

Case No. SD/0072/01/10

August 10, 2010

Goris, Republic of Armenia

VERDICT
IN THE NAME OF THE REPUBLIC OF ARMENIA

COMMON JURISDICTION COURT IN SYUNIK REGION OF THE REPUBLIC OF ARMENIA

Presided by: Judge, Lernik Atanyan
Assisted by: Susanna Karapetyan
Participated by: Prosecutor, Aram Amirzadyan
Counsels, Karen Kamalyan, Martin Zilfugharyan
Representative of the victim, Tigran Khachatryan

An open-court hearing on August 10, 2010 of the criminal case on charges against:

Hovik Asatur Bakhshyan: born on November 30, 1957 in Shinuhair village, Goris county, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; former manager in "Goris" branch of "Ardshininvestbank" CJSC; with no prior convictions; registered at 20 Gusan Ashot Str., Apt. 3, Goris, Syunik region, Republic of Armenia; under arrest since May 11, 2009; charges are pressed pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

Alina Rafik Sargsyan: born on June 20, 1959 in Karahunj village, Goris county, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; with higher education; chief accountant in "Goris" branch of "Ardshininvestbank" CJSC; with no prior convictions; residing at 2/23 Ankakhutian Str., Goris, Syunik region, Republic of Armenia; not arrested; charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

Azniv Volodya Arakelyan: born on January 1, 1951 in Karashen village, Goris county, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; with two dependent persons under his care; with higher education; unemployed; with no prior convictions; residing at 20/3 Gusan Ashot Str., Goris, Syunik region, Republic of Armenia; not arrested; charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

Arshak Artak Baluyan: born on August 26, 1985 in Khndzoresk village, Goris county, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of

Armenia; single; with higher education; with no dependent persons under his care; credit specialist in “Goris” branch of “Ardshinvestbank” CJSC; with no prior convictions; residing in Khndzoresk village, Goris county, Syunik region, Republic of Armenia; not arrested; charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

Gayane Zhora Ghazaryan: born on January 19, 1965 in Goris, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; with two dependent children under her care; with higher education; accounting specialist in “Goris” branch of “Ardshinvestbank” CJSC; with no prior convictions; residing at 4/9 Vanki Tap Str., Goris, Syunik region, Republic of Armenia; not arrested; charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

Anahit Arsen Torosyan: born on April 26, 1954 in Goris, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; with no dependent persons under her care; with secondary-specialized education; senior cashier in “Goris” branch of “Ardshinvestbank” CJSC; with no prior convictions; residing at 6/5 Sal Kar Str., Goris, Syunik region, Republic of Armenia; not arrested; charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

Nazik Derenik Matevosyan: born on August 27, 1969 in Goris, Syunik region, Republic of Armenia; Armenian by nationality; citizen of the Republic of Armenia; married; with three dependent children under her care under the age of 14; with higher education; unemployed; with no prior convictions; registered at 125 Syunik Str., Goris, Syunik region, Republic of Armenia; residing at 21/1 Erebuni Str., Apt. 11, Yerevan, Republic of Armenia; not arrested, charges are pressed pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia.

1. Judicial background of the case

Criminal case No. 61201809 was instigated on May 11, 2009 by the Department of Investigations of the National Security Service of the Republic of Armenia.

Charges were pressed against Hovik Asatur Bakhshyan on May 14, 2009 by the preliminary investigation authority, pursuant to Clause 1, Part 3, Article 178 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia; on the same day, the charges were changed into Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia, since, in the period from November 29, 2006 to September 13, 2008, serving as a manager in “Goris” branch of “Ardshinvestbank” CJSC and having an intention to steal the loans provided by the bank through the branch and to use these funds for his own purposes, Hovik Asatur Bakhshyan forged (under the names of 95 persons and “Paitsar Apaga” LLC, a company under his factual management) fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers’ salaries and income, and real estate appraisal reports; after providing these fake documents to the credit specialists (Azniv Volodya Arakelyan and Arshak Artak Baluyan) in the branch, Hovik Asatur Bakhshyan instructed them to from fake

loan documentation packages and to present these packages to the accounting division, for registering the withdrawal of the loans. With the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, Azniv Volodya Arakelyan and Arshak Artak Baluyan fulfilled the instructions and formed 96 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan thieved a particularly large amount of 673,786,604 Armenian drams, which was used at his own discretion in the business activities of companies under his factual management, as well as for his own purposes. With an intention to conceal the true origin of the proceeds of theft and avoid criminal liability, in the same period and with the assistance of the chief accountant and cashier of the branch, Hovik Asatur Bakhshyan serviced the loans on behalf of the borrowers, repaying the monthly principle amounts and interests in total of 232,564,938.55 and 127,041,561.87 Armenian drams, respectively (altogether, 359,606,500 Armenian drams). Continuing his criminal activities, in the period from January to March of 2009, with the assistance of accounting specialist, Alina Rafik Sargsyan, customer service clerk for legal persons, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, Hovik Asatur Bakhshyan withdrew and thieved another 137,000,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means of using fake slips and payment orders (without signature or seal); at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. On January 14, 2009 and in the period from March 9 to March 25, 2009, with an intention of concealing the foregoing transactions, Hovik Asatur Bakhshyan made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; the transferred funds were first withdrawn in cash, then deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. With an intention of concealing the fact of theft, on March 31, 2009, Hovik Asatur Bakhshyan, without the permission of the headquarters of the bank, registered for two fake loans under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC in total of 245,000,000 Armenian drams, in order to generate the funds required to facilitate the real payment orders received from "Vorotani HEKH" CJSC in the amount of 143,000,000 Armenian drams (since he had committed theft from the bank account of this company and, as a result, the balance on this bank account had decreased). Out of the total amount of fake loans, 137,000,000 Armenian drams were deposited into the bank account of "Vorotani HEKH" CJSC with fake deposit orders (without signature and seal), 257,000,000 Armenian drams were credit as loan repayments, while the remaining amount was used for other purposes. Thus,

Hovik Asatur Bakhshyan periodically registered fake loans; the amounts of the loans were registered, withdrawn, and thieved for the purpose of using them in the business activities of companies under his factual management and for his personal use, as well as for repaying the monthly principle amounts and interests of fake loans. With the foregoing actions, Hovik Asatur Bakhshyan concealed and disguised the true nature, origin, and flow of the particularly large proceeds of theft and legalized illicit proceeds, whereby, as a result, "Ardshinvestbank" CJSC incurred a total material loss of 693,808,812.70 Armenian drams; that is, he thieved a particularly large amount of 918,786,604 Armenian drams and legalized (laundered) particularly large illicit proceeds in the amount of 496,863,500.42 Armenian drams.

Charges were pressed against Alina Rafik Sargsyan on March 19, 2010, pursuant to Clause 1, Part 3, Article 38-179, since she, serving as a chief accountant in "Goris" branch of "Ardshinvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with her signature, together with accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 673,786,604 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Alina Rafik Sargsyan, together with accounting specialist Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, withdrew another 137,000,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezour-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezour-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate

enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), and on withdrawing the funds in cash, Alina Rafik Sargsyan fulfilled the illegal instruction of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of "Vorotani HEKH" CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 918,786,604 Armenian drams.

Charges were pressed against Azniv Volodya Arakelyan on March 20, 2010, pursuant to Clause 1, Part 3, Article 38-179, since he, serving as a credit specialist in "Goris" branch of "Ardshininvestbank" CJSC and being a relative of the branch manager, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on forming fake loan documentation packages with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports (documents given to him by Hovik Asatur Bakhshyan) under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) and on arranging the withdrawal of funds (based on these fake loan documentation packages) by the accounting division, fulfilled the instructions of the manager, with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, and formed (from September of 2007, together with the other credit specialist, Arshak Artak Baluyan) 96 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan thieved a particularly large amount of 673,786,604 Armenian drams, which was used at his own discretion in the business activities of companies under his factual management, as well as for his own purposes; that is, Azniv Volodya Arakelyan assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 673,786,604 Armenian drams.

Charges were pressed against Arshak Artak Baluyan on March 19, 2010, pursuant to Clause 1, Part 3, Article 38-179, since he, serving as a credit specialist in "Goris" branch of "Ardshininvestbank" CJSC since September 12, 2007, upon receiving instructions in the period from October 1, 2007 to September 13, 2008 from the branch manager,

Hovik Asatur Bakhshyan (with an intention to thief the loans provided by the bank through the branch and to use these funds for his own purposes) on forming fake loan documentation packages with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports (documents given to him by Hovik Asatur Bakhshyan) under the names of 58 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) and on arranging the withdrawal of funds (based on these fake loan documentation packages) by the accounting division, fulfilled the instructions of the manager, with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, and formed (together with the other credit specialist, Azniv Volodya Arakelyan) 59 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan thieved a particularly large amount of 435,220,000 Armenian drams, which was used at his own discretion in the business activities of companies under his factual management, as well as for his own purposes. Besides, continuing his professional duties as a credit specialist, and upon receiving an apparently illegal instruction on April 1, 2009 from the branch manager, Hovik Asatur Bakhshyan, on registering two loan agreements in amounts of 125,000,000 and 120,000,000 Armenia drams on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), Arshak Artak Baluyan fulfilled the illegal instructions of the manager (knowing that the loans were registered without the relevant permission of the management and board of the bank) and formed two fake loan agreements, which Hovik Asatur Bakhshyan used to withdraw the loans in cash and thief the funds with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashier, Anahit Arsen Torosyan; that is, Arshak Artak Baluyan assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 680,220,000 Armenian drams.

Charges were pressed against Gayane Zhora Ghazaryan on March 19, 2010, pursuant to Clause 1, Part 3, Article 38-179, since she, serving as an accounting specialist in "Goris" branch of "Ardshininvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thief the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with her signature, together with chief accountant, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, and provided for the withdrawal of loans in cash and for the

provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 673,786,604 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Gayane Zhora Ghazaryan, together with chief accountant, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, withdrew another 137,00,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), and on withdrawing the funds in cash, Gayane Zhora Ghazaryan fulfilled the illegal instruction of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of "Vorotani HEKH" CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 918,786,604 Armenian drams.

Charges were pressed against Anahit Arsen Torosyan on March 19, 2010, pursuant to Clause 1, Part 3, Article 38-179, since she, serving as a senior cashier in "Goris" branch of "Ardshinvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 78 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real

estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with her signature, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 551,598,046.80 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, in the period from March 9 to 25, 2009, upon the instruction of Hovik Asatur Bakhshyan, and with an intention of concealing the withdrawal of 137,000,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with fake withdrawal orders and the fact of theft, Anahit Arsen Torosyan, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist Gayane Zhora Ghazaryan, made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), and on withdrawing the funds in cash, Anahit Arsen Torosyan fulfilled the illegal instruction of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of "Vorotani HEKH" CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 796,598,046.80 Armenian drams.

Charges were pressed against Nazik Derenik Matevosyan on March 20, 2010, pursuant to Clause 1, Part 3, Article 38-179, since she, serving as a senior cashier in "Goris" branch of "Ardshinvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 17 persons with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal

reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with her signature (as well as the cash deposit orders for prepayments under 6 mortgage loans, for the purpose of withdrawing funds with the loan documentation packages of these mortgages), together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 122,188,557.20 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Nazik Derenik Matevosyan, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, withdrew another 137,00,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 259,188,557.20 Armenian drams.

Hovik Asatur Bakhshyan was arrested on May 11, 2009.

With the Verdict from May 14, 2009 of the Common Jurisdiction Court in Kentron and Nork-Marash Administrative Regions of Yerevan, a provisional measure was imposed on Hovik Asatur Bakhshyan in the form of detention for a term of 2 months.

On March 19, 2010, a provision measure was imposed on Arshak Artak Baluyan in the form of a written undertaking not to leave.

On March 19, 2010, a provision measure was imposed on Gayane Zhora Ghazaryan in the form of a written undertaking not to leave.

On March 19, 2010, a provision measure was imposed on Anahit Arsen Torosyan in the form of a written undertaking not to leave.

On March 20, 2010, a provision measure was imposed on Azniv Volodya Arakelyan in the form of a written undertaking not to leave.

On March 20, 2010, a provision measure was imposed on Nazik Derenik Matevosyan in the form of a written undertaking not to leave.

On March 31, 2010, the criminal case with an indictment was filed to the Common Jurisdiction Court in Syunik Region of the Republic of Armenia.

2. Examination and assessment of evidence

Upon assessing the examined evidences in conjunction with the materials of the case, from the standpoint of their relevance, permission and sufficiency to resolve the case, and with an inner determination based on the comprehensive, full, and objective examination thereof, the Court establishes that:

Accused, Hovik Asatur Bakhshyan, serving as a manager in "Goris" branch of "Ardshininvestbank" CJSC and having an intention to steal the loans provided by the bank through the branch and to use these funds for his own purposes, in the period from November 29, 2006 to September 13, 2008, forged (under the names of 95 persons and "Paitsar Apaga" LLC, a company under his factual management) fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports; after providing these fake documents to the credit specialists (Azniv Volodya Arakelyan and Arshak Artak Baluyan) in the branch, Hovik Asatur Bakhshyan instructed them to form fake loan documentation packages and to present these packages to the accounting division, for registering the withdrawal of the loans. With the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, Azniv Volodya Arakelyan and Arshak Artak Baluyan fulfilled the instructions and formed 96 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan stole a particularly large amount of 673,786,604 Armenian drams, which was used at his own discretion in the business activities of companies under his factual management, as well as for his own purposes. With an intention to conceal the true origin of the proceeds of theft and avoid criminal liability, in the same period and with the assistance of the chief accountant and cashier of the branch, Hovik Asatur Bakhshyan serviced the loans on behalf of the borrowers, repaying the monthly principle amounts and interests in total of 232,564,938.55 and 127,041,561.87 Armenian drams, respectively (altogether, 359,606,500 Armenian drams). Continuing his criminal activities, in the period from January to March of 2009, with the assistance of accounting specialist, Alina Rafik Sargsyan, customer service clerk for legal persons, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, Hovik Asatur Bakhshyan withdrew and stole another 137,000,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means of using fake cash withdrawal and payment orders (without signature or seal); at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezour-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production

cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. On January 14, 2009 and in the period from March 9 to March 25, 2009, with an intention of concealing the foregoing transactions, Hovik Asatur Bakhshyan made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezur-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; the transferred funds were first withdrawn in cash, then deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. With an intention of concealing the fact of theft, on March 31, 2009, Hovik Asatur Bakhshyan, without the permission of the headquarters of the bank, registered two fake loans under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC in total of 245,000,000 Armenian drams, in order to generate the funds required to facilitate the real payment orders received from "Vorotani HEKH" CJSC in the amount of 143,000,000 Armenian drams (since he had committed theft from the bank account of this company and, as a result, the balance on this bank account had decreased). Out of the total amount of the fake loans, 137,000,000 Armenian drams were deposited into the bank account of "Vorotani HEKH" CJSC with fake deposit orders (without signature and seal), 257,000,000 Armenian drams were deposited as loan repayments, while the remaining amount was used for other purposes. Thus, Hovik Asatur Bakhshyan periodically registered fake loans; the amounts of the loans were registered, withdrawn, and thieved for the purpose of using them in the business activities of companies under his factual management and for his personal use, as well as for repaying the monthly principle amounts and interest of the fake loans. With the foregoing actions, Hovik Asatur Bakhshyan concealed and disguised the true nature, origin, and flow of particularly large proceeds of theft and legalized the illicit proceeds, whereby, as a result, "Ardshininvestbank" CJSC incurred a total material loss of 693,808,812.70 Armenian drams; that is, he thieved a particularly large amount of 918,786,604 Armenian drams and legalized (laundered) particularly large illicit proceeds in the amount of 496,863,500.42 Armenian drams.

Accused, Alina Rafik Sargsyan, serving as a chief accountant in "Goris" branch of "Ardshininvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with

her signature, together with accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, and provided for the withdrawal of the loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 673,786,604 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Alina Rafik Sargsyan, together with accounting specialist Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, withdrew another 137,00,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezsur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezsur-95" LLC, "Gorisi ECSH" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), and on withdrawing the funds in cash, Alina Rafik Sargsyan fulfilled the illegal instructions of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of "Vorotani HEKH" CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 918,786,604 Armenian drams.

Accused, Azniv Volodya Arakelyan, serving as a credit specialist in "Goris" branch of "Ardshininvestbank" CJSC and being a relative of the manger of the branch, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on forming fake loan documentation packages with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements

on borrowers' salaries and income, and real estate appraisal reports (documents given to him by Hovik Asatur Bakhshyan) under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) and on arranging the withdrawal of funds (based on these fake loan documentation packages) by the accounting division, fulfilled the instructions of the manager, with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, and formed (from September of 2007, together with the other credit specialist, Arshak Artak Baluyan) 96 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan thieved a particularly large amount of 673,786,604 Armenian drams, which was used in the business activities of companies under his factual management, as well as for his own purposes; that is, Azniv Volodya Arakelyan assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 673,786,604 Armenian drams.

Accused, Arshak Artak Baluyan, serving as a credit specialist in "Goris" branch of "Ardshininvestbank" CJSC since September 12, 2007, upon receiving instructions in the period from October 1, 2007 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on forming fake loan documentation packages with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports (documents given to him by Hovik Asatur Bakhshyan) under the names of 58 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) and on arranging the withdrawal of funds (based on these fake loan documentation packages) by the accounting division, fulfilled the instructions of the manager, with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, and formed (together with the other credit specialist, Azniv Volodya Arakelyan) 59 fake loan documentation packages, which Hovik Asatur Bakhshyan used to withdraw the loans in cash with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan; as a result, Hovik Asatur Bakhshyan thieved a particularly large amount of 435,220,000 Armenian drams, which was used in the business activities of companies under his factual management, as well as for his own purposes. Besides, continuing his professional duties as a credit specialist, and upon receiving an apparently illegal instruction on April 1, 2009 from the branch manager, Hovik Asatur Bakhshyan, on registering two loan agreements in amounts of 125,000,000 and 120,000,000 Armenia drams on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan), Arshak Artak Baluyan fulfilled the illegal instructions of the manager (knowing that the loans were registered without the relevant permission of the management and board of the bank) and formed two fake loan agreements, which Hovik Asatur Bakhshyan used to withdraw the loans in cash and thieve the funds with the assistance of the chief accountant of the branch, Alina Rafik Sargsyan, accounting specialist, Gayane Zhora Ghazaryan, and cashier, Anahit Arsen Torosyan;

that is, Arshak Artak Baluyan assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 680,220,000 Armenian drams.

Accused, Gayane Zhora Ghazaryan, serving as an accounting specialist in “Goris” branch of “Ardshinvestbank” CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to thieve the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 95 persons and “Paitsar Apaga” LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers’ salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan’s liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers’ presence and signature) with her signature, together with chief accountant, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 673,786,604 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Gayane Zhora Ghazaryan, together with chief accountant, Alina Rafik Sargsyan, and cashiers, Anahit Arsen Torosyan and Nazik Derenik Matevosyan, withdrew another 137,00,000 Armenian drams from the bank account of “Vorotani HEKH” CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of “Vorotani HEKH” CJSC to the bank accounts of “Zangezur-95” LLC, “Gorisi ECSH” OJSC, and “Anapat-2” production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of “Vorotani HEKH” CJSC to the bank accounts of “Zangezur-95” LLC, “Gorisi ECSH” OJSC, and “Anapat-2” production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of “Vorotani HEKH” CJSC with fake payment orders, except for the 53,000,000 Armenian drams, as indicated above. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the

names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan) and on withdrawing the funds in cash, Gayane Zhora Ghazaryan fulfilled the illegal instruction of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of "Vorotani HEKH" CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 918,786,604 Armenian drams.

Accused, Anahit Arsen Torosyan, serving as a senior cashier in "Goris" branch of "Ardshininvestbank" CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to steal the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 78 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan) with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan's liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers' presence and signature) with her signature, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 551,598,046.80 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, in the period from March 9 to 25, 2009, upon the instruction of Hovik Asatur Bakhshyan, and with an intention of concealing the withdrawal of 137,000,000 Armenian drams from the bank account of "Vorotani HEKH" CJSC with fake withdrawal orders and the fact of theft, Anahit Arsen Torosyan, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist Gayane Zhora Ghazaryan, made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of "Vorotani HEKH" CJSC to the bank accounts of "Zangezour-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of "Vorotani HEKH" CJSC with fake payment orders. Afterwards, on March 31, 2009, upon receiving an apparently illegal instruction from the branch manager, Hovik Asatur Bakhshyan, on withdrawing 125,000,000 and 120,000,000 Armenia drams under loan agreements registered (with no documentary basis and out of compliance with the set procedures) on March 31, 2009 under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC (companies under the factual management of Hovik Asatur Bakhshyan) and on withdrawing the funds in

cash, Anahit Arsen Torosyan fulfilled the illegal instruction of the manager, validated the withdrawal orders for the amounts above with her signature and provided for the withdrawal of the funds; out of the total amount, she deposited (with the same method) 137,000,000 Armenian drams into the bank account of “Vorotani HEKH” CJSC, while the remaining amount was used by Hovik Asatur Bakhshyan; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 796,598,046.80 Armenian drams.

Accused, Nazik Derenik Matevosyan, serving as a senior cashier in “Goris” branch of “Ardshininvestbank” CJSC and acting in the capacity of her professional functions, upon receiving instructions in the period from November 29, 2006 to September 13, 2008 from the branch manager, Hovik Asatur Bakhshyan (with an intention to steal the loans provided by the bank through the branch and to use these funds for his own purposes) on registering the withdrawal of fake loans, registered by the credit specialists of the branch under the names of 17 persons with fake real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers’ salaries and income, and real estate appraisal reports, and on providing the funds to him in cash, and with the purpose of gaining Hovik Asatur Bakhshyan’s liking and maintaining a good relationship with him, validated the withdrawal orders (registered without the customers’ presence and signature) with her signature (as well as the cash deposit orders for prepayments under 6 mortgage loans, for the purpose of withdrawing funds with the loan documentation packages of these mortgages), together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, and provided for the withdrawal of loans in cash and for the provision of the cash to Hovik Asatur Bakhshyan, who, upon receiving the funds withdrawn with fake loans, thieved a particularly large amount of 122,188,557.20 Armenian drams in the same period and used the funds in the business activities of companies under his factual management and for his own purposes. Continuing her criminal activities, upon the instruction of Hovik Asatur Bakhshyan, in the period from January to March of 2009, Nazik Derenik Matevosyan, together with chief accountant, Alina Rafik Sargsyan, and accounting specialist, Gayane Zhora Ghazaryan, withdrew another 137,00,000 Armenian drams from the bank account of “Vorotani HEKH” CJSC with the branch, by means using fake cash withdrawal and payment orders (without signature or seal) and provided these funds to Hovik Asatur Bakhshyan; at that, out of the total amount, 53,000,000 Armenian drams were first transferred from the bank account of “Vorotani HEKH” CJSC to the bank accounts of “Zangezour-95” LLC, “Gorisi ECSh” OJSC, and “Anapat-2” production cooperative in the same branch, in amounts of 17,000,000, 18,000,000, and 18,000,000 Armenian drams, respectively, and were withdrawn in cash with fake cash withdrawal orders. With an intention of concealing the foregoing transactions, upon the instruction of Hovik Asatur Bakhshyan, they made several transfers (averaging from 17,000,000 to 18,000,000 Armenian drams) from the bank account of “Vorotani HEKH” CJSC to the bank accounts of “Zangezour-95” LLC, “Gorisi ECSh” OJSC, and “Anapat-2” production cooperative in the same branch, showing as if the transfers were made to generate enough income to meet the non-interest income plan set for the branch by the bank; they withdrew the transferred funds in cash, then (after a few days) deposited into the bank accounts of the foregoing three companies with fake cash deposit orders, and eventually transferred back to the bank account of “Vorotani HEKH” CJSC with fake payment

orders, except for the 53,000,000 Armenian drams, as indicated above; that is, she assisted Hovik Asatur Bakhshyan in thieving a particularly large amount of 259,188,557.20 Armenian drams.

Accused, Hovik Asatur Bakhshyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against him, and gave testimony that he, serving as a manager in "Goris" branch of "Ardshininvestbank" CJSC in the period from 2003 to April of 2009 and being the founder of "Paitsar Apaga" LLC and "Berriutiun" OJSC, had won several construction tenders with these companies in the energy and civil sectors and incurred large losses with several construction works in 2006 due to the sharp rises in prices for construction materials and fuel, conditions not foreseen under tender contracts and the underlying calculations. Hence, in order to fulfill the obligations under the tender contracts, he felt need for a loan to complete the construction objects, hoping that he would be able to repay all the loans with the proceeds from construction works with further similar or larger construction tenders. However, no construction tenders were announced during that period, and he undertook the registration of new fake loans and the possession of the underlying funds, which he used to repay his loans in time (thus, having no delinquent loans at the time of his arrest), as well as to repay the delinquent loans of third parties.

Accused, Alina Rafik Sargsyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that she had been serving as a chief accountant in "Goris" branch of "Ardshininvestbank" CJSC since 2003. Her professional duties included the general supervision over the accounting registrations and the organization of works for compiling and submitting reports. Hovik Asatur Bakhshyan was the manager of the branch in the period from 2003 to May of 2009, who always committed many violations with regard to the possession of funds under fake loans registered under the names of third parties; however, these loans did not exceed the loan limits set for the branch by the headquarters of the bank, and were always repaid on time, thus, making it possible to control the situation. However, since 2006, upon the strict instruction and order of Hovik Asatur Bakhshyan, a large number of fake loans were registered, even with violations of the loan limits set for the branch by the headquarters of the bank, for which many audits and target inspections were conducted in the branch by the specialists of the Internal Supervision Department of "Ardshininvestbank" CJSC; as a result, many violations and infringements by Hovik Asatur Bakhshyan were revealed by these specialists, but everything always ended with mild punishments. Due to such circumstances, Hovik Asatur Bakhshyan continued his illegal practices and made her fulfill his illegal instructions on conducting unsubstantiated and fraudulent transactions, while issuing illegal orders, yelling, and putting pressure on her and other employees of the branch with threats on dismissing from work. Surrendering against his threats and pressure, she obeyed the instructions of the manager, since losing her job would lead to severe living conditions for her family, which heavily depended on her salary. Upon the instruction of Hovik Asatur Bakhshyan, fake loan documentation packages were formed by the credit division with the use of fake documents provided by Hovik Asatur Bakhshyan under the names

of third parties (without the knowledge of the latter); these documents were used to open bank accounts under the names of these third parties, and the loans were first deposited into these bank accounts, then withdrawn and given to Hovik Asatur Bakhshyan, who used the funds upon his discretion. With the same method, in the period from January to March of 2009, upon the instruction of Hovik Asatur Bakhshyan, the bank accounts of "Vorotani HEKH" CJSC, "Zangezur-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative were credited and debited without the presence and authorization of these companies' representatives or authorized persons, and the withdrawn funds were given to Hovik Asatur Bakhshyan. Hovik Asatur Bakhshyan formed the account statements given to these companies for the foregoing time periods; the statements did not reflect the fraudulent transactions and were given to the foregoing companies' authorized persons by the accounting specialist, Gayane Zhora Ghazaryan, upon the instruction of Hovik Asatur Bakhshyan. Although chief cashier, Anahit Arsen Torosyan, and she, Gayane Zhora Ghazaryan, always opposed the illegal instructions of Hovik Asatur Bakhshyan, they eventually obeyed his instructions in fear of losing their jobs.

Accused, Azniv Volodya Arakelyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against him, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that he served as a senior credit specialist in "Goris" branch of "Ardshininvestbank" CJSC in the period from 2007 to September 8, 2008. His professional duties included the formation of loan documentation packages for purchasing retail consumer products, on-going supervision over the servicing of loans, and organization of other credit-related works. Hovik Asatur Bakhshyan, who was the husband of his wife's sister, was the manager of the branch in that period. As he was computer illiterate, upon the instruction and based on the information given by Hovik Asatur Bakhshyan, the loan agreements were typed by other employees or trainees in the branch; however, after Arshak Artak Baluyan was recruited as a credit specialist in September of 2007, he was the one typing the loan agreements. In the period from 2006 to 2008, upon the instruction and based on the information and documents (photocopies of borrowers' passports, real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports) given by Hovik Asatur Bakhshyan, measures were undertaken to register a large number of fake loan documentation packages and to withdraw the relevant loans. Arshak Artak Baluyan (other trainees in the branch during the period when Arshak Artak Baluyan was not employed yet) formed the loan and collateral agreements, while he, upon the instruction of Hovik Asatur Bakhshyan, formed the initial loan applications on behalf of the borrowers, signed and attached these documents to the loan documentation packages and passed them to Hovik Asatur Bakhshyan, without the presence and signature of the borrowers. He had no information on who was signing the loan applications and agreements on behalf of the borrowers, but all the foregoing circumstances were enough to conclude that the loan documentation packages were fake, being just a formality required by Hovik Asatur Bakhshyan to receive and use the underlying funds. He had expressed his negative attitude towards all that several times and had written two petitions for his dismissal from the branch, prior to being dismissed from work afterwards. However, saying that

he would win construction tenders with his companies and would repay all the loans with the generated proceeds, Hovik Asatur Bakhshyan convinced him to return every time and to continue doing same tasks. In the meantime, several inspections were conducted in the branch by the relevant specialists of "Ardshinvestbank" CJSC; as a result, violations and infringements were revealed, and he was dismissed from work upon the decision of the management board from September 8, 2008. In committing such actions, he did not have any venal, personal or other interests, including no need or intention to gain the liking of Hovik Asatur Bakhshyan, since never he had felt such a need, and, therefore, had no tendency of assisting the theft.

Accused, Arshak Artak Baluyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against him, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that he had been serving as a credit specialist in "Goris" branch of "Ardshinvestbank" CJSC since September of 2007. His professional duties included the acceptance and assessment of loan applications, the formation of loan documentation packages and the monitoring over the further servicing of the loans. Until September of 2008, he worked together with the other credit specialist, Azniv Volodya Arakelyan, in the credit division, and helped the latter (upon the instruction of the branch manager, Hovik Asatur Bakhshyan) to type the loan and collateral agreements on the computer. Although he committed the factual actions indicated in this indictment, he did not acknowledge the severity of such actions and that such actions were criminally prosecuted, did not understand the circumstances, had no venal, personal or other interest, and only fulfilled the instructions of the branch manager, who urged that his actions could be considered violations of the bank's internal regulations, at most, and that he (Hovik Asatur Bakhshyan) was responsible for such actions, and that he (Arshak Artak Baluyan) had nothing to fear about. Since Hovik Asatur Bakhshyan maintained his position of the branch manager after a large number of violations were revealed as a result of several inspections by the specialists of the Internal Supervision Department of the bank, the words of Hovik Asatur Bakhshyan seemed truthful and convincing to him. Hovik Asatur Bakhshyan did not assign him to a temporary position, did not introduce the rules and regulations of the bank, but, from the first day, provided him and credit specialist, Azniv Volodya Arakelyan, with somehow obtained documents, such as photocopies of real estate ownership certificates, temporary motor vehicle registration certificates, statements on borrowers' salaries and income, and real estate appraisal reports, and instructed them to form loan documentation packages upon the initial information contained in these documents and in the instructed amounts, to type loan and collateral agreements on the computer, and to form written orders given by the branch manager to the accounting division on withdrawal of funds; these instructions were fulfilled by Azniv Volodya Arakelyan and him, and the finished documents were provided to Hovik Asatur Bakhshyan. Afterwards, Hovik Asatur Bakhshyan signed and presented the orders to the accounting division, where the withdrawals of funds were registered, and the funds were provided to Hovik Asatur Bakhshyan in cash. Since he had no prior work experience and was not familiar with the current rules and regulation, in the beginning, he thought that it was the right way to work; however, after a while, upon coming across other loan documentation packages held in the

branch (which were registered adequately, the loan and collateral agreements were authorized by a public notary, the collateral was registered by the state cadaster, the certificates of ownership over the collateral were held in the bank), he understood that the loan documentation packages, registered based on the photocopies of documents and amounts indicated directly by Hovik Asatur Bakhshyan, were fake and fraudulent, and that all that was done by Hovik Asatur Bakhshyan to withdraw and use the loans. However, in his opinion, Hovik Asatur Bakhshyan took the loans in order to conduct certain transactions and later repay the whole amount, and not with the purpose of thieving the funds; this was evidenced by the fact that, up until the day of his arrest, he adequately serviced all the obligations under his loan documentation packages. Besides, he tried to oppose these practices, but Hovik Asatur Bakhshyan threatened to dismiss him from work in case he does not fulfill the instructions and strictly declared that he would have to work like that or other employees would come to replace him. Since he could not find another job, and his family heavily depended on his salary, he had to surrender and continue working and fulfilling the instruction of Hovik Asatur Bakhshyan. As for the withdrawal of loans registered on March 31, 2009 in the amount of 125,000,000 Armenian drams (under the name of "Paitsar Apaga" LLC) and 120,000,000 Armenian drams (under the name of "Berriutiun" OJSC), he learned about these loans from Hovik Asatur Bakhshyan on the next day (April 1, 2012), when the written orders to withdraw these loans were presented to the accounting division by Hovik Asatur Bakhshyan; the latter instructed him to type two loan agreements on the computer under the dates of the day before, and he fulfilled the instruction and provided the agreements to the branch manager.

Accused, Gayane Zhora Ghazaryan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that she had been serving as an accounting specialist in "Goris" branch of "Ardshininvestbank" CJSC since 2003. Her professional duties included the accounting registration of loan granting procedures and the servicing of legal persons. She had no information and could not have known about the fake loan documentation packages registered under the names of 95 persons and "Paitsar Apaga" LLC (a company under the factual management of Hovik Asatur Bakhshyan), since she had no association with the formation and registration of loan documentation packages. She had no personal interest in the actions committed, signed the cash withdrawal orders already used by the credit division, printed the orders to collect the fees, and presented the documents to the authorization of the chief accountant, since she did not know that the customers were not present or that she dealt with fake loans. She had no association with the repayment of loans and did not know the borrowers, since the repayments were serviced by the credit specialists. In the period from January to March of 2009, upon the instruction of Hovik Asatur Bakhshyan and without the presence, signature, and seal of the customers, she registered the orders for the withdrawal of cash from the bank accounts of "Vorotani HEKH" CJSC, "Zangezour-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative, since Hovik Asatur Bakhshyan threatened to dismiss her from work in case of disobedience and, after the first instance of disobedience, he decreased her bonuses. Afterwards, all such orders were passed to her (as she was the responsible accountant) in

mediation of the chief account, Alina Rafik Sargsyan, with confirmations that the managers of the companies in question were aware of the transactions and that the adequate authorizations would be received later. As for the withdrawal of loans registered on March 31, 2009 in the total amount of 245,000,000 Armenian drams (under the names of "Paitsar Apaga" LLC and "Berriutiun" OJSC), these funds (125,000,000 and 120,000,000 Armenian drams, respectively) were deposited into the bank accounts of the foregoing companies on March 31, 2009 by the credit division. On the same day, monetary checks were presented by these companies (signed and sealed by the managers of the companies), and she, after printing the orders and charging the fees, signed and presented them to the chief account; thus, she undertook all the measures required for an accountant servicing legal persons.

Accused, Anahit Arsen Torosyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that she had been serving as a senior cashier in "Goris" branch of "Ardshininvestbank" CJSC since 2003. Her professional duties included the crediting and debiting of funds, except for utility and budgetary payments. In the period from 2003 to May of 2009, Hovik Asatur Bakhshyan was the manager of the branch, who always committed infringements in the form of registering loans on third parties' names and gaining possession over the corresponding funds. However, since 2006, the violations were committed periodically, and Hovik Asatur Bakhshyan always violated the loan limits set for the branch by the headquarters of the bank, for which many target inspections were conducted in the branch by the specialists of the Internal Supervision Department of the bank; as a result, violations and infringements by Hovik Asatur Bakhshyan were revealed by these specialists, but everything always ended with mild punishments. Upon acknowledging the illegal nature and serious consequences of Hovik Asatur Bakhshyan's practice, several experienced employees of the bank and she always opposed his instructions; however, Hovik Asatur Bakhshyan yelled at them, threatened to dismiss them from work and made them obey his instructions, by taking advantage of the fact that his employees could not cope without their salaries. Thus, they fulfilled Hovik Asatur Bakhshyan's instructions; they withdrew funds under fake loans, provided the proceeds to Hovik Asatur Bakhshyan, and made repayments of principle amounts and interests (with the money given to them by Hovik Asatur Bakhshyan) on the fake loans, upon the deposit orders printed by the accounting division. As for the crediting and debiting of the bank accounts of "Vorotani HEKH" CJSC and other companies, in the period from March 9 to 31, 2009, without proper authorization and presence of these companies' authorized persons, she considered these actions acceptable, since she was forced and instructed accordingly by Hovik Asatur Bakhshyan, who told her that he had an agreement with the directors of these companies. Her attempts to oppose brought tensions into her relationship with Hovik Asatur Bakhshyan, who threatened to dismiss her from work for disobedience, a situation that would cause serious consequences for her family, which heavily depended on her salary. As for the withdrawal of funds on March 31, 2009 in total of 125,000,000 and 120,000,000 Armenian drams from the bank accounts of "Paitsar Apaga" LLC and "Berriutiun" OJSC, companies under the factual ownership of Hovik Asatur Bakhshyan, she

mentioned that she was provided with the relevant cash deposit orders (completed, signed, and sealed by Hovik Asatur Bakhshyan), as well as other cash deposit orders in total of 156,000,000 Armenian drams for crediting the bank accounts of “Vorotani HEKH” CJSC and other companies; she registered these documents regardless of the fact that the directors of these companies were not present. She simply trusted Hovik Asatur Bakhshyan, who had assured her that the foregoing directors were well aware of everything and that these persons would sign and seal all the documents. Besides, the loans were withdrawn with cash withdrawal orders, adequately authorized by the directors of companies under the factual ownership of Hovik Asatur Bakhshyan; therefore, she registered the withdrawals in compliance with the relevant requirements. Upon the instruction of accused, Hovik Asatur Bakhshyan, and with the orders and other documents received from the accounting division, she debited and credited funds indicated on these orders and provided the cash to Hovik Asatur Bakhshyan, upon the instruction and order of the latter, in violation of the bank’s regulations, and without the presence of the customers; however, she had no venal, personal, or other interest whatsoever.

Accused, Nazik Derenik Matevosyan, in the course of the judicial proceeding, did not plead guilty in the charges pressed against her, pursuant to Clause 1, Part 3, Article 38-179 of the Criminal Code of the Republic of Armenia, pleaded guilty in a crime with elements specified under Article 214 of the Criminal Code of the Republic of Armenia, and gave testimony that she committed the actions specified in the indictment upon the instructions of Hovik Asatur Bakhshyan; however, she had no venal, personal, or other interest whatsoever. She actually indicated that, in the period from January 13 to March 9, 2009, without the cash withdrawal orders signed by these companies’ authorized persons and without the presence thereof, she debited the bank accounts of “Vorotani HEKH” CJSC and other companies upon the direct instruction of Hovik Asatur Bakhshyan (who was the manager of the branch at that time), who called her into his office and told her that these companies’ directors were well aware of the withdrawals from the bank accounts, their authorized persons would sign all the documents, and that all these transactions were made to generate enough income to meet quarterly income plan set for the branch by the bank. Believing him, she fulfilled his instructions and withdrew the funds with the foregoing orders received from the accounting division and provided the cash to Hovik Asatur Bakhshyan. She had no information on how he spent the funds, but, in the same time period, the bank accounts of the same companies were deposited in different amounts with the same method, which made her think that the withdrawn funds were being deposited again by Hovik Asatur Bakhshyan. She was sure that these companies’ directors were really well aware of the withdrawals from the bank accounts of their companies, since, otherwise, no such transactions would have been conducted. Similarly, several loans under the names of natural persons were withdrawn, while repayments on these loans were also made. Upon the instruction and strict order of Hovik Asatur Bakhshyan, she withdrew loans registered under the names of certain individuals in the period from 2006 to 2009, without the knowledge of the borrowers, and provided the cash to Hovik Asatur Bakhshyan, who serviced these loans without delinquencies by means of depositing (with the same method) monthly repayments on the corresponding days specified under the loan agreement. These loan documentation packages were registered in the branch by credit specialists Azniv Volodya Arakelyan

and Arshak Artak Baluyan. Since these violations were made on a periodic basis, she tried to oppose, but Hovik Asatur Bakhshyan yelled and threatened to fire her for disobedience; in this case, she would have caused serious consequences for her whole family, since her large family heavily depended on her salary. This was the reason why she had to fulfill Hovik Asatur Bakhshyan's instructions, while providing him with the cash withdrawn from the loans registered under the names of natural persons and from the bank accounts of the foregoing companies; however, even in this case, she was sure that Hovik Asatur Bakhshyan did not have an intention of thieving the funds, since he adequately serviced all the foregoing loans.

The actions of the accused were also proved with the following evidences:

Witness, Hamlet Haik Avanesyan, gave testimony in the course of the judicial proceeding that he had been serving as a senior engineer in "Tatev" unit of Electrical Networks of Goris since 2007. In 2006, he applied for a loan to the former manager of "Goris" branch, now accused, Hovik Asatur Bakhshyan, who promised to help and asked for the required documents and the photocopy of his passport, which he presented to Hovik Asatur Bakhshyan. However, he was refused, since he did not have collateral with a value corresponding to the amount of the loan. On March 18, 2008, consumer loan agreement No. 0061 was registered under his name for which a loan in an amount of 8,000,000 Armenian drams was provided with collateral of the car (model: Renault Megane) purchased with the loan. He had not signed such an agreement, had not taken out such a loan, and had not bought such a car with a loan. All the documents in the loan documentation package registered under his name were fake, including the photocopy of the motor vehicle registration certificate.

Witness, Rafik Levon Hakobyan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy furniture) to the manager of "Goris" branch, Hovik Asatur Bakhshyan, who was from the same village as him. Hovik Asatur Bakhshyan did not refuse and required several documents, such as a confirmation of residential address, a statement of his salary, and the photocopy of his passport. Being granted the loan, he repaid it before the maturity. On September 17, 2007, consumer loan agreement No. 00171 was signed, and he received a loan in an amount of 8,000,000 Armenian drams with collateral of the car (model: Volkswagen Jetta) purchased with the loan. He had not signed such an agreement with the bank, had not taken out such a loan, and had not owned such a car. The signatures on the documents under his name were fake, being an imitation of his passport signature.

Witness, Shiraz Romik Aleksanyan, gave testimony in the course of the judicial proceeding that he applied once for a consumer loan (to buy a refrigerator) to "Goris" branch of "Ardshinvestbank" CJSC in 2006, and he was not refused by the manager of this branch. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other association with the bank. On March 3, 2008, a loan in the amount of 3,500,000 Armenian drams was registered with consumer loan agreement No. 0046, for which a residential apartment (located at 10/3 Artsakhyan Road, Goris, Republic of Armenia) was pledged as collateral. He had not taken out such a loan and all the other documents in the loan documentation package, except for the photocopy of his passport, were fake. Moreover, he had never owned an apartment in the foregoing address, and, thus, the

real estate ownership certificate was also fake. In his opinion, the photocopy of his passport was taken from the real loan documentation package he had with the branch in 2006.

Witness, Seryozha Mezhlum Baghdasaryan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy a television set) to "Goris" branch of "Ardshininvestbank" CJSC in 2006 (did not remember the exact date), and was not refused by the bank. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other credit transactions with the bank. On July 27, 2007, a loan in the amount of 6,000,000 Armenian drams was registered under his name with loan agreement No. 00141, for which the van (model: GAZ-322132) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. He was a pensioner, had no resources to buy a van, the signatures on the documents presented to him were fake, and only the photocopy of his passport was real.

Witness, Khachik Volodya Baghdasaryan, gave testimony in the course of the judicial proceeding that he had served in "Goris" branch of "Hayrusgazard" CJSC since November 12, 2005. He applied for a consumer loan (to buy a television set) to "Goris" branch of "Ardshininvestbank" CJSC in 2005 (did not remember the exact date), and was not refused by the bank. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other credit transactions with the bank. On March 4, 2008, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 0049, for which the car (model: Toyota Camry) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real.

Witness, Patvakan Garnik Tsatryan, gave testimony in the course of the judicial proceeding that she applied for a consumer loan (to buy a television set) to "Goris" branch of "Ardshininvestbank" CJSC in 2004-2005 (did not remember the exact date), and was not refused by the bank. She presented the required documents, including the copy of her passport. Being granted this loan, she repaid it on time and had no other credit transactions with the bank. On October 13, 2007, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 0187, for which the car (model: Renault Megane) purchased with the loan was pledged as collateral. She had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told her about the existence of such a loan under her name. The signatures on the documents presented to her were fake, and only the photocopy of her passport was real.

Witness, Yasha Vagharshak Ohanyan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy a television set) to "Goris" branch of "Ardshininvestbank" CJSC in 2007 (did not remember the exact date), and was not refused by the bank. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other

credit transactions with the bank. On March 3, 2008, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 045, for which the car (model: Toyota Camry) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real.

Witness, Alik Yurik Sargisjanyan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy a mobile phone for his brother) to "Goris" branch of "Ardshininvestbank" CJSC in 2004 (did not remember the exact date); he was not refused by the bank, and a loan documentation package was formed. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other credit transactions with the bank. On October 9, 2007, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 203, for which the car (model: Renault Megane) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real. The motor vehicle registration certificate was also fake, which indicated as if the car was registered under his name.

Witness, Anna Onik Ohanyan, gave testimony in the course of the judicial proceeding that her husband and she applied for a loan (to buy a mobile phone for his brother) to "Goris" branch of "Ardshininvestbank" CJSC in 2006 (did not remember the exact date) and pledged their car (model: Niva) as collateral. The loan was denominated in Armenian drams, in equivalence of 10,000 U.S. dollars. Although the loan was registered under the name of her husband, John Harutyunyan, she also presented the photocopy of her passport. The loan had a maturity of 5 years, and they had been adequately servicing the monthly payments since then. They had not applied to the bank for other loans. On October 31, 2007, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 0193, for which the car (model: Toyota Prado) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told her about the existence of such a loan under her name. The signatures on the documents presented to her were fake, and only the photocopy of her passport was real.

Witness, Melik Mamikon Zanunts, gave testimony in the course of the judicial proceeding that he had taken out consumer loans (to buy a television, a DVD player, and other consumer products) from "Goris" branch of "Ardshininvestbank" CJSC several times and was never refused by the bank. He presented the required documents, including the copy of his passport. Being granted these loans, he repaid them on time and had no other credit transactions with the bank. On October 3, 2007, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 00177, for which the car (model: Audi A4) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of

such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real.

Witness, Arman Misak Mashuryan, gave testimony in the course of the judicial proceeding that he had bought a television set in 2007 with a consumer loan granted by "Goris" branch of "Ardshininvestbank" CJSC, which was repaid on time. The loan was registered under the name of his father, Misak Mashuryan, who had left to work in Kemerovo region of the Russian Federation. On March 12, 2008, a loan in the amount of 7,345,000 Armenian drams was registered with loan agreement No. 0057, for which the car (model: Renault Megane) purchased with the loan was pledged as collateral. This loan was registered under the name of his father. His father and he had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under the name of his father. His father's signatures on the documents presented to him were fake, and only the photocopy of his father's passport was real.

Witness, Erik Stepan Mkrtchyan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy a television set) to "Goris" branch of "Ardshininvestbank" CJSC some 2-3 years ago and was not refused by the bank. He presented the required documents, including the copy of his passport. Being granted this loan, he repaid it on time and had no other credit transactions with the bank. On September 17, 2007, a loan in the amount of 8,000,000 Armenian drams was registered with loan agreement No. 00170, for which the car (model: Volkswagen Passat) purchased with the loan was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real.

Witness, Nelly Edik Ghishoac, gave testimony in the course of the judicial proceeding that she applied for a consumer loan (to buy a mobile phone) to "Goris" branch of "Ardshininvestbank" CJSC in 2006 (did not remember the exact date) and was not refused by the bank. She presented the required documents, including the copy of her passport. Being granted this loan, she repaid it on time and had no other credit transactions with the bank. On July 29, 2008, a consumer loan in the amount of 3,500,000 Armenian drams was registered with loan agreement No. 1200, for which a house (located at 12 Andranik Str., Goris, Republic of Armenia) was pledged as collateral. She had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told her about the existence of such a loan under her name. The signatures on the documents presented to her were fake, and only the photocopy of her passport was real.

Witness, Khachatur Abraham Ghazaryan, gave testimony in the course of the judicial proceeding that he applied for a consumer loan (to buy a DVD player) to "Goris" branch of "Ardshininvestbank" CJSC in 2006 (did not remember the exact date) and was not refused by the bank. He presented the required documents, including the copy of her passport. Being granted this loan, he repaid it on time and had no other credit transactions with the bank. On August 22, 2008, a loan in the amount of 3,500,000 Armenian drams was registered with consumer loan agreement No. 1216, for which a house (located at 184 Vardan Mamikonyan Str., Goris, Republic of

Armenia) was pledged as collateral. He had no information on this loan and had found out about it in the summer of 2009, when the employees of the bank told him about the existence of such a loan under his name. The signatures on the documents presented to him were fake, and only the photocopy of his passport was real. He had no house at the foregoing address, and, thus, the real estate ownership certificate was also fake.

Witnesses, Raisa Roman Mnatsakanyan, Gagik Enok Makunts, Anahit Ashot Manukyan, Garik Garnik Sargsyan, Kolya Grigor Margaryan, Abraham Davit Ghazaryan, Sarmik Seryozha Zakaryan gave similar testimonies in the course of the judicial proceeding that they had neither applied to the bank for a loan nor provided the photocopies of their passport to anyone for any reason. As for the loan documentation packages (seized from "Goris" branch of "Ardshinvestbank" CJSC), formed under their names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since they had never applied to the bank for a loan, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witness, Klava Edik Mirumyan, gave testimony in the course of the judicial proceeding that the bank accounts of his company were services in "Goris" branch of "Ardshinvestbank" CJSC and that he knew the former branch manager, Hovik Asatur Bakhshyan, as a resident of Goris. His position in the company gave him the right to conduct transactions with the bank accounts of the company; for these purposes, he presented the bank with the photocopy of his identification document, as well as the copies of the letter of attorney and his signature sample, and only then did he periodically conduct different transactions. He had never applied to the bank for a loan and had never been granted one. As for the consumer loan documentation package (seized from "Goris" branch of "Ardshinvestbank" CJSC) in the amount of 7,200,000 Armenian drams, formed under his name on August 10, 2007 for purchasing a van (model: GAZ-322132), he indicated that this loan documentation package was fake, since he had never applied to the bank for a loan, had never been granted one, the signatures put against his name on the documents kept in the loan documentation package did not belong to him, and these signatures were put by a third party. He did not buy a car, and no cars were registered under his name.

Witnesses, Surik Volodya Baluyan, Sergey Misak Hovakimyan, Misak Asatur Hovakimyan, Suren Gavrosh Grigoryan, Mark Martin Aghabekyan, Hakob Vladimir Andranikyan, Samvel Alexander Sargsyan, Rafik Andranik Asatryan, Harutyun Arkadi Tsaturyan, Nona Hamlet Tsatryan, Vardan Vazgen Makhsudyan, Arshavir Artem Sujoyan, Edik Sazr Hovhannisyan, Ashot Vardan Grigoryan, Vagharshak Mihran Soghomonyan, Zoya Mikhael Hayrapetyan, Jivan Suren Zorunts, Zaven Sashik Shalunts, Hakob Mesrop Hakobyan, Artur Sergey Bakunts, Saida Artush Ghazaryan, gave similar testimonies in the course of the judicial proceeding that, in the period from 2004 to 2007, they took out loans from "Goris" branch of "Ardshinvestbank" CJSC for personal purposes and for purchasing different consumer electronics products, and they also took out consumer loans backed with motor vehicles as collateral, for which

they presented all the documents required under the regulations, including the photocopies of their passports, statements on their residential addresses and salaries, and the motor vehicle registration certificates (in case of pledging motor vehicles as collateral). As for the loan documentation packages (seized from “Goris” branch of “Ardshininvestbank” CJSC), formed under their names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since they had never applied to the bank for such loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witnesses, Mary Anushavan Khachyan, Garik Hamlet Arzumanyan, Nazik Spartak Hakobyan, Martin Marat Hayryan, Gyulchora Levon Vanesyan, Grigor Karen Stepanyan, Rita Suren Aghabekyan, Ashot Vagharshak Mkrtchyan, Liparit Volodya Mashuryan, Grisha Misha Khachatryan, Mayis Henrik Avetisyan, Hermine Rubik Vanyan, Karen Karlen Mirzoyan, and Anahit Gevorg Hakobyan gave similar testimonies in the course of the judicial proceeding that in the period from 2006 to 2008 they worked at “Paitsar Apaga” LLC and “Berritium” OJSC, the founder of which, Hovik Asatur Bakhshyan, who also served as a manager in “Goris” branch of “Ardshininvestbank” CJSC, requested them to present photocopies of their passports, employment history books, and other documents in order to register them as employees and compile their personal files; after providing these documents to Hovik Asatur Bakhshyan and working for a while, they were dismissed. As for the loan documentation packages (seized from “Goris” branch of “Ardshininvestbank” CJSC), formed under their names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since they had never applied to the bank for such loans, had never been granted these loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witnesses Aleta Aram Harutyunyan and Marine Edik Vanyan gave similar testimonies in the course of the judicial proceeding that they worked in “Paitsar Apaga” LLC, the founder of which, Hovik Asatur Bakhshyan, who also served as a manager in “Goris” branch of “Ardshininvestbank” CJSC, requested them to present photocopies of their passports, employment history books, and other documents in order to register them as employees and compile their personal files. As for the loan documentation packages (seized from “Goris” branch of “Ardshininvestbank” CJSC), formed under their names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since they had never applied to the bank for such loans, had never been granted these loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witnesses Hamlet Ishkhan Hayrapetyan and Derenik Aramays Vardazaryan gave similar testimonies in the course of the judicial proceeding that, in the period from 2004 to 2007, they applied to “Goris” branch of “Ardshinvestbank” CJSC for a loan, presented the whole list of documents requested by the bank; however, soon after the documents were submitted, then branch manager, Hovik Asatur Bakhshyan, told them that the presented documents were not sufficient to qualify for the loans and refused to grant the loans, while bringing other reasons and keeping the submitted documents. As for the loan documentation packages (seized from “Goris” branch of “Ardshinvestbank” CJSC), formed under their names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since they had never applied to the bank for such loans, had never been granted these loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witness, Armine Artashes Mirzoyan gave testimony in the course of the judicial proceeding that she served as a senior tax official in the Tax Authority of Goris Region under the State Revenue Committee adjunct to the Government of the Republic of Armenia and that she received her salary through a bank card, serviced in “Goris” branch of “Ardshinvestbank” CJSC, for which she had presented the photocopies of the required documents. Neither her sister, Anush Artashes Mirzoyan, who resided in the Russian Federation, nor she had ever applied to the bank for a loan. As for the consumer loans (backed by real estate as collateral), registered under her name on August 30, 2007 and October 24, 2007, as well as for the loan registered on October 21, 2007 under the name of her sister, each in equivalence of 3,500,000 Armenian drams (documents were seized from “Goris” branch of “Ardshinvestbank” CJSC), she indicated that these loans were fake and fraudulent, since they had never applied to the bank for such loans, had never been granted these loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them. The houses, pledged as collateral for the loan registered on October 21, 2007 under her sister’s name and for the loan registered on August 30, 2007 under her name, belonged to her sister and her, respectively, while she had no information on the house pledged as collateral for the loan registered on October 24, 2007 under her name. Her sister rarely (mostly in summer) visited the Republic of Armenia, and, thus, she could not be in Goris in October of 2007 and could not be granted a loan from the bank.

Witness, Eleonora Patvakan Harutyunyan, gave testimony in the course of the judicial proceeding that her sister, Frida Patvakan Harutyunyan and she had neither applied to the bank for a loan nor provided the photocopies of their passports to anyone for any reason. As for the auto loan in the amount of 8,000,000 Armenian drams (for purchasing a car, model: Toyota Prado), registered on October 31, 2007 under her name, as well as for the auto loan in the amount of 18,000,000 Armenian drams (for purchasing a car, model: Volkswagen Touareg), registered on October 31, 2007 under her sister’s name (documents were seized from “Goris” branch of “Ardshinvestbank”

CJSC), she indicated that these loans were totally fake, since they had never applied to the bank for a loan, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their names on the documents kept in the loan documentation packages did not belong to them.

Witnesses, Alik Surik Hovhannisyan, Lida Artush Gasparyan, Vergusha Bagrat Margaryan, and Smbat Garegin Ghazaryan gave similar testimonies in the course of the judicial proceeding that their relatives, correspondingly, the father (Surik Hovhannisyan), husband (Vladik Gasparyan), son (Valentin Margaryan), and son (Sevada Ghazaryan), had neither applied to the bank for a loan nor provided the photocopies of their passports to anyone for any reason. As for the loan documentation packages (seized from "Goris" branch of "Ardshinvestbank" CJSC), formed under their relatives' names in the period from 2007 to 2008 for mortgage loans (backed with real estate as collateral), auto loans (for purchasing a motor vehicle), and consumer loans, the witnesses indicated that these loan documentation packages were fake and fraudulent, since their relatives had never applied to the bank for such loans, had no association with these loans, had no information on the loans registered under their names, and the signatures put against their relatives' names on the documents kept in the loan documentation packages did not belong to their relatives.

Witnesses, Garnik Hayk Sargsyan, Karine Seryozha Arakelyan, Voskan Nelson Voskanyan, Arayik Rudik Gadunts, Alvard Volodya Vadunts, and Vanik Vachagan Voskanyan gave similar testimonies in the course of the judicial proceeding that the bank accounts of their companies were serviced in "Goris" branch of "Ardshinvestbank" CJSC, the manager of which, in the period from 2003 to May of 2009, was Hovik Asatur Bakhshyan, whom they knew as a resident of Goris and whom they had professional and personal relationship with. Their positions in the companies gave them the right to conduct transactions with the bank accounts of their companies; for these purposes, they presented the bank with the photocopies of their identification documents, as well as the copies of the letters of attorney and their signature samples, and only then did they periodically conduct different transactions. Every transaction was conducted in compliance with mandatory accounting registration requirements under the law; all the transactions were conducted by the companies' directors, accountants, and other authorized persons, and were based on relevant payment orders, cash deposit and withdrawal orders, and cash slips validated with the companies' seals; afterwards, they were provided with account turnover statements by the accounting division of the branch. As for the several cases of debiting and crediting their companies' bank accounts with "Goris" branch of "Ardshinvestbank" CJSC, as well as of transferring funds and withdrawing funds in cash from the foregoing accounts in the period from January 13 to March 31, 2009, with cash deposit, cash withdrawal, and payment orders not validated and sealed by the companies' directors or authorized persons, the witnesses indicated that all these transaction were fraudulent and unsubstantiated, since these transactions were conducted by Hovik Asatur Bakhshyan and other employees of the bank, without their knowledge and consent, and these transactions were not reflected in the account turnover statements provided to them by the bank for the same time period. They learned about the illegal transactions only after all the infringements were revealed,

and they were provided (during the time when the branch was under inspection) with the actual account turnover statements by the new manager of the branch; indeed, these statements reflected all the illegal transactions.

Witness, Hayk Garnik Sargsyan, gave testimony in the course of the judicial proceeding that the bank accounts of his company were serviced in "Goris" branch of "Ardshininvestbank" CJSC, the manager of which, in the period from 2003 to May of 2009, was Hovik Asatur Bakhshyan. His position in the company gave him the right to conduct transactions with the bank accounts of his company; for these purposes, in accordance with the law, he presented the bank with the photocopy of his identification and status documents, as well as the copies of the letter of attorney and his signature sample, and only then did he periodically conduct different transactions. Every transaction was conducted in compliance with mandatory accounting registration requirements under the law; all the transactions were conducted based on properly validated payment orders, cash deposit and withdrawal orders, and cash slips; afterwards, he was provided with account turnover statements by the accounting division of the branch. As for the several cases of debiting and crediting his companies' bank accounts with "Goris" branch of "Ardshininvestbank" CJSC, as well as of transferring funds and withdrawing funds in cash from the foregoing accounts in the period from January 13 to March 31, 2009, with cash deposit, cash withdrawal, and payment orders not validated and sealed by the companies' directors or authorized persons, the witness indicated that all these transaction were fraudulent and unsubstantiated, since these transactions were conducted by Hovik Asatur Bakhshyan and other employees of the bank, without his knowledge and consent, and these transactions were not reflected in the account turnover statements provided to him by the bank for the same time period. He learned about the illegal transactions only after all the infringements were revealed, and he was provided (during the time when the branch was under inspection) with the actual account turnover statements by the new manager of the branch; indeed, these statements reflected all the illegal transactions. As for the auto loan in the amount of 6,000,000 Armenian drams (for purchasing a car, model: BMW X5, license plate No.: 18AA888), registered on July 9, 2008 under his name (documents were seized from "Goris" branch of "Ardshininvestbank" CJSC), he indicated that these loans were totally fake, since he had never applied to the bank for a loan, had not been granted this loan, had not bought such a car, and the signatures put against his name on the documents kept in the loan documentation package did not belong to him.

Witness, Erik Lendrosh Hayrapetyan, gave testimony in the course of the judicial proceeding that the bank accounts of his productions cooperative were serviced in "Goris" branch of "Ardshininvestbank" CJSC, the manager of which, in the period from 2003 to May of 2009, was a his friend, Hovik Asatur Bakhshyan. He used the bank account to conduct several transactions for the purpose of the cooperative's normal activities; for these purposes, in accordance with the law, he presented the bank with the photocopies of identification and status documents for the chief accountant and him, as well as the copies of the letters of attorney and their signature samples, and only then did he periodically conduct different transactions. Every transaction was conducted in compliance with mandatory accounting registration requirements under the law; all the transactions were conducted based on properly validated payment

orders, cash deposit and withdrawal orders, and cash slips; afterwards, he was provided with account turnover statements by the accounting division of the branch. As for the several cases of debiting and crediting the bank accounts of "Anapat-2" production cooperative with "Goris" branch of "Ardshinvestbank" CJSC, as well as of transferring funds and withdrawing funds in cash from the foregoing accounts in the period from January 13 to March 31, 2009, with cash deposit, cash withdrawal, and payment orders not validated and sealed by the companies' directors or authorized persons, the witness indicated that all these transactions were fraudulent and unsubstantiated, since these transactions were conducted by Hovik Asatur Bakhshyan and other employees of the bank, without his knowledge and consent, and these transactions were not reflected in the account turnover statements provided to him by the bank for the same time period. He learned about the illegal transactions only after all the infringements were revealed, when (during the time when the branch was under inspection) Hovik Asatur Bakhshyan told him about the foregoing illegal transaction, explained his serious condition, and asked to provide him with a cash receipt slip from March 9, 2009 in the amount of 17,900,000 Armenian drams, in order for him to present this slip to the inspection team; since they had a close relationship, he compiled the slip and provided it to Hovik Asatur Bakhshyan. As for the auto loan (for purchasing a van, model: Ford Transit) in the amount of 7,000,000 Armenian drams and registered on February 16, 2007 under his name (documents were seized from "Goris" branch of "Ardshinvestbank" CJSC), he indicated that this loan was totally fake, since he had never applied to the bank for such a loan, had not been granted this loan, had not bought such a van, and the signatures put against his name on the documents kept in the loan documentation package did not belong to him.

Witness, Lena Tevan Gyulnazaryan, gave testimony in the course of the judicial proceeding that she had been serving as a notary in Notarial Unit of Goris since 1988, facilitating the transactions of the general public and organizations in the region. The notarial validations of transaction conducted under the law were registered in the notarial registry ledgers, which included the notarial transaction type, date, and signatures of the parties involved. The collateral agreements (both for movable and immovable objects) presented by banks were facilitated and registered in the same manner, while the validation process required the mandatory presence of the bank's authorized official, pawner, and pawnee, who put their signatures in the registry ledger. She worked in the same procedure with the cases presented by "Goris" branch of "Ardshinvestbank" CJSC (in particular, by the branch manager Hovik Asatur Bakhshyan) and she encountered no problems there. After the arrest of Hovik Asatur Bakhshyan, the specialists of the Central Bank of the Republic of Armenia, who were conducting an inspection in the bank, paid a visit to her office and presented around 10-15 fake loan documentation packages, where the collateral agreement were validated with her name. Upon the first visual examination, she declared that the agreements were validated by her, but after a close look and examination, she found out that the notarial validations made with her name, the round seal, her signature, and the notarial holographic stripes were forged by means of computer equipment. It turned out that all the fake validations included the same notarial holographic stripes No. 2992083, which were fake and printed with computer software, and the validations had different registration numbers, which either did not exist in the

registry ledger or related to other transactions. The original notarial holographic stripe No. 2992083 related to the registration of a collateral agreement, signed on December 5, 2007 between “Goris” branch of “Ardshininvestbank” CJSC and Samson Mirakyan; at the same time, a mortgage agreement was signed between the bank and Narek Mirakyan.

Witness, Ararat Mushegh Khoylunts, gave testimony in the course of the judicial proceeding that, in the period from 2001 to August 19, 2008, he served as a senior officer in the Registration-Examination Team of Goris under the Road Police Authority of the Police of the Republic of Armenia. Due to his position of a team supervisor, he organized the works of a team of three members: Sveta Baghdasaryan (duties: passport controller, operator, responsible for writing applications), Abel Aleksanyan (officer), and himself. The rules for registration of motor vehicles and provision of temporary motor vehicle registration certificates were as follows: an application was accepted from an individual; the motor vehicle was examined; before the permanent technical passport from plastic would be ready, a temporary motor vehicle registration (recording) certificate was provided, on which Sveta Baghdasaryan wrote (in hand-writing) all the characteristics of the motor vehicle, including the model, license plate number, body type, production year, registration date, identification, engine, and body numbers, color, special indications on the presence and origin of added objects, passport information of the owner, and the information (surname and rank) of the official validating the certificate. Afterwards, the certificate, together with all the other documents, was presented to the official, who validated it with a round seal and his signature, after examining and checking the veracity. In case the motor vehicle was purchased with a loan and pledged at the bank, a relevant document on accepting the motor vehicle under prohibition to sell was received from the bank in two copies, while one copy was returned to present it to the bank, and the second copy was attached to the registration card of the motor vehicle in question. The original copy (not the photocopy) of the temporary motor vehicle registration certificate, validated with the round seal of the road police, was presented to the bank and kept in the loan documentation package. He knew Hovik Asatur Bakhshyan from childhood, since they were neighbors in Goris; the latter had worked in different position, and, in the period from 2003 to 2009, held the position of a manager in “Goris” branch of “Ardshininvestbank” CJSC; their relationship was limited to professional grounds. As for the photocopies of temporary motor vehicle registration certificates (for cars pledged as collateral), kept in the loan documentation packages (seized in “Goris” branch of “Ardshininvestbank” CJSC) and as if validated and provided by him, the witness indicated that these documents were fake, since the hand-written information therein did not conform to the actual style and handwriting, and the round seals, his information, and signatures were put exactly in the same manner and in the same part of these documents’ bottom part, something practically absurd, being it impossible to write, sign, and seal exactly in the same manner and in the same place even only two consecutive times. This also proved the point that the certificates were fake and were not provided by him.

Witness, Armenak Garnik Tunyan, gave testimony in the course of the judicial proceeding that he had never been granted a loan by “Goris” branch of “Ardshininvestbank” CJSC and had never applied to the bank with such an issue. He

had only presented the photocopy of his passport to “Goris” branch of “Ardshinvestbank” CJSC when he was being registered as a private enterprise and when he had received a bank transfer from his sister’s husband in the Russian Federation. He had no other association with banks. He was not aware of the loan until the summer of 2010, when the employees of the bank told him about the existence of a loan under his name. His signatures put on the documents presented to him were fake. He had not bought, owned, or pledged a car.

Witnesses, Ruben Boris Nersisyan and Khachik Hovsep Mkrtchyan, gave similar testimonies in the course of the judicial proceeding that on April 1, 2009, the on-going monitoring team of “Ardshinvestbank” CJSC reported information indicating two loans registered in total of 245,000,000 Armenian drams in “Goris” branch of the bank, without the permission of the bank’s executive board, and in violation of the rules and regulations. Afterwards, upon the instruction of the bank’s executive board and for the purpose of verifying the information, they left for Goris as part of the inspection team. The inspections showed that the manager of “Goris” branch, Hovik Asatur Bakhshyan, had registered loans in different amounts under the names of several individuals and organizations since 2006 (by means of fake documents and without the knowledge of the borrowers), thieved these funds in cash or in transfers, controlled the funds at his own discretion and used them in the business activities of companies under his factual management and for his own purposes. By means of servicing the previously registered fake loans with the proceeds from new ones, Hovik Asatur Bakhshyan managed to conceal his criminal actions for quite a long time. Besides, in the period from January to March, 2009, Hovik Asatur Bakhshyan withdrew and thieved a particularly large amount from the bank accounts of the bank’s customers, “Vorotani HEKH” CJSC, “Zangezour-95” production cooperative, and other companies, by means of fake orders without the required validation by the directors and authorized persons of the foregoing companies. Hovik Asatur Bakhshyan thieved 190,000,000 Armenian drams from the bank account of “Vorotani HEKH” CJSC alone. For the purpose of concealing the fact of theft and facilitating the payment order presented by the foregoing company in the amount of 143,000,000 Armenian drams, Hovik Asatur Bakhshyan registered two loans under the names of companies (under his factual management) in total amount of 245,000,000 Armenian drams and used these funds to recover the theft from the bank account of “Vorotani HEKH” CJSC. The results of the inspection showed that as a result of criminal actions committed by Hovik Asatur Bakhshyan and others, “Ardshinvestbank” CJSC incurred a total loss of 700,000,000 Armenian drams.

The representative of the victim, Tigran Vahan Khachatryan, declared in the course of the judicial proceeding that he was authorized to represent the interests of “Ardshinvestbank” CJSC, pursuant to the letter of attorney issued by the chairman of the executive board of the bank. As a result of criminal actions committed by the manager of “Goris” branch of “Ardshinvestbank” CJSC, Hovik Asatur Bakhshyan, and others, the bank incurred a total loss of 693,808,812.70 Armenian drams, which was confirmed with the inspections carried out in “Goris” branch by the specialists of the Internal Supervision Department of “Ardshinvestbank” CJSC and of the Financial Supervision Department of the Central Bank of the Republic of Armenia. Therefore, he

requested the recovery of the loss and insisted on a civil petition in an equivalent amount.

Witnesses, Ararat Simon Hovsepyan, Armida Yervand Harutyunyan, Suren Slavik Amiryan, Gnel Gagik Telunts, Yurik Seryozha Safaryan, Mary Muradik Avagyan, Hamlet Hmayak Mirzoyan, Hrach Vladimir Khachatryan, Vardan Vigush Manucharyan, Karlen Aram Minasyan, Anahit Aramayis Varzadanyan, Susan Sasha Khachatryan were informed about the place and time of the court hearing, but were not present in the court. The testimonies given by the witnesses (not present in the court) in the course of the preliminary investigation were announced in the court, and no statements were made in relation thereto.

Additional witnesses, Karen Sedrakyan, Goharik Gyurjyan, and Artur Kujoyan, were questioned in the course of the judicial proceeding.

Fake loan documentation packages (seized from "Goris" branch of "Ardshininvestbank" CJSC on October 1, 2009), which were formed under the names of Sergey Hovakimyan, Lilit Bakhshyan, Hrach Khachatryan, Marine Vanyan, Mher Khachyan, Garik Arzumanyan, Saida Ghazaryan, Sevada Ghazaryan, Edik Hayrapetyan, Hamlet Mirzoyan, Yurik Safaryan, Arkadi Tsaturyan, Anahit Hakobyan, Gyulchora Vanesyan, Grant Makhshyan, Surik Baluyan, Vagharshak Soghomonian, Melik Zanunts, Hakob Andranikyan, Samvel Sargsyan, Rafik Asatryan, Valentin Margaryan, Hamlet Avanesyan, Garnanush Khachunts, Vladimir Mardyan, Armenak Tunyan, Gnel Telunts, Liparit Mashuryan, Ararat Tangyan, Edik Hovhannisyan, Misak Hovakimyan, Garik Sargsyan, Mary Avagyan, Raisa Mnatsakanyan, Karen Mirzoyan, Levon Sargsyan, Misak Mashuryan, Nelly Dishunts, Nona Tsatryan, Jivan Zorunts, Anna Ohanyan, Vladimir Gasparyan, Anush Mirzoyan, Klava Mirumyan, Hermine Vanyan, Patvakan Tsatryan, Sarmik Zakaryan, Alik Sargisjanyan, Eleonora Harutyunyan, Karen Asatryan, Khachik Baghdasaryan, Surik Hovhannisyan, Arshavir Sujoyan, Sashik Harutyunyan, Armida Harutyunyan, Ashot Mkrtchyan, Yasha Ohanyan, Rita Aghabekyan, Vardan Manucharyan, Abraham Ghazaryan, Rafik Hakobyan, Grisha Khachatryan, Erik Mkrtchyan, Derenik Vardazaryan, Anahit Vardazaryan, Hayk Sargsyan, Shiraz Aleksanyan, Ararat Hovsepyan, Mark Aghabekyan, Mayis Avetisyan, Grigor Stepanyan, Frida Harutyunyan, Nazik Hakobyan, Seryozha Baghdasaryan, Martin Hayryan, Ashot Grigoryan, Zaven Shalunts, Armine Mirzoyan (two loans under her name), Hamlet Hayrapetyan, Suren Amiryan, Hakob Hakobyan, Aleta Harutyunyan, Anahit Manukyan, Zoya Hayrapetyan, Vardan Makhsudyan, Gagik Makunts, Karlen Minasyan, Kolya Margaryan, Khachatur Ghazaryan, Suren Grigoryan, Artur Bakunts, and "Paitsar Apaga" LLC.

Fake loan documentation packages, cash withdrawal and deposit orders, written instructions issued by Hovik Asatur Bakhshyan on opening bank accounts under the names of borrowers and on withdrawal of funds, cash receipt slips, a total of 137 documents, seized from "Goris" branch of "Ardshininvestbank" CJSC on October 30, 2009, November 4, 2009, and December 4, 2009.

The report (and the related documents), issued as a result of a target inspection carried out (based on the decision from May 25, 2009 on assigning a financial inspection in "Goris" branch of "Ardshininvestbank" CJSC) in the period from June 22, 2009 to July 3, 2009 by the specialists of the Financial Supervision Department of the

Central Bank of the Republic of Armenia, which proved that Hovik Asatur Bakhshyan, with the assistance of Alina Rafik Sargsyan, Gayane Zhora Ghazaryan, Azniv Volodya Arakelyan, Arshak Artak Baluyan, Anahit Arsen Torosyan, and Nazik Derenik Matevosyan, thieved a total of 918,786,604,000 Armenian drams by means of withdrawing funds in cash with fake loan documentation packages, formed under the names of 95 persons and "Paitsar Apaga" LLC, and by means of withdrawing funds in cash from the bank accounts of several companies serviced in the branch with fake cash withdrawal orders; for the purpose of concealing the fact of theft and avoiding the criminal liability, in the same time period, Hovik Asatur Bakhshyan legalized the proceeds of theft by means of depositing back a total of 496,863,500.42 Armenian drams, from which 232,564,938.55 Armenian drams were deposited on the bank accounts of "Vorotani HEKH" CJSC, "Zangezour-95" LLC, "Gorisi ECSh" OJSC, and "Anapat-2" production cooperative, and 257,000 Armenian drams were used to service the two loans (in order to conceal the theft), registered under the names of "Paitsar Apaga" LLC and "Berriutiun" OSJC in total of 245,000,000 Armenian drams.

The report (and the related documents), issued as a result of a target inspection carried out in "Goris" branch in the period from 2007 to March 31, 2009 by the specialists of the Internal Supervision Department of "Ardshininvestbank" CJSC (documents were seized from "Ardshininvestbank" CJSC on November 4, 2009), which proved that, in the same period, the manager, Hovik Asatur Bakhshyan, and other employees of the branch periodically committed violations and infringements related to the requirements of the bank's internal regulations, orders, the limitations on loans set by the bank for the branch, notarial validations of collateral agreements, absence of the original copies of required documents, incomparable signatures, etc.

Material evidence examination records from October 13, 2009 and March 4, 2010.

Expert examination conclusion No. 3454 from December 25, 2009, which indicated that the signatures and round seals were printed (under the name of notary, Lena Tevan Gyulnazaryan) on the collateral agreements (for motor vehicle), third-party mortgage agreements (for real estate), and mortgage agreements (for real estate) by means of a color inkjet printer; that is, the seals were not put by a stamp and were forged by printing, while the signatures were copied (forged) by imitating the real signature of Lena Gyulnazaryan; the foregoing documents were contained in the following loan documentation packages presented to the examination: Gyulchora Vanesyan, Vagharshak Soghomonyan, Melik Zanoatsi, Rafik Asatryan, Hamlet Avanesyan, Vladimir Mardyan, Liparit Mashuryan, Edik Hovhannisyman, Misak Hovakimyan, Mary Avagyan, Raisa Mnatsakanyan, Karen Mirzoyan, Levon Sargsyan, Misak Mashuryan, Nona Tsatryan, Jivan Zoruntsi, Anna Ohanyan, Vladimir Gasparyan, Anush Mirzoyan, Klava Mirumyan, Patvakan Tsatryan, Sarmik Zakaryan, Alik Sargisjanyan, Eleonora Harutyunyan, Karen Asaturyan, Khachik Baghdasaryan, Surik Hovhannisyman, Arshavir Sujoyan, Armida Harutyunyan, Ashot Mkrtchyan, Yasha Ohanyan, Vardan Manucharyan, Abraham Ghazaryan, Rafik Hakobyan, Erik Mkrtchyan, Shiraz Aleksanyan, Ararat Hovsepnyan, Larisa Matevosyan, Laura Minasyan, Mayis Avetisyan, Grigor Stepanyan, Frida Harutyunyan, Seryozha Baghdasaryan, Martin Hayryan, Ashot Grigoryan, Zaven Shalunts, Surem Amiryan, Sofya Salbuntsi, Hakob Hakobyan, Anahit Manukyan, Zoya Hayrapetyan, Vardan Makhsudyan, Gagik Makuntsi, Karlen Minasyan, Kolya Margaryan, Mary Khachyan, Marine Vanyan, Hrach

Khachatryan, Surik Baluyan, Gagik Minasyan, Anahit Hakobyan, Rita Aghabekyan, Arkadi Tsaturyan, Sevada Ghazaryan, Lilit Bakhshyan, Derenik Vardazaryan, Anahit Vardazaryan, Armenak Tunyan, and Armine Mirzoyan (two loans under her name). Notarial holographic stripes No. 2992083 were printed on the agreements by a color printer (as if validated by the notary), except for the agreement in the loan documentation package formed under the name of Vladik Gasparyan; this did not conform to the state printing standards; that is, the notarial holographic stripes were fake.

The round seals with text “Registration-Examination Team of Goris under the Road Police Authority of the Police of the Republic of Armenia”, as found on documents (prohibiting the sale of motor vehicles) in the loan documentation packages formed under the names of Vagharshak Soghomonyan, Vardan Makhsudyan, Frida Harutyunyan, Anahit Manukyan, Hrach Khachatryan, and Misak Hovakimyan, were printed by a color inkjet printer; that is, the seals were not put by a stamp and were forged by printing.

The official letter No. 17/7-6930 of November 11, 2009 (and the related information on the motor vehicles) by the head of the Road Police Authority under the Police of the Republic of Armenia, which proved that the motor vehicles, indicated in the loan documentation packages as if these were purchased with loans and were pledged as collateral, were either not found in the database of the Road Police Authority under the Police of the Republic of Armenia or were actually registered under the names of other persons, or the serial numbers and license plates were registered on other motor vehicles; that is, the information in the loan and collateral agreements was not truthful.

The official letter from December 8, 2009 by the head of Goris Territorial Unit of the State Committee of Real Estate Cadaster adjunct to the Government of the Republic of Armenia, which proved that the photocopies of real estate ownership certificates, found in the fake loan documentation packages, were fake.

3. Legal analyses of the Court

The actions committed by accused, Hovik Asatur Bakhshyan, were rightfully identified, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia; he shall be subject to liability and punishment accordingly.

The actions committed by accused, Alina Rafik Sargsyan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; she shall be subject to liability and punishment accordingly.

The actions committed by accused, Azniv Volodya Arakelyan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; he shall be subject to liability and punishment accordingly.

The actions committed by accused, Arshak Artak Baluyan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; he shall be subject to liability and punishment accordingly.

The actions committed by accused, Gayane Zhora Ghazaryan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; she shall be subject to liability and punishment accordingly.

The actions committed by accused, Anahit Arsen Torosyan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; she shall be subject to liability and punishment accordingly.

The actions committed by accused, Nazik Derenik Matevosyan, shall be re-identified, changing from Clause 1, Part 3, Article 38-179 to Part 2, Article 214 of the Criminal Code of the Republic of Armenia; she shall be subject to liability and punishment accordingly.

Pursuant to Article 10 of the Criminal Code of the Republic of Armenia, the punishment and other legal and penal measures imposed on the person who committed an offence must be fair, appropriate to the gravity of the crime, to the circumstances in which it was committed, to the personality of the criminal; they must be necessary and sufficient to correct the criminal and to prevent new crimes.

Pursuant to Article 48 of Criminal Code of the Republic of Armenia, the purpose of punishment is to restore the social justice, to correct the punished person, and to prevent new crimes.

Pursuant to Article 61 of the Criminal Code of the Republic of Armenia, in determining the type and degree of the punishment, the court takes into consideration the nature and social ramifications of the crime, the personality of the offender, his responsibility, and the factors mitigating or aggravating the punishment.

The actions committed by accused, Hovik Asatur Bakhshyan, identified under Clause 1, Part 3, Article 179 of the Criminal Code of the Republic of Armenia, is considered a grave crime, pursuant to Clause 4, Article 19 of the Criminal Code of the Republic of Armenia, while the actions committed by him, identified under Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia, is considered a particularly grave crime, pursuant to Clause 5, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Alina Rafik Sargsyan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Azniv Volodya Arakelyan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Arshak Artak Baluyan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Gayane Zhora Ghazaryan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Anahit Arsen Torosyan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

The actions committed by accused, Nazik Derenik Matevosyan, identified under Part 2, Article 214 of the Criminal Code of the Republic of Armenia, is considered a medium-gravity crime, pursuant to Clause 3, Article 19 of the Criminal Code of the Republic of Armenia.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics are factors mitigating the liability and punishment for Hovik Asatur Bakhshyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Hovik Asatur Bakhshyan. In determining the degree of punishment, the Court takes into consideration the fact that, in the period from 1989 to 1992, Hovik Asatur Bakhshyan had participated, with the Goris self-defense unit, in military actions for defending the borders of the Republic of Armenia and Artsakh.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the city hall of Goris) are factors mitigating the liability and punishment for Alina Rafik Sargsyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Alina Rafik Sargsyan.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the city hall of Goris) are factors mitigating the liability and punishment for Azniv Volodya Arakelyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Azniv Volodya Arakelyan.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the community of Khndzoresk) are factors mitigating the liability and punishment for Arshak Artak Baluyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Arshak Artak Baluyan.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the city hall of Goris) are factors mitigating the liability and punishment for Gayane Zhora Ghazaryan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Gayane Zhora Ghazaryan.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the city hall of Goris) are factors mitigating the liability and punishment for Anahit Arsen Torosyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Anahit Arsen Torosyan.

Pursuant to the grounds specified under Article 62 of the Criminal Code of the Republic of Armenia, the absence of prior convictions and the positive characteristics (cited by the city hall of Goris) are factors mitigating the liability and punishment for Nazik Derenik Matevosyan. There are no factors (specified under Article 63 of the Criminal Code of the Republic of Armenia) aggravating the liability and punishment for accused, Nazik Derenik Matevosyan.

In examining the civil petition filed by “Ardshininvestbank” CJSC, the Court establishes that verdicts on civil cases shall be issued under the civil law, pursuant to Part 2, Article 154 of the Criminal Procedure Code of the Republic of Armenia. Pursuant to Part 1, Article 1058 of the Civil Code of the Republic of Armenia, harm caused to the property of a natural or legal person shall be subject to compensation in full by the person who has caused the harm. The law envisages the possibility to impose the obligation of compensation on a party other than the one who has caused the harm. Pursuant to Part 1, Article 1073 of the Civil Code of the Republic of Armenia, persons who have jointly caused harm shall be jointly and severally liable to the victim. Pursuant to Part 1, Article 361 of the Civil Code of the Republic of Armenia, joint and several liabilities arise when specified by an agreement or law. Hence, in this case, the joint and several liability of the accused for causing harm to the victim is specified by law, on the grounds of jointly caused harm.

The fact of harm caused to the victim jointly by all offenders is established on the grounds that the actions of the offenders have been proven, and that there is causality between their actions and the harm caused. The harm was a result of all the actions; without Alina Rafik Sargsyan, Azniv Volodya Arakelyan, Arshak Galoyan, Gayane Zhora Ghazaryan, Anahit Arsen Torosyan, and Nazik Derenik Matevosyan committing the actions specified under Article 214 of the Criminal Code of the Republic of Armenia, the harm could not have been caused by the actions of Hovik Asatur Bakhshyan alone.

In considering the total volume of harm caused and the degree of joint and several liability among all offenders, the Court establishes that, although total harm of 918,000,000 Armenian drams was caused as a result of the foregoing crimes, this harm was not caused solely by the actions (guilt) of the seven offenders; in particular, the harm of 918,000,000 Armenian drams was caused by the actions (guilt) of Hovik Asatur Bakhshyan, Alina Rafik Sargsyan, and Gayane Zhora Ghazaryan. Out of the total

amount, the harm from 673, 786, 604 to 796,598,046 Armenian drams was caused by the actions (guilt) of another (together with the ones mentioned above) three offenders, Azniv Volodya Arakelyan, Arshak Galoyan, and Anahit Arsen Torosyan; that is, by the joint actions (guilt) of six offenders; and the harm of 259,188,557 Armenian drams was caused by the actions (guilt) of another (together with the ones mentioned above) offender, Nazik Derenik Matevosyan; that is, by the joint actions (guilt) of seven offenders. Hence, the degree of joint and several liability for compensating the harm shall be established with the following proportion: the liability for compensating the harm resulted from the crime committed by all seven offenders shall be equal to 1/6 of the total harm, in case of six offenders - 2/6 of the total harm, and in case of three offenders – 3/6 of the total harm. Concurrently, considering the fact that part of the total harm of 918,786,604 Armenian drams was compensated by Hovik Asatur Bakhshyan by means of servicing the fake loans, 351,643,500 Armenian drams were compensated by “Rasco Insurance” LLC, and the total uncompensated harm resulted in 340,216,012 Armenian drams, the Court establishes that an amount equal to the total uncompensated harm, jointly caused by all the offenders, shall be confiscated from the offenders in the proportion specified above.

As for the claim of “Ardshininvestbank” CJSC to confiscate the interest and fees (in accordance with the provisions specified in the agreement) accrued on the loan (from May 11, 2009 to the end of the obligation term) in equivalence of 683,775,762 Armenian drams, the claim shall be satisfied partially, since (out of the total harm of 683,775,762 Armenian drams) the civil plaintiff has received an insurance compensation in the amount of 351,643,500 Armenian drams on July 3, 2009, and (out of the total uncompensated harm of 340,216,012 Armenian drams) the remaining debt on the principle loan is equal to 332,132,262 Armenian drams, on which confiscation interest shall be accrued (at the bank interest rate set by the Central Bank of the Republic of Armenia), pursuant to Part 1, Article 411 of the Civil Code of the Republic of Armenia. At that, the accrued interest is subject to confiscation from Hovik Asatur Bakhshyan, since he has illegally kept and possessed these funds.

As for the claim to confiscate the interests in accordance with the provisions specified in the agreement, such a claim is unsubstantiated, since this is not a contractual relationship, but a liability resulted from the gaining and using of proceeds of crime; therefore, no interests specified under contractual provisions can be valid.

In examining the civil petition filed by “Rasco Insurance” CJSC, the Court establishes that the petition shall be left unexamined, while the plaintiff shall maintain the right to file a petition in civil proceedings, pursuant to Article 1021 of the Civil Code of the Republic of Armenia.

Acting upon the principles of criminal law, the necessity to establish social justice and fulfill the purpose of punishments, the Court establishes that accused, Hovik Asatur Bakhshyan, shall serve the determined punishment.

Considering the fact that, on June 19, 2009, the National Assembly of the Republic of Armenia issued a Decision on “Declaring Amnesty”, and that the crimes were committed before June 1, 2009, given the degree of punishment, this Decision shall be applied on accused, Alina Rafik Sargsyan, Azniv Volodya Arakelyan, Arshak Artak

Baluyan, Gayane Zhora Ghazaryan, Anahit Arsen Torosyan, and Nazik Derenik Matevosyan.

The provisional measure, imposed on Hovik Asatur Bakhshayn in the form of detention, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Alina Rafik Sargsyan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Azniv Volodya Arakelyan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Arshak Artak Baluyan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Gayane Zhora Ghazaryan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Anahit Arsen Torosyan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The provisional measure, imposed on Nazik Derenik Matevosyan in the form of a written undertaking not to leave, shall be maintained until the Verdict has entered into force.

The fake loan documentation packages, identified as material evidence and attached to the criminal case, shall be disposed of after the Verdict has entered into force, while the documents shall be kept with the case for the whole period of the storage life.

4. Conclusions

Based on the foregoing and guided by Articles 357, 360, 364, 365, 369-373 of the Criminal Procedure Code of the Republic of Armenia, the Court:

DECIDES

To declare Hovik Asatur Bakhshyan guilty, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia and to sentence him to imprisonment for term of 5 (five) years, without confiscation of property, pursuant to Clause 1, Part 3, Article 179 of the Criminal Code of the Republic of Armenia, and for a term of 6 (six) years, with confiscation of proceeds of crime in equivalence of 496,863,500.42 Armenian drams for the benefit of the State Budget of the Republic of Armenia, pursuant to Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To partially add 3 (three) years and 6 (six) months from the punishment imposed pursuant to Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia to the punishment imposed pursuant to Clause 1, Part 3, Article 179 of the Criminal Code of the Republic of Armenia, and to impose a total punishment in the

form of imprisonment for a term of 9 (nine) years and 6 (six) months, with confiscation of proceeds of crime in equivalence of 496,863,500.42 Armenian drams for the benefit of the State Budget of the Republic of Armenia. The beginning of the term shall count from May 11, 2009.

To maintain the provisional measure imposed on Hovik Asatur Bakhshayn in the form of detention until the Verdict has entered into force.

To maintain the seizure imposed on the property of Hovik Asatur Bakhshyan, "Paitsar Apaga" LLC, and "Berrutiun" OJSC.

To declare Alina Rafik Sargsyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence her to imprisonment for term of 2 (two) 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 and discharge her of punishment.

To maintain the provisional measure imposed on Alina Rafik Sargsyan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Alina Rafik Sargsyan until the fulfillment of the Verdict.

To declare Azniv Volodya Arakelyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence him to imprisonment for term of 2 (two) 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 and discharge him of punishment.

To maintain the provisional measure imposed on Azniv Volodya Arakelyan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Azniv Volodya Arakelyan until the fulfillment of the Verdict.

To declare Arshak Artak Baluyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence him to imprisonment for term of 2 (two) 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 and discharge him of punishment.

To maintain the provisional measure imposed on Arshak Artak Baluyan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Arshak Artak Baluyan until the fulfillment of the Verdict.

To declare Gayane Zhora Ghazaryan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence her to imprisonment for term of 2 (two) 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 and discharge her of punishment.

To maintain the provisional measure imposed on Gayane Zhora Ghazaryan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Gayane Zhora Ghazaryan until the fulfillment of the Verdict.

To declare Anahit Arsen Torosyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence her to imprisonment for term of 2 (two) 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 and discharge her of punishment.

To maintain the provisional measure imposed on Anahit Arsen Torosyan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Anahit Arsen Torosyan until the fulfillment of the Verdict.

To declare Nazik Derenik Matevosyan guilty, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia and to sentence her to imprisonment for term of 2 (two) 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 and discharge her of punishment.

To maintain the provisional measure imposed on Nazik Derenik Matevosyan in the form of a written undertaking not to leave until the Verdict has entered into force.

To maintain the seizure imposed on the property of Nazik Derenik Matevosyan until the fulfillment of the Verdict.

The dispose of the fake loan documentation packages, identified as material evidence and attached to the criminal case, after the Verdict has entered into force and to keep the documents with the case for the whole period of the storage life.

To confiscate jointly and severally, as compensation of harm caused by crime, a total of 56,702,669 Armenian drams from Hovik Asatur Bakhshyan, Alina Rafik Sargsyan, Azniv Volodya Arakelyan, Arshak Baluyan, Gayane Zhora Ghazaryan, Anahit Arsen Torosyan, and Nazik Derenik Matevosyan, for the benefit of “Ardshininvestbank” CJSC.

To confiscate jointly and severally, as compensation of harm caused by crime, a total of 113,405,337 Armenian drams from Hovik Asatur Bakhshyan, Alina Rafik Sargsyan, Azniv Volodya Arakelyan, Arshak Baluyan, Gayane Zhora Ghazaryan, and Anahit Arsen Torosyan, for the benefit of “Ardshininvestbank” CJSC.

To confiscate jointly and severally, as compensation of harm caused by crime, a total of 170,108,006 Armenian drams from Hovik Asatur Bakhshyan, Alina Rafik Sargsyan, and Gayane Zhora Ghazaryan, for the benefit of “Ardshininvestbank” CJSC.

To accrue interest (at the bank interest rate set by the Central Bank of the Republic of Armenia) on the principle amount of the loan in equivalence of 332,132,262 Armenian drams for the time period from May 11, 2009 to the end of the obligation term and to confiscate these interests.

To maintain the right of “Rasco Insurance” CJSC to file a petition in civil proceedings, pursuant to Article 1021 of the Civil Code of the Republic of Armenia.

This Verdict shall enter into force after a month from its publication and may be appealed to the Criminal Court of Appeals of the Republic of Armenia.

JUDGE, L. ATANYAN

(Extract)

Case No. SD/0072/01/10

December 15, 2010

Yerevan, Republic of Armenia

VERDICT

IN THE NAME OF THE REPUBLIC OF ARMENIA

CRIMINAL COURT OF APPEALS OF THE REPUBLIC OF ARMENIA

Presiding Judge:	S. Chichoyan
Judges:	A. Hovhannisyan, E. Darbinyan
Assistant:	T. Hakobyan
Prosecutor:	A. Amirzadyan
Counsels:	K. Kamalyan, M. Zilfugharyan
Representative of victim and civil plaintiff:	T. Khachatryan

An open-court examination (in compliance with appeal procedures) of the appeals filed by the counsel, Karen Kamalyan, of the offender, Hovik Bakhshyan, the counsel, Martin Zilfugharyan, of the offenders, Alina Sargsyan, Azniv Arakelyan, Arshak Baluyan, Gayane Ghazaryan, Anahit Torosyan, and Nazik Matevosyan, the representative of victim and civil plaintiff, T. Khachatryan, against the verdict issued on August 10, 2010 by the Common Jurisdiction Court in Syunik Region of the Republic of Armenia, on the offender, Hovik Bakhshyan, charges pressed, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia, and on the offenders, Alina Sargsyan, Azniv Arakelyan, Arshak Baluyan, Gayane Ghazaryan, Anahit Torosyan, and Nazik Matevosyan, charges pressed, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia:

(...)

DECIDES

To partially satisfy the appeal filed by the counsel, Karen Kamalyan, of the offender, Hovik Bakhshyan.

To reverse and change (for the part related to the punishment imposed on the offender, Hovik Bakhshyan) the verdict issued on August 10, 2010 by the Common Jurisdiction Court in Syunik Region of the Republic of Armenia, on the offender, Hovik

Bakhshyan, charges pressed, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To declare Hovik Bakhshyan guilty, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia and to sentence him to imprisonment for term of 4 (four) years, without confiscation of property, pursuant to Clause 1, Part 3, Article 179 of the Criminal Code of the Republic of Armenia, and for a term of 6 (six) years, pursuant to Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

To impose a final punishment, by means of partially adding the punishments with the application of Part 4, Article 66 of the Criminal Code of the Republic of Armenia, on Hovik Bakhshyan, in the form of imprisonment for a term of 7 (seven) years, which will be served in the relevant penitentiary institution under the Ministry of Justice of the Republic of Armenia.

To confiscate an amount of 340,216,012.30 Armenian drams from Hovik Bakhshyan, for the benefit of "Ardshinvestbank" CJSC, as a compensation of losses caused as a result of the crime.

To satisfy the appeal filed by the counsel, Martin Zilfugharyan, of the offenders, Alina Sargsyan, Azniv Arakelyan, Arshak Baluyan, Gayane Ghazaryan, Anahit Torosyan, and Nazik Matevosyan.

To reverse and change (for the part related to the civil petitions) the verdict issued on August 10, 2010 by the Common Jurisdiction Court in Syunik Region of the Republic of Armenia, on the offenders, Alina Sargsyan, Azniv Arakelyan, Arshak Baluyan, Gayane Ghazaryan, Anahit Torosyan, and Nazik Matevosyan, charges pressed, pursuant to Part 2, Article 214 of the Criminal Code of the Republic of Armenia.

To withdraw the confiscation of losses, a punishment imposed severally on the offenders, Alina Sargsyan, Azniv Arakelyan, Arshak Baluyan, Gayane Ghazaryan, Anahit Torosyan, and Nazik Matevosyan, for the benefit of "Ardshinvestbank" CJSC.

To reject the appeal filed by the representative of victim and civil plaintiff, T. Khachatryan.

To withdraw and leave unexamined the following part of the verdict issued by the Common Jurisdiction Court: "To accrue interest (at the bank interest rate set by the Central Bank of the Republic of Armenia) on the principle amount of the loan in equivalence of 332,132,262 Armenian drams for the time period from May 11, 2009 to the end of the obligation term and to confiscate these interests from Hovik Bakhshyan for the benefit of "Ardshinvestbank" CJSC".

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, S. CHICHOYAN

(Extract)

Case No. SD/0072/01/10

February 17, 2011

Yerevan, Republic of Armenia

COURT OF CASSATION OF THE REPUBLIC OF ARMENIA

CRIMINAL CHAMBER

VERDICT ON REJECTING THE CASSATION APPEAL

Presiding Judge: D. Avetisyan

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

Examining the question of satisfying/rejecting the cassation appeal filed by the counsel of the offender, Hovik Bakhshyan, against the verdict issued on December 15, 2010 by the Criminal Court of Appeals of the Republic of Armenia on charges pressed against the offender, Hovik Bakhshyan, pursuant to 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 cassation appeal filed by the counsel of the offender, Hovik Bakhshyan, against the verdict issued on December 15, 2010 by the Criminal Court of Appeals of the Republic of Armenia on charges pressed against the offender, Hovik Bakhshyan, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

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