural Loans, Procedures for "Haykhnaybank" CJSC to Provide Loans for Purchasing Consumer Goods (Consumer and Computer Electronics, Furniture, etc.), and Procedures for "Haykhnaybank" CJSC to Provide Loans (Against Other Collateral) to Natural Persons, as approved on August 1, 2005 with Decision No. 52 by the Board of "Haykhnaybank" CJSC.

A photocopy of the explanation written by Karen Vardges Ghasaboghlyan and addressed to Arsen Nuriyan Arakelyan, the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC.

The explanation written on April 18, 2009 by Ara Rafik Mkrtchyan for the attention of A. Beglaryan, the head of the internal audit department of "VTB-Armenia Bank" CJSC.

The materials on Manuk Tovmasyan, provided on May 19, 2009 by "VTB-Armenia Bank" CJSC.

The materials provided by Aram Grigoryan, the director of "Getuk" LLC.

The petition letter and the attachments addressed to the prosecutor of Gegharkunik Region of the Republic of Armenia by Marietta Paruyr Grigoryan on June 7, 2010.

The materials on Karen Vardges Ghasaboghlyan, provided to the prosecutor of Gegharkunik Region of the Republic of Armenia by "VTB-Armenia Bank" CJSC.

Materials prepared on the basis of the information reported by Sargis Rafik Voskanyan.

Materials prepared on the basis of the information reported by Valiko Haykaz Gevorgyan.

Materials prepared on the basis of the information reported by Arman Norik Gharibyan.

According to the statement issued on May 30, 2011 by G. Baghdasaryan, the manager of branch "Sevan" of "VTB-Armenia Bank" CJSC, in the period from June to December of 2008, Ruzanna Ashot Gharibyan made the following partial repayments of the loan, provided by branch "Sevan" of "VTB-Armenia Bank" CJSC under agreement No. H15:

- June 28, 2008 (553,333 Armenian drams);
- July 31, 2008 (124,886 Armenian drams);
- August 27, 2008 (125,000 Armenian drams);
- October 31, 2008 (120,000 Armenian drams);
- December 26, 2008 (150,000 Armenian drams);
- December 30, 2008 (250,000 Armenian drams).

According to the credit statement of loan No. H15, provided by branch "Sevan" of "VTB-Armenia Bank" CJSC to Ruzanna Ashot Gharibyan, the opening balance as of June 17, 2008 was 4,608,056 Armenian drams.

According to the cash deposit slip No. 8062800713441 from June 28, 2008, a partial repayment in the amount of 553,333 Armenian drams was made for loan No. H15.

According to the cash deposit slip No. 8082700733807 from August 27, 2008, a partial repayment in the amount of 125,000 Armenian drams was made for loan No. H15.

According to the cash deposit slip No. 8103100756256 from October 31, 2008, a partial repayment in the amount of 120,000 Armenian drams was made for loan No. H15.

According to the cash deposit slip No. 8122300775941 from December 26, 2008, a partial repayment in the amount of 150,000 Armenian drams was made for loan No. H15.

According to the cash deposit slip N. 8123000777233 from December 26, 2008, a partial repayment in the amount of 250,000 Armenian drams was made for loan No. H15.

According to the slip No. 80603704014034 from June 3, 2008 issued by branch "Sevan" of "VTB-Armenia Bank" CJSC, an amount equal to 600,000 Armenian drams was transferred to the bank account of "Astghik" LLC from the underlying funds of loan No. 300, provided by branch "Sevan" of "VTB-Armenia Bank" CJSC.

According to the slip No. 80603704018034 from June 3, 2008, an amount equal to 150,000 Armenian drams was transferred to the bank account of "Astghik" LLC from branch "Sevan" of "VTB-Armenia Bank" CJSC, as a prepayment of 20% for the product purchased by Alina Aghvan Sargsyan.

4. Legal analysis of the Court

Taking into consideration the fact that each one of the accused, Narine Azat Navasardyan, Sahakanuysh Hayrik Asatryan, and Victoria Garnik Asatryan, acting upon

the instructions and demands of the accused, Karen Vardges Ghasaboghlyan (credit supervisor and economist of the asset operations group), while understanding the nature of their own actions, had unintentionally but periodically committed crimes in all the episodes presented above, thus, assisting Karen Vardges Ghasaboghlyan in thieving large amounts of funds from the bank in all the episodes presented above by means of fake loan documentation packages or without loan agreements and loan documentation packages, the prosecutor re-qualified their charges from Clause 1, Part 3, Article 38-179 to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

Taking into consideration the evidences obtained in the course of court examination, the prosecutor re-qualified the charges pressed against Arsen Nurijan Arakelyan from Clauses 1, Parts 3, Articles 179 and 190 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia.

Taking into consideration the fact that the prosecutor reversed the charges pressed against the accused, Arsen Nurijan Arakelyan, pursuant to Part 1, Article 214 of the Criminal Code of the Republic of Armenia and against the accused, Ara Rafik Mkrtchyan, pursuant to Part 1, Article 179 of the Criminal Code of the Republic of Armenia, the Court establishes that Part 4, Article 306 of the Criminal Procedure Code of the Republic of Armenia shall be applied; that is, in case the prosecutor reverses the charges, the Court shall suspend the examination of the criminal case and shall terminate the process of criminal prosecution; in case the prosecutor reversed the charges pressed against only one of the accused, the Court shall terminate the process of criminal prosecution only with regard to the given accused. The Court establishes that the criminal prosecution against Arsen Nurijan Arakelyan shall be cancelled for Part 1, Article 214 of the Criminal Code of the Republic of Armenia, and against Ara Rafik Mkrtchyan for Part 1, Article 179 of the Criminal Code of the Republic of Armenia.

Thus, upon examining the sources of underlying evidences of the criminal case, assessing the evidences from the standpoint of lawfulness, relevance, and sufficiency to resolve the case with all the evidences examined in conjunction, and being guided by law and internal confidence, the Court establishes that:

- The accused, Karen Vardges Ghasaboghlyan, himself and in an initial agreement with Benik Onik Stepanyan, Artur Meruzhan Tovmasyan, and Rosa Sirekan Khachatryan, received and thieved funds (intended for repayments of loans) in the amount of 44,215,000 Armenian drams from the bank by means of fake loan documentation packages and without forming loan agreements and loan documentation packages, legalized funds in the amount of 10,488,439.7 Armenian drams from the total amount of the illicit proceeds, as well as thieved funds in the amount of 1,000,000 and 500,000 Armenian drams by means of abusing the trust of the bank's borrowers. Such offences are envisaged under Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia; Karen Vardges Ghasaboghlyan shall be subject to criminal liability and punishment pursuant to the foregoing articles;
- The accused, Arsen Nurijan Arakelyan, working as a branch manager at branch "Sevan" of "VTB-Armenia Bank" CJSC and after misusing his powers to order

against the interests of the bank and for the benefit of Karen Vardges Ghasaboghlyan (credit supervisor and economist of asset operations group), caused severe consequences to the lawful interests of “VTB-Armenia Bank” CJSC. Such offences are envisaged under Part 2, Article 214 of the Criminal Code of the Republic of Armenia; Arsen Nuriyan Arakelyan shall be subject to criminal liability and punishment pursuant to the foregoing article;

- The accused, Artur Meruzhan Tovmasyan, in an initial agreement with Karen Vardges Ghasaboghlyan and Rosa Sirekan Khachatryan, received and thieved funds in the amount of 7,250,000 Armenian drams from the bank by means of fake loan documentation packages, legalized funds with Karen Vardges Ghasaboghlyan in the amount of 5,416,398 Armenian drams from the total amount of the illicit proceeds, as well as thieved funds in the amount of 1,800,000 and 1,000,000 Armenian drams by means of abusing the trust of others. Such offences are envisaged under Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia; Artur Meruzhan Tovmasyan shall be subject to criminal liability and punishment pursuant to the foregoing articles;
- The accused, Narine Azat Navasardyan, assisted Karen Vardges Ghasaboghlyan in thieving funds in the amount of 42,840,000 Armenian drams from the bank by means of fake loan documentation packages and without forming loan agreements and loan documentation packages. Such offences are envisaged under Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; Narine Azat Navasardyan shall be subject to criminal liability and punishment pursuant to the foregoing article;
- The accused, Sahakanuysh Hayrik Asatryan, assisted Karen Vardges Ghasaboghlyan in thieving funds in the amount of 25,150,000 Armenian drams from the bank by means of fake loan documentation packages and without forming loan agreements and loan documentation packages. Such offences are envisaged under Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; Sahakanuysh Hayrik Asatryan shall be subject to criminal liability and punishment pursuant to the foregoing article;
- The accused, Ara Rafik Mkrtchyan, assisted Karen Vardges Ghasaboghlyan in thieving funds in the amount of 5,000,000 Armenian drams from the bank by means of fake loan documentation packages and without forming loan agreements and loan documentation packages. Such offences are envisaged under Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; Sahakanuysh Hayrik Asatryan shall be subject to criminal liability and punishment pursuant to the foregoing article;
- The accused, Victoria Garnik Asatryan, assisted Karen Vardges Ghasaboghlyan in thieving funds in the amount of 4,400,000 Armenian drams from the bank by means of fake loan documentation packages and without forming loan agreements and loan documentation packages. Such offences are envisaged under Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia; Sahakanuysh Hayrik Asatryan shall be subject to criminal liability and punishment pursuant to the foregoing article;

- The accused, Pap Telman Manukyan, after abusing the trust of his neighbor, Alina Aghvan Sargsyan and without getting the consent of the latter, took out a consumer loan (for purchasing consumer electronics) in the amount of 600,000 Armenian drams from branch "Sevan" of "VTB-Armenia Bank" CJSC and thieved this amount without repaying the loan. Such offences are envisaged under Part 2, Clause 2, Article 178 of the Criminal Code of the Republic of Armenia; Pap Telman Manukyan shall be subject to criminal liability and punishment pursuant to the foregoing article.

According to Part 1, Article 12 of the Criminal Code of the Republic of Armenia, the crimes and punishments shall be determined under the acting criminal law.

According to Part 6, Article 22 of the Constitution of the Republic of Armenia, any law prescribing or increasing liability has no retroactive effect.

According to Part 1, Article 13 of the Criminal Code of the Republic of Armenia, the law eliminating the criminality of the act, mitigating the punishment or improving the status of the offender in any way, has retroactive effect, i.e., this law is extended to the persons who committed this act before this law had taken effect, including those persons who are serving the punishment or served the punishment, but have a record of conviction.

According to Part 2 of the same article above, the law stipulating the criminality of the act, making the punishment more severe or worsening the status of the offender in any other way has no retroactive effect.

In this case, taking into consideration the fact that the former text of Part 2, Article 178 of the Criminal Code of the Republic of Armenia envisaged a punishment in the form of imprisonment for a term of 2 to 6 years, and the acting text envisages a punishment in the form of penalty in the amount from 500-fold to 1,000-fold of the minimum salary or imprisonment for a term of 2 to 5 years, the Court establishes that a punishment shall be imposed on the accused, Karen Vardges Ghasaboghlyan, Artur Meruzhan Tovmasyan, and Pap Telman Manukyan, pursuant to the acting text of Part 2, Article 178 of the Criminal Code of the Republic of Armenia.

Besides, taking into consideration the fact that the former text of Part 2, Article 178 of the Criminal Code of the Republic of Armenia envisaged a punishment in the form of penalty in the amount from 400-fold to 700-fold of the minimum salary or imprisonment for a term of 2 to 4 years, with or without deprivation of the right to hold certain positions or to be engaged in certain activities for a maximum term of 3 years, and the acting text envisages a punishment in the form of penalty in the amount from 500-fold to 1,000-fold of the minimum salary or imprisonment for a term of 2 to 5 years, with or without deprivation of the right to hold certain positions or to be engaged in certain activities for a maximum term of 3 years, the Court establishes that punishments shall be imposed on the accused, Narine Azat Navasardyan, Sahakanuysh Hayrik Asatryan, Ara Rafik Mkrtychyan, and Victor Garnik Asatryan, pursuant to the former text of Part 2, Article 179 of the Criminal Code of the Republic of Armenia.

Taking into consideration the fact that the former text of Part 3, Article 179 of the Criminal Code of the Republic of Armenia envisaged a punishment in the form of

imprisonment for a term of 4 to 8 years, with or without confiscation of property, and the acting text envisages a punishment in the form of imprisonment for a term of 5 to 8 years, with or without confiscation of property, the Court establishes that punishment shall be imposed on the accused, Karen Vardges Ghasaboghlyan and Artur Meruzhan Tovmasyan, pursuant to the former text of Part 3, Article 179 of the Criminal Code of the Republic of Armenia.

Besides, taking into consideration the fact that the former text of Part 2, Article 190 of the Criminal Code of the Republic of Armenia envisaged a punishment in the form of imprisonment for a term of 4 to 8 years, with confiscation of illicit proceeds, and the acting text envisages a punishment in the form of imprisonment for a term from 5 to 10 years, with confiscation of illicit proceeds, the Court establishes that a punishment shall be imposed on Artur Meruzhan Tovmasyan, pursuant to the former text of Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

Concurrently, taking into consideration that fact that the acting text of Article 66 of the Criminal Code of the Republic of Armenia worsens the situation of the accused, the Court establishes that punishments shall be imposed on each of the accused, pursuant to the former text of Article 66 of the Criminal Code of the Republic of Armenia.

In determining the types and degree of punishments to be imposed on the accused, the Court takes into consideration the nature and social ramifications of the crimes, and the personal characteristics of the accused, including the factors mitigating or aggravating their liability and punishments.

As a factor mitigating the liability and punishment of the accused, Karen Vardges Ghasaboghlyan, the Court takes into consideration the fact that the accused partially confessed his crime and had an underage dependent child under his care. There are no factors aggravating the liability and punishment of the accused, Karen Vardges Ghasaboghlyan.

As a factor mitigating the liability and punishment of the accused, Arsen Nurijan Arakelyan, the Court takes into consideration the fact that the accused, Arsen Nurijan Arakelyan, partially confessed his crime. There are no factors aggravating the liability and punishment of the accused, Arsen Nurijan Arakelyan.

As an aspect characterizing the personality of the accused, Artur Meruzhan Tovmasyan, the Court takes into consideration the fact that he had no prior convictions. As a factor mitigating the liability and punishment of the accused, Artur Meruzhan Tovmasyan, the Court takes into consideration the fact that the accused, Artur Meruzhan Tovmasyan, partially recovered the losses caused as a result of his crime, partially confessed and regretted his crime. There are no factors aggravating the liability and punishment of the accused, Artur Meruzhan Tovmasyan.

As a factor mitigating the liability and punishment of the accused, Narine Azat Navasardyan, the Court takes into consideration the fact that the accused, Narine Azat Navasardyan, partially confessed and regretted her crime. There are no factors aggravating the liability and punishment of the accused, Narine Azat Navasardyan.

As an aspect characterizing the personality of the accused, Sahakanuysh Hayrik Asatryan, the Court takes into consideration the fact that she was married and had a

positive reputation at her workplace. As a factor mitigating the liability and punishment of the accused, Sahakanuysh Hayrik Asatryan, the Court takes into consideration the fact that the accused, Sahakanuysh Hayrik Asatryan, had a second degree handicap husband and partially confessed and regretted her crime. There are no factors aggravating the liability and punishment of the accused, Sahakanuysh Hayrik Asatryan.

As an aspect characterizing the personality of the accused, Ara Rafik Mkrtchyan, the Court takes into consideration the fact that he was married and had no prior convictions. As a factor mitigating the liability and punishment of the accused, Ara Rafik Mkrtchyan, the Court takes into consideration the fact that the accused, Ara Rafik Mkrtchyan, had three dependent persons under his care. There are no factors aggravating the liability and punishment of the accused, Ara Rafik Mkrtchyan.

As an aspect characterizing the personality of the accused, Victoria Garnik Asatryan, the Court takes into consideration the fact that she was married, had a positive reputation at her workplace, and had no prior convictions. As a factor mitigating the liability and punishment of the accused, Victoria Garnik Asatryan, the Court takes into consideration the fact that the accused, Victoria Garnik Asatryan, had a dependent child under her care, partially confessed and regretted her crime. There are no factors aggravating the liability and punishment of the accused, Victoria Garnik Asatryan.

As an aspect characterizing the personality of the accused, Pap Telman Manukyan, the Court takes into consideration the fact that he had no prior convictions. As a factor mitigating the liability and punishment of the accused, Pap Telman Manukyan, the Court takes into consideration the fact that the accused, Pap Telman Manukyan, partially recovered the losses caused as a result of his crime and had three dependent children under his care. There are no factors aggravating the liability and punishment of the accused, Pap Telman Manukyan.

Based on the foregoing, the Court establishes that the correction of the accused, the manifestation of social justice, and the prevention of new crimes by these accused is possible only by means of isolating the accused from the public and holding them in a penitentiary institution, under imprisonment for a certain period of time.

Concurrently, taking into consideration the fact that the accused, Narine Azat Navasardyan and Sahakanuysh Hayrik Asatryan committed crimes (in the episodes presented above) before the crime (envisaged under Part 2, Article 214 of the Criminal Code of the Republic of Armenia) was established under the Verdict issued on January 19, 2010 by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia, the Court establishes that the Decision on Declaring Amnesty from June 19, 2009 by the National Assembly of the Republic of Armenia shall be applicable for the case of the accused, Narine Azat Navasardyan and Sahakanuysh Hayrik Asatryan.

The Court establishes that the provisional measure imposed on the accused shall be maintained until this Verdict has entered into force.

The Court establishes that the loan documentation packages and cash withdrawal slips, considered material evidence, shall be kept in the criminal case.

After examining the civil petition filed by "VTB-Armenia Bank" CJSC, the Court establishes that it shall be subject to satisfaction.

Guided by Articles 357-360 and Part 4, Article 306 of the Criminal Procedure Code of the Republic of Armenia, the Court:

DECIDES

To declare Karen Vardges Ghasaboghlyan guilty, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To sentence Karen Vardges Ghasaboghlyan to imprisonment for a term of 2 (two) years, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia.

To sentence Karen Vardges Ghasaboghlyan to imprisonment for a term of 6 (six) years, without confiscation of property, pursuant to the former text of Part 3, Article 179 of the Criminal Code of the Republic of Armenia.

To sentence Karen Vardges Ghasaboghlyan to imprisonment for a term of 9 (nine) years, with confiscation of illicit proceeds in the amount of 10,488,439.7 Armenian drams, pursuant to the former text of Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To impose a final punishment on Karen Vardges Ghasaboghlyan in the form of imprisonment for a term of 12 (twelve) years, with confiscation of illicit proceeds in the amount of 10,488,439.7 Armenian drams, by means of partially adding the punishments above, pursuant to the rules specified under the previous texts of Parts 4 and 6, Article 66 of the Criminal Code of the Republic of Armenia, and netting the served part of the punishment, imposed under the Verdict issued on July 29, 2010 by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia, from the final punishment. Karen Vardges Ghasaboghlyan shall serve the punishment in the corresponding penitentiary institution under the Ministry of Justice of the Republic of Armenia.

To maintain the provisional measure, imposed on Karen Vardges Ghasaboghlyan in the form of detention, until this Verdict has entered into force. The punishment imposed on Karen Vardges Ghasaboghlyan shall count from March 13, 2009.

To terminate the process of criminal prosecution against Arsen Nurijan Arakelyan for Part 1, Article 214 of the Criminal Code of the Republic of Armenia.

To declare Arsen Nurijan Arakelyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia.

To sentence Arsen Nurijan Arakelyan to imprisonment for a term of 3 (three) years and 6 (six) months. Arsen Nurijan Arakelyan shall serve the punishment in the corresponding penitentiary institution under the Ministry of Justice of the Republic of Armenia.

To maintain the provisional measure, imposed on Arsen Nurijan Arakelyan in the form of detention, until this Verdict has entered into force. The punishment imposed on Arsen Nurijan Arakelyan shall count from November 9, 2010.

To declare Artur Meruzhan Tovmasyan guilty, pursuant to Clause 2, Part 2, Article 178, Clause 2, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

To sentence Artur Meruzhan Tovmasyan to imprisonment for a term of 2 (two) years, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia.

To sentence Artur Meruzhan Tovmasyan to imprisonment for a term of 5 (five) years, pursuant to former text of Clause 2, Part 3, Article 179 of the Criminal Code of the Republic of Armenia.

To sentence Artur Meruzhan Tovmasyan to imprisonment for a term of 5 (five) years, with confiscation of illicit proceeds in the amount of 5,416,398 Armenian drams, pursuant to the former text of Part 2, Article 190 of the Criminal Code of the Republic of Armenia.

To impose a final punishment on Artur Meruzhan Tovmasyan in the form of imprisonment for a term of 5 (five) years and 6 (six) years, with confiscation of illicit proceeds in the amount of 5,416,398 Armenian drams, by means of partially adding the punishments above, pursuant to the rules specified under former texts of Parts 4 and 6, Article 66 of the Criminal Code of the Republic of Armenia. Artur Meruzhan Tovmasyan shall serve the punishment in the corresponding penitentiary institution under the Ministry of Justice of the Republic of Armenia.

To maintain the provisional measure, imposed on Artur Meruzhan Tovmasyan in the form of a written undertaking not to leave, until this Verdict has entered into force. The punishment imposed on Artur Meruzhan Tovmasyan shall count from the day of his arrest.

To declare Narine Azat Navasardyan guilty, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To sentence Narine Azat Navasardyan to imprisonment for a term of 3 (three) years, pursuant to the former text of Part 2, Article 38-17 of the Criminal Code of the Republic of Armenia.

To apply Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia, to the case of Narine Azat Navasardyan and to release her from punishment.

To maintain the provision measure, imposed on Narine Azat Navasardyan in the form of a written undertaking not to leave, until this Verdict has entered into force.

To declare Sahakanuysh Hayrik Asatryan guilty, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To sentence Sahakanuysh Hayrik Asatryan to imprisonment for a term of 3 (three) years, pursuant to the former text of Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To apply Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia, to the case of Sahakanuysh Hayrik Asatryan and to release her from punishment.

To maintain the provision measure, imposed on Sahakanuysh Hayrik Asatryan in the form of a written undertaking not to leave, until this Verdict has entered into force.

To terminate the process of criminal prosecution against Ara Rafik Mkrtchyan for Part 1, Article 179 of the Criminal Code of the Republic of Armenia.

To declare Ara Rafik Mkrtchyan guilty, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To sentence Ara Rafik Mkrtchyan to imprisonment for a term of 3 (three) years, pursuant to the former text of Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To apply Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia, to the case of Ara Rafik Mkrtchyan and to release him from punishment.

The maintain the provision measure, imposed on Ara Rafik Mkrtchyan in the form of a written undertaking not to leave, until this Verdict has entered into force.

To declare Victoria Garnik Asatryan guilty, pursuant to Clause 3, Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To sentence Victoria Garnik Asatryan to imprisonment for a term of 3 (three) years, pursuant to the former text of Part 2, Article 38-179 of the Criminal Code of the Republic of Armenia.

To apply Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia, to the case of Victoria Garnik Asatryan and to release her from punishment.

The maintain the provision measure, imposed on Victoria Garnik Asatryan in the form of a written undertaking not to leave, until this Verdict has entered into force.

To declare Pap Telman Manukyan guilty, pursuant to Clause 2, Part 2, Article 178 of the Criminal Code of the Republic of Armenia.

To sentence Pap Telman Manukyan to imprisonment for a term of 3 (three) years.

To apply Sub-clause 1, Clause 1 of the Decision on Declaring Amnesty, issued on June 19, 2009 by the National Assembly of the Republic of Armenia, to the case of Pap Telman Manukyan and to release him from punishment.

The maintain the provision measure, imposed on Pap Telman Manukyan in the form of a written undertaking not to leave, until this Verdict has entered into force.

To satisfy the civil petition filed by “VTB-Armenia Bank” CJSC.

To severally confiscate an amount equal to 10,055,533.2 Armenian drams from Karen Vardges Ghasaboghlyan and Artur Meruzhan Tovmasyan for the benefit of “VTB-Armenia Bank” CJSC.

To severally confiscate an amount equal to 6,293,352.4 Armenian drams from Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Victoria Garnik Asatryan for the benefit of “VTB-Armenia Bank” CJSC.

To severally confiscate an amount equal to 6,543,210.1 Armenian drams from Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Ara Rafik Mkrtchyan for the benefit of “VTB-Armenia Bank” CJSC.

To severally confiscate an amount equal to 38,140,625.3 Armenian drams from Karen Vardges Ghasaboghlyan, Arsen Nurijan Arakelyan, Narine Azat Navasardyan, and Sahakanuysh Hayrik Asatryan for the benefit of “VTB-Armenia Bank” CJSC.

To confiscate an amount equal to 234,198.1 Armenian drams from Pap Telman Manukyan for the benefit of “VTB-Armenia Bank” CJSC.

To keep the loan application packages and cash withdrawal slips, considered material evidence, in the criminal case.

This Verdict may be appealed to the Criminal Court of Appeals of the Republic of Armenia within a one-month period.

JUDGE, S. MANUKYAN

(Extract)

Case No. GD5/0038/01/10

February 20, 2012

Yerevan, Republic of Armenia

VERDICT

IN THE NAME OF THE REPUBLIC OF ARMENIA

CRIMINAL COURT OF APPEALS OF THE REPUBLIC OF ARMENIA

Presiding Judge: A. Khachatryan
Judges: A. Hovhannisyan, A. Danielyan
Assistant: M. Mahtesyan
Prosecutor: A. Amirzadyan
Counsels: A. Alvandyan, L. Torosyan, K. Manucharyan

An open-court examination of the criminal case (upon the appeals filed by the counsel, A. Alvandyan, of the offender, Artur Tovmasyan, the counsel, L. Torosyan, of the offender, Arsen Arakelyan, and the offender, Karen Ghasaboghlyan) on the offender, Artur Tovmasyan, charges pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia, on the offender, Arsen Arakelyan, charges pressed, pursuant to Parts 1 and 2, Article 214 of the Criminal Code of the Republic of Armenia, and on the offender, Karen Ghasaboghlyan, charges pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia:

(...)

DECIDES

To reject the appeals filed by the counsel, A. Alvandyan, of the offender, Artur Tovmasyan, the counsel, L. Torosyan, of the offender, Arsen Arakelyan, and the offender, Karen Ghasaboghlyan.

To maintain the legal force of the verdict (related to the punishment and civil petition) issued on October 11, 2011 by the Common Jurisdiction Court in Gegharkunik Region of the Republic of Armenia on the offender, Artur Tovmasyan, charges pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179, and Clauses 1 and 2, Part 2, Article 190 of the Criminal Code of the Republic of Armenia, on the offender, Arsen Arakelyan, charges pressed, pursuant to Parts 1 and 2, Article 214 of

the Criminal Code of the Republic of Armenia, and on the offender, Karen Ghasaboghlyan, charges pressed, pursuant to Clause 2, Part 2, Article 178, Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To maintain the provisional measure imposed on the offenders, Karen Ghasaboghlyan and Arsen Arakelyan, in the form of detention until this Verdict has entered into force.

To maintain the provisional measure imposed on the offender, Artur Tovmasyan, in the form of a written undertaking not to leave until this Verdict has entered into force.

To maintain other parts of the verdict unchanged.

This Verdict may be appealed to Court of Cassation of the Republic of Armenia within a month from its publication.

PRESIDING JUDGE, A. KHACHATRYAN
JUDGES, A. HOVHANNISYAN, A. DANIELYAN

(Extract)

Case No. GD5/0038/01/10

April 23, 2012

Yerevan, Republic of Armenia

COURT OF CASSATION OF THE REPUBLIC OF ARMENIA

CRIMINAL CHAMBER

VERDICT ON REJECTING THE CASSATION APPEALS

Presiding Judge: D. Avetisyan

Judges: H. Ghukasyan, H. Asatryan, S. Ohanyan, A. Poghosyan, E. Danielyan

Examining the question of satisfying/rejecting the cassation appeals filed by the counsel, A. Alvandyan, of the offender, Artur Tovmasyan, the counsel, L. Torosyan, of the offender, Arsen Arakelyan, and the offender, Karen Ghasaboghlyan, against the verdict issued on February 20, 2012 by the Criminal Court of Appeals of the Republic of Armenia on the offenders, Karen Ghasaboghlyan, Artur Tovmasyan, and Arsen Arakelyan:

(...)

DECIDES

To reject the cassation appeals filed by the counsel, A. Alvandyan, of the offender, Artur Tovmasyan, the counsel, L. Torosyan, of the offender, Arsen Arakelyan, and the offender, Karen Ghasaboghlyan, against the verdict issued on February 20, 2012 by the Criminal Court of Appeals of the Republic of Armenia on the offenders, Karen Ghasaboghlyan, Artur Tovmasyan, and Arsen Arakelyan.

This Verdict enters into force from the moment of its adoption; it is final and not subject to appeal.

PRESIDING JUDGE, D. AVETISYAN

JUDGES, H. GHUKASYAN, H. ASATRYAN, S. OHANYAN, A. POGHOSYAN, E. DANIELYAN