Case No. GD/0023/01/10

February 04, 2011

Gavar, Republic of Armenia

COURT VERDICT

IN THE NAME OF THE REPUBLIC OF ARMENIA

COMMON JURISDICTION COURT OF FIRST INSANCE IN GEGHARKUNIK REGION OF THE REPUBLIC OF ARMENIA

Presided by:	Judge, A. Petrosyan
Assisted by:	V. Ghazoyan, H. Gasparyan
Participated by:	Prosecutor, A. Amirzadyan
	Counsels, M. Karapetyan, L. Poghosyan
	Representative of the victim and civil plaintiff, T. Khachatryan

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

Armen Robert Baghdasaryan: born on April 21, 1974 in Vardenis, Gegharkunik region, Republic of Armenia; Armenian national; citizen of the Republic of Armenia; with higher education; married; with four dependent persons; served as a manager in "Vardenis" branch of "Ardshininvestbank" CJSC; with no prior convictions; registered at 15 Yerevan Str., Apt. 25, Vardenis, Gegharkunik region, Republic of Armenia; resided at 14 H. Arzoyan Str., Apt. 25, Vardenis, Gegharkunik region, Republic of Armenia; under arrest since March 21, 2010; 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; did not plead guilty in the charges pressed against him.

Khachatur Ruben Shaboyan: born on January 2, 1976 in Vardenis, Gegharkunik region, Republic of Armenia; Armenian national; citizen of the Republic of Armenia; with higher education; married; with five dependent persons; physically unhealthy; served in "Khachatur Shaboyan" private enterprise; with no prior convictions; resided at 10 Eritasardutian Str., Apt. 3, Vardenis, Gegharkunik region, Republic of Armenia; under arrest since June 27, 2010; 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; plead partially guilty in the charges pressed against him.

The following circumstances were established by the judicial examination:

Accused, Armen Robert Baghdasaryan, serving as a manager in "Vardenis" branch of "Ardshininvestbank" CJSC in the period from 2006 to 2008, made initial agreements

with Hovhannes Gagik Hambardzumyan (credit specialist in “Vardenis” branch of “Ardshininvestbank” CJSC), Khachatur Ruben Shaboyan (director in “Khachatur Shaboyan” private enterprise), and Hovik Khachatryan (director in “Vasarat” LLC) on withdrawing in cash and legalizing (in the period from 2006 to 2008) a particularly large amount of funds derived from the registration of fake loans. After reaching initial agreements, in the period from July 21, 2006 to November 7, 2007, Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan registered a total of 198 fake loan agreements (for purchasing consumer electronics with deferred payment plans) under the names and without the knowledge of the borrowers of the branch (for a total amount of 53,661,800 Armenian drams and 5,311 U.S. dollars); afterwards, for the purpose of concealing the true nature, origin, and the controlling method of the illicit proceeds, they made periodic transfers (in accordance with the agreement and in the same time period) to the bank accounts of “Khachatur Shaboyan” private enterprise and “Vasarat” LLC (companies involved in retail trade of consumer electronics) with the same branch. After receiving the funds transferred by Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan to the bank accounts of the foregoing companies, Khachatur Ruben Shaboyan and Hovik Khachatryan illegally withdrew the funds in cash (as if they had sold consumer electronics from their stores with deferred payment plans) and handed the whole cash to Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan. For the purpose of concealing the crime, part of the proceeds of theft were used to make repayments on the loans, while the other part was controlled and used for their own purposes. According to the inspection report (containing bank secrecy), issued as a result of a target inspection for years 2006-2008, as carried out in “Vardenis” branch of “Ardshininvestbank” CJSC in the period from May 6 to 16, 2010 by the specialists of the Central Bank of the Republic of Armenia, the foregoing fake loans were not repaid, and the unpaid balance as of March 29, 2010 was 53,661,800 Armenian drams (including a total of 25,146,438 Armenian drams as principle amount, and a total of 22,991,977 Armenian drams as penalties) and 5,311 U.S. dollars (including a total of 1,157 U.S. dollars as principle amount, and a total of 1,544 U.S. dollars as penalties).

For the criminal actions above, charges were pressed against Armen Robert Baghdasaryan and Khachatur Ruben Shaboyan, pursuant to Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia.

On December 8, 2010 a decision was made to change the provisional measures imposed on Hovhannes Gagik Hambardzumyan and to announce a search for him. On December 22, 2010 a part was separated from the criminal case instigated against Hovhannes Gagik Hambardzumyan.

Armen Robert Baghdasaryan did not plead guilty in the charges pressed against him and refused to give testimony, referring to his corresponding rights.

In the course of the judicial proceeding, accused, Armen Robert Baghdasaryan gave testimony that he served as a manager in “Vardenis” branch of “Ardshininvestbank” CJSC in the period from January of 2006 to June 2008. His professional duties included the provision of loans to natural persons, in accordance with the regulations, the attraction of deposits, the servicing of customers, the organization of the works in the branch, etc. In the beginning of 2007, he made repayments on delinquent loans of customers of the branch at the expense of his own funds and the funds borrowed

from other individuals, associates, and relatives, for the foregoing purposes. During 2007, for the purpose of making repayments on delinquent loans, Armen Robert Baghdasaryan registered fake loans (for purchasing consumer electronics with deferred payment plans) with the mediation of Khachatur Ruben Shaboyan (director in "Khachatur Shaboyan" private enterprise) and Hovik Hambardzumyan (director in "Vasarat" LLC), both companies being customers of the branch. After receiving these funds, he used them to make repayments on delinquent loans; at that, the borrowers were unaware of the fact that loans were registered under their names. Khachatur Ruben Shaboyan (director in "Khachatur Shaboyan" private enterprise) and Hovik Hambardzumyan (director in "Vasarat" LLC) committed criminal actions upon the solicitation of Armen Robert Baghdasaryan and gave him the funds instead of the products. In a one-year time, fake loans were registered under the names of 106 individuals, while the total amount of the theft of loans was a little less than 30,000,000 Armenian drams (the balance as of February 11, 2010 was equal to 14,092,001 Armenian drams). From the total amount of the fake loans, around 27,000,000 Armenian drams were entirely used to make repayments of principal amounts of fake loans, while the other part was used to make repayments of interests and penalties. Armen Robert Baghdasaryan indicated that his illegal actions were known to the credit specialist (Hovhannes Gagik Hambardzumyan) in the branch, who personally formed the loan documentation packages and registered the loans for purchasing consumer electronics. For registering the fake loans, they took the underlying documents of already repaid loans (provided by the branch before) and registered new loans, which, Armen Baghdasaryan used as a basis to write accounting orders for transferring the underlying funds of the loans to the bank accounts of the foregoing companies. On behalf of the borrowers, he signed the loan documents and transferred the funds to the bank accounts of "Khachatur Shaboyan" private enterprise and "Vasarat" LLC, the directors of which provided him with the funds received under these transfers; he gained possession of the funds without the knowledge of the borrowers. He registered fake loans and made repayments of delinquent loans in order for the financial indicators of the branch to be higher, so that the staff of the branch could receive bonuses.

In the course of the judicial proceeding, Armen Robert Baghdasaryan indicated that he had neither informed the accused, Khachatur Ruben Shaboyan, about the fake transactions nor given him any amount from the illicit proceeds. Furthermore, he rejected the claims under the civil petition (volume 1, cp 10-11, 39-40, 45-46, 58-59, 62-64, 66, 116-117, 126-128, 130; volume 2, cp 29-32, 165, volume 3, cp 237-240, 242; records of the judicial proceeding).

Hovhannes Gagik Hambardzumyan did not plead guilty in the charges pressed against him and refused to give testimony or to answer any questions, referring to his corresponding rights (volume 1, cp 12-13, 47-48, 53-57, 73-74, 78; volume 2, cp 28; volume 3, cp 245-246, 248-249, 251; records of the judicial proceeding).

Khachatur Ruben Shaboyan pleaded partially guilty in the charges pressed against him and gave testimony that he was a private entrepreneur, trading in consumer electronics. He was a customer in "Vardenis" branch of "Ardshininvestbank" CJSC and cooperated with the bank. In 2007, the manager of the branch, Armen Robert Baghdasaryan, called him into his office and asked to assist the bank, while saying that

funds were transferred to his account in order to use them in repaying the delinquent loans for maintaining the financial indicators of the branch, while he was supposed to withdraw these funds and return back to Armen Robert Baghdasaryan. He met this solicitation, withdrew these funds, and immediately provided the whole amount (without even keeping one dram with him) to Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan, without acknowledging and understanding the origin, nature, and purpose of these funds. That is, he was just asked to receive these funds. He was not aware that these funds were supposed to be thieved. He also indicated that he was only partially guilty, since he received the funds and returned the cash to the bank, with an intention of assisting. He indicated that his mistake was that he received the funds and provided to the branch manager. He had not reached any criminal agreement, while he had only agreed to receive the funds in cash and return back to the bank; he had not reached an initial agreement to thieve and legalize the underlying funds of fake loans. He did not thieve any funds, did not control any funds, and was not an employee of the bank. His actions were not conducted with venal interest. He received the funds and immediately returned the whole amount to the branch manager. He also indicated that he was not an employee of the bank, was only one of the thousand customers of the bank, was unaware and was not in the position to become aware of the origin, nature, and purpose of these funds; he (being a customer of the bank) could not become aware of this, since even the employees of the bank were unaware. He rejected the claims under the civil petition (volume 1, cp 93-97, 107; volume 2, cp 11, 17, 18-19, 22-23, 26, 184; volume 3, cp 231-234, 236; records of judicial proceeding).

The crimes committed by Armen Robert Baghdasaryan and Khachatur Ruben Shaboyan are, in essence, proved with the following evidences (except for their confessions):

Representative of the victim and civil plaintiff, Tigran Khachatryan, gave testimony that accused, Armen Robert Baghdasaryan, serving as a manager in “Vardenis” branch of “Ardshininvestbank” CJSC, in the period from January of 2006 to June of 2008, reached an initial agreement with Hovhannes Gagik Hambardzumyan (credit specialist in the bank), Khachatur Ruben Shaboyan (director in “Khachatur Shaboyan” private enterprise), and Hovik Khachatryan (director in “Vasarat” LLC) on thieving funds by means of withdrawing in cash a particularly large amount of funds under fake loans.

After reaching initial agreements, in the period from July 21, 2006 to November 7, 2007, without the knowledge of the borrowers in the branch, Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan formed a total of 198 fake loan agreements, which were used by Khachatur Ruben Shaboyan (director of “Khachatur Shaboyan” private enterprise), and Hovik Khachatryan (director of “Vasarat” LLC) to receive a total of 53,661,800 Armenian drams and 5,311 U.S. dollars, while showing as if funds were transferred for consumer electronics sold from their stores with deferred payment plans. Afterwards, the funds, withdrawn in cash by Khachatur Ruben Shaboyan and Hovik Khachatryan, were transferred in hand to Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan, who (with an intention of concealing the facts of theft and avoiding liability) made repayments on fake loans with part of these funds, while the other part of the funds were used for personal purposes.

Victim and civil plaintiff, “Ardshininvestbank” CJSC, has filed a petition to the Court with a request of confiscating the losses incurred as a result of the crime and solicited:

1. To jointly and severally confiscate a total of 50,593,545 Armenian drams from accused, Armen Robert Baghdasaryan, Hovhannes Gagik Hambardzumyan, Khachatur Ruben Shaboyan, and Hovik Khachatryan, for the benefit of civil plaintiff, “Ardshininvestbank” CJSC.
2. To apply (for a period from March 29, 2010 to the full compensation (termination) date of the obligation) an interest rate (in accordance with the conditions specified under the agreement) and confiscate the interests accrued on the principle amount of losses incurred by “Ardshininvestbank” CJSC in the amount of 25,146, 438 Armenian drams and 1,157 U.S. dollars (as of February 26, 2010, 1 U.S. dollar is equivalent to 384.65 Armenian drams).
3. To apply confiscation on the property under the ownership of accused, Armen Robert Baghdasaryan, Hovhannes Gagik Hambardzumyan, Khachatur Ruben Shaboyan, and Hovik Khachatryan (volume 2, cp 34-36, 43-45, 49-51, 59-61, 75-77, 84-86, 90-93, 105-107, 108-110, 111-113, 117-119, 129-131, 1320134, 138-140, 144-146, 150-152, 153-155, 156-158, 166-168, 172-174, 175-177, 185-187, 188-190, 191-193, 201-203, 204-206, 207-209, 219-221, 222-224, 225-227, 231-233, 234-236, 237-239, 240-242, 246-248, 249-251; volume 3, cp 7-9, 10-12, 16-18, 19-21, 34-36, 37-39, 40-42, 43-45, 49-51, 52-54, 55-57, 58-60, 79-81, 82-84, 85-87, 91-93; records of judicial proceeding).

Victims, Garik Razmik Grigoryan, Gagik Victor Barseghyan, Karen Razmik Aghabekyan, Svetik Mikhail Amyan, Raya Nikolay Avanesyan, Arkadi Suren Narinyan, Naira Karen Mkrtchyan, Atom Andranik Gharibyan, Hayk Zhorik Arshakyan, Arman Gagik Hambardzumyan, Ruben Saribek Hovhanyan, Harutyun Albert Azaryan, Naira Gagik Azaryan, Ararat Sergey Eritsyan, Karine Mirzoyan, Kristine Rubik Petrosyan, Melanya Rafik Petrosyan, Hasmik Lernik Khachatryan, Aghunik Hrachik Nalbandyan, Emma Surik Hakobyan, Lendrosh Ruben Gharibyan, Lavurik Baregham Gharibyan, Vahagn Samson Nalbandyan, Arpik Liparit Egheyan, Tatevik Rubik Petrosyan, Smbat Khachik Hakobyan, Aghabek Baghish Sargsyan, Nelson Ananik Kolotyan, Anahit Khachik Hambardzumyan, Grigor Aram Sahakyan, Satenik Husik Shaboyan, Stella Vahram Mkrtchyan, Edgar Andranik Minasyan, Armine Gevorg Shaboyan, Rafael Babken Grigoryan, Greta Aleksan Hovnanyan, Evgenia Genadi Melkumova, Karine Samvel Akhoyan, Tamara Harutyun Gharibyan, Ruzanna Aziz Mamikonyan, Anahit Vahagn Sevoyan, Georgi Aram Osipov, and Geghetsik Mamikon Hakobyan gave testimonies that they had neither conducted any transaction with any bank (including “Vardenis” branch of “Ardshininvestbank” CJSC) nor were they aware that loans (for purchasing consumer electronics with deferred payment plans) were registered under their names in “Vardenis” branch of “Ardshininvestbank” CJSC (volume 2, cp 37-39, 40-42, 56-48, 52-53, 54-55, 56-58, 68-70, 71-74, 78-80, 81-83, 87-89, 94-96, 97-98, 99-101, 102-104, 114-116, 120-122, 135-137, 141-143, 147-149, 159-161, 162-164, 169-171, 178-180, 181-183, 194-197, 198-200, 210-212, 213-215, 216-218, 243-245; volume 3, cp 1-3, 4-6, 22-24, 25-27, 31-33, 46-48, 61-63, 67-69, 70-72, 73-75, 76-78, 88-90; records of judicial proceeding).

Witness, Anahit Shehoyan gave testimony that she had been serving as a chief accountant in “Vardenis” branch of “Ardshininvestbank” CJSC since 2003, and her professional duties in the branch included the running of the accounting system, the registration and issuance of reports and wages, the registration of fixed assets and non-durable assets, and the closing of the cash register together with other responsible employees in the branch. She neither formed loan documentation packages nor saw what documents were included in loan documentation packages. All the loan documentation packages were formed by credit specialists, who issued positive or negative conclusions on the provision of the loans. In case of positive conclusions, credit specialists compiled accounting orders on registrations of loans and signed these documents together with the manager of the branch. The signed account orders were forwarded to her, which were used by accounting specialists to open accounts, register the loans, and transfer the funds to the bank accounts of the companies cooperating with the bank. After the transfer, the cooperating companies approached the accounting specialists with a monetary check, withdrew the funds, and received the cash from the register. She learned about the fraud committed by Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan not long before, when the security officers of “Ardshininvestbank” CJSC conducted inspections, revealed the fake loan documentation packages formed thereby, and informed the law enforcement authorities about the issue (volume 3, cp 252-253; records of judicial proceeding).

The official statement No. 05418 of February 26, 2010 (considered material evidence) from Nerses Karamanukyan (chairman of the executive board of “Ardshininvestbank” CJSC) indicated that a professional inspection, carried out in “Vardenis” branch of “Ardshininvestbank” CJSC, had showed that, in the period from 2006 to 2007, former branch manager, Armen Robert Baghdasaryan, and credit specialist, Hovhannes Gagik Hambardzumyan, with the use of fake documents and without the knowledge of the borrowers of the branch, had formed a total of 396 loan agreements under the names of the borrowers and thieved a total of 95,788,080 Armenian drams and 27,616 U.S. dollars, with the assistance of “Khachatur Shaboyan” private enterprise and “Vasarat” LLC, companies cooperating with “Vardenis” branch of “Ardshininvestbank” CJSC (volume 1, cp 2-3, 7-13).

The report (containing bank secrecy), issued as a result of a target inspection for years 2006-2008, carried out in “Vardenis” branch of “Ardshininvestbank” CJSC in the period from May 6 to 16, 2010 by the specialists of the Central Bank of the Republic of Armenia, indicated that the foregoing 198 fake loans were not repaid, and that the unpaid balance as of March 29, 2010 was 53,661,800 Armenian drams (including a total of 25,146,438 Armenian drams as principle amount, and a total of 22,991,977 Armenian drams as penalties) and 5,311 U.S. dollars (including a total of 1,157 U.S. dollars as principle amount, and a total of 1,544 U.S. dollars as penalties).

Loan documentation packages were formed under the names of borrowers, Gagik Victor Barseghyan, Anahit Seyran Barseghyan, Nune Davit Barseghyan, Karo Vrezh Budoyan, Alvard Seryozha Bezhanyan, Arshak Artem Dabaoyan, Mayakhan Hovhannes Darbinyan, Hovik Lernik Davtyan, Sargis Hayk Davtyan, Arman Aram

Dashyan, Georgi Ara Dulyan, Albert Nikolay Garnaratyan, Grimik Albert Gasparyan, Hovhannes Onik Gasparyan, Armen Ishkhan Galstyan, Ashot Garegin Galechyan, Alla Alfred Grigoryan, Aleta Zhora Grigoryan, Hmayak Sos Grigoryan, Rafael Babken Grigoryan, Ashot Avetis Gevorgyan, Vasili Sarg Giulumyan, Ruzanna Romik Abgaryan, Nara Argishti Abgaryan, Astghik Ludvig Abrahamyan, Harutyun Albert Azaryan, Naira Gagik Azaryan, Stepan Seryozha Arzoyan, Hayk Zhorik Arshakyan, Aharon Manuk Albertyan, Alla Roland Aloyan, Armen Ivan Allahverdyan, Rafik Edik Avagyan, Raya Nikolay Avanesyan, Tamara Harutyun Avetisyan, Surik Khachatur Avetisyan, Karen Razmik Aghabekyan, Armen Sergey Aghajanyan, Anyuta Velik Aghajanyan, Gayane Apitsaryan, Svetik Mikhail Amyan, Sargis Pavel Antonyan, Varuzhan Khachik Tadevosyan, Hasmik Gagik Tarkhanyan, Artur Levon Chobanyan, Mkhitar Gagik Tovmasyan, Vardanush Tumas Tumanyan, Lena Sergey Zumanyan, Gagik Stepan Proshyan, Harutyunyan Robert Chepechyan, Sara Hrant Petrosyan, Tatevik Rubik Petrosyan, Makich Ludvig Petrosyan, Kristine Rubik Petrosyan, Melanya Rafik Petrosyan, Nora Aram Petrosyan, Aram Robert Harutyunyan, Rafael Sargis Harutyunyan, Sos Haruyunyan, Sonya Sahak Hovakimyan, Emma Surik Hakobyan, Alina Telman Hakobyan, Henrik Aramayis Hakobyan, Susanna Khachik Hakobyan, Smbat Khachik Hakobyan, Tsovinar Ashot Hakobyan, Eliza Khachik Hambardzumyan, Artak Gagik Hambardzumyan, Arman Gagik Hambardzumyan, Anahit Khachik Hambardzumyan, Anush Avetik Hamardzumyan, Hakob Mnats Hokhanyan, Anna Arsen Hovhanyan, Ruben Saribek Hovhanyan, Avetik Fahrad Hovhannisyan, Mikhail Hovhannes Hovhannesyan, Aleksan Babken Hunanyan, Armen Grisha Khachatryan, Hasmik Lernik Khachatryan, Razmik Garegin Khachatryan, Gevorg Razmik Sargsyan, Aghabek Baghish Sargsyan, Anahit Sargis Sargsyan, Haykaram Grigor Sargsyan, Hrant Levon Sargsyan, Nelly Grisha Sargsyan, Grigor Aram Sahakyan, Edvard Ashot Sahakyan, Edvard Sargis Sahakyan, Artur Armenak Sahakyan, Artem Ashot Sahakyan, Armanush Seryozha Sahakyan, Sargis Ruben Sahakyan, Martin Nikolay Sahakyan, Razmik Khachatur Samvelyan, Fridon Asatsakan Safaryan, Arshaluys Gagik Simonyan, Araksya Vladimir Soghomonyan, Gohar Zaven Khloyan, Sedrak Armen Khloyan, Anahit Vahagn Sevoyan, Hamlet Suren Vardanyan, Sevak Vanik Vardanyan, Karen Apres Vardanyan, Gagik Sedrak Karapetyan, Garnik Sedrak Karapetyan, Gevorg Ashot Karapetyan, Sevak Gevorg Karapetyan, Samvel Zhirayr Karchikyan, Nver Liparit Kolotyan, Nelson Ananik Koloyan, Gor Hrant Tonoyan, Armenuhi Shirat Teryan, Vladimir Grigor Teryan, Hayk Seryozha Madoyan, Gayane Torgom Ghazaryan, Zenafera Rafik Gharibyan, Artak Sos Gharibyan, Atom Andranik Gharibyan, Tamara Harutyun Gharibyan, Lavurik Baregham Gharibyan, Sokhak Samvel Gharibyan, Ruben Hayk Gharibyan, Lendrosh Ruben Gharibyan, Vergine Arshak Gharibyan, Mher Seryozha Gharibyan, Nina Andranik Gharibyan, Anush Levon Martirosyan, Hovik Manas Manukyan, Gayane Lavrenti Manukyan, Arsen Garnik Manukyan, Aram Abraham Mirzoyan, Karen Aleksander Mirzoyan, Razmik Georgi Misakyan, Zarik Rafik Minasyan, Edgar Andranik Minasyan, Artsrun Paylak Minasyan, Aregnaz Aram Minasyan, Samvel Surik Minasyan, Lusine Kamo Minasyan, Manvel Kova Minasyan, Shahum Samvel Minasyan, Knarik Martuni Movsisyan, Artur Baghish Movsisyan, Geghetsik Artash Muradyan, Levon Karen Eranosyan, Narine Levon Yeranosyan, Karine Samvel Akhoyan, Victor Martik Mkheyan, Armine Seryozha Mkrtchyan, Samvel Vemir Mkrtchyan, Stella Vahram Mkrtchyan, Vardush Avetik Mkrtchyan, Naira Karen

Mkrtchyan, Spartak Mkrtich Melikyan, Sveta Hovhannes Melikyan, Levon Garegin Melikyan, Evgenia Genadi Melkumova, Mikhail Genadi Melkumov, Samvel Mher Mnatsakanyan, Arman Aram Mnatsyan, Armine Gevorg Shaboyan, Ishkhanuhi Toros Shaboyan, Vahe Spartak Shaboyan, Goharik Zarmik Shirvanyan, Artur Genadi Shelunts, Zhora Abraham Nazaryan, Arkadi Suren Narinyan, Aghunik Hrachik Nalbandyan, Vahagn Samson Nalbandyan, Mariam Babken Ohanyan, and Georgi Aram Osipov, did not contain the following documents: statement issued by the cooperating company on selling a certain product, consumer loan application, photocopy of the passport and of the social card, statement on registration (if applicable), issued by an authorized body (local self-regulation body, municipality, community, authorized representative, etc.), information on incomes of the borrower and his/her family members, loan provision conclusions, issued by the credit specialists in "Vardenis" branch, written decisions on providing loans, issued by the loan committee in "Vardenis" branch, loan and collateral agreements, documents evidencing the provision and receipt of the products, written orders on providing consumer loans, issued for the loan division by the manager of "Vardenis". However, the written orders on providing loans, issued for the accounting division of "Vardenis" branch and kept in the same branch, contained the signatures of the former manager and credit specialist of "Vardenis" branch, Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan, respectively; based on these documents, the accounting division of "Vardenis" branch transferred the funds to the bank accounts of "Khachatur Shaboyan" private enterprise and "Vasarat" LLC.

The expert opinion (on fake loans registered under the names of the foregoing individuals) of the inspection team indicated that, taking into consideration the violations of legal statutes specified in the report, the accounting registrations, as well as the examination conclusions under "Section 2.5. Examination of signatures put on the cash deposit slips", the inspection team came to a conclusion that in most of the cases above, loans were registered under the names of individuals and the underlying funds were withdrawn in cash through the cooperating companies; since the violations of internal regulations of the bank was common practice in providing loans (by the former manager and he credit specialists in "Vardenis" branch, Armen Robert Baghdasaryan and Hovhannes Gagik Hambardzumyan) for the purchases of consumer electronics within the cooperation of "Khachatur Shaboyan" private enterprise and "Vasarat" LLC, as a result of the inspection in "Vardenis" branch, the inspection team was not been able to clearly establish who in particular factually controlled the loans and who made periodic repayments on these loans (volume 1, cp 138-249).

A total of 198 fake loan documentation packages (seized from "Vardenis" branch of "Ardshininvestbank" CJSC on March 18, 2010) were formed under the names of the following individuals: Gagik Victor Barseghyan, Anahit Seyran Barseghyan, Nune Davit Barseghyan, Karo Vrezh Budoyan, Alvard Seryozha Bezhanyan, Arshak Artem Dabaoyan, Mayakhan Hovhannes Darbinyan, Hovik Lernik Davtyan, Sargis Hayk Davtyan, Arman Aram Dashyan, Georgi Ara Dulyan, Albert Nikolay Garnaratyan, Grimik Albert Gasparyan, Hovhannes Onik Gasparyan, Armen Ishkhan Galstyan, Ashot Garegin Galechyan, Alla Alfred Grigoryan, Aleta Zhora

Grigoryan, Hmayak Sos Grigoryan, Rafael Babken Grigoryan, Ashot Avetis Gevorgyan, Vasili Sarg Giulumyan, Ruzanna Romik Abgaryan, Nara Argishti Abgaryan, Astghik Ludvig Abrahamyan, Harutyun Albert Azaryan, Naira Gagik Azaryan, Stepan Seryozha Arzoyan, Hayk Zhorik Arshakyan, Aharon Manuk Albertyan, Alla Roland Aloyan, Armen Ivan Allahverdyan, Rafik Edik Avagyan, Raya Nikolay Avanesyan, Tamara Harutyun Avetisyan, Surik Khachatur Avetisyan, Karen Razmik Aghabekyan, Armen Sergey Aghajanyan, Anyuta Velik Aghajanyan, Gayane Apitsaryan, Svetik Mikhail Amyan, Sargis Pavel Antonyan, Varuzhan Khachik Tadevosyan, Hasmik Gagik Tarkhanyan, Artur Levon Chobanyan, Mkhitar Gagik Tovmasyan, Vardanush Tumas Tumanyan, Lena Sergey Zumanyan, Gagik Stepan Proshyan, Harutyunyan Robert Chepechyan, Sara Hrant Petrosyan, Tatevik Rubik Petrosyan, Makich Ludvig Petrosyan, Kristine Rubik Petrosyan, Melanya Rafik Petrosyan, Nora Aram Petrosyan, Aram Robert Harutyunyan, Rafael Sargis Harutyunyan, Sos Haruyunyan, Sonya Sahak Hovakimyan, Emma Surik Hakobyan, Alina Telman Hakobyan, Henrik Aramayis Hakobyan, Susanna Khachik Hakobyan, Smbat Khachik Hakobyan, Tsovinar Ashot Hakobyan, Eliza Khachik Hambardzumyan, Artak Gagik Hambardzumyan, Arman Gagik Hambardzumyan, Anahit Khachik Hambardzumyan, Anush Avetik Hamardzumyan, Hakob Mnats Hokhanyan, Anna Arsen Hovhanyan, Ruben Saribek Hovhanyan, Avetik Fahrad Hovhannisyan, Mikhail Hovhannes Hovhannesyan, Aleksan Babken Hunanyan, Armen Grisha Khachatryan, Hasmik Lernik Khachatryan, Razmik Garegin Khachatryan, Gevorg Razmik Sargsyan, Aghabek Baghish Sargsyan, Anahit Sargis Sargsyan, Haykaram Grigor Sargsyan, Hrant Levon Sargsyan, Nelly Grisha Sargsyan, Grigor Aram Sahakyan, Edvard Ashot Sahakyan, Edvard Sargis Sahakyan, Artur Armenak Sahakyan, Artem Ashot Sahakyan, Armanush Seryozha Sahakyan, Sargis Ruben Sahakyan, Martin Nikolay Sahakyan, Razmik Khachatur Samvelyan, Fridon Asatsakan Safaryan, Arshaluys Gagik Simonyan, Araksya Vladimir Soghomonyan, Gohar Zaven Khloyan, Sedrak Armen Khloyan, Anahit Vahagn Sevoyan, Hamlet Suren Vardanyan, Sevak Vanik Vardanyan, Karen Apres Vardanyan, Gagik Sedrak Karapetyan, Garnik Sedrak Karapetyan, Gevorg Ashot Karapetyan, Sevak Gevorg Karapetyan, Samvel Zhirayr Karchikyan, Nver Liparit Kolotyan, Nelson Ananik Koloyan, Gor Hrant Tonoyan, Armenuhi Shirat Teryan, Vladimir Grigor Teryan, Hayk Seryozha Madoyan, Gayane Torgom Ghazaryan, Zenafera Rafik Gharibyan, Artak Sos Gharibyan, Atom Andranik Gharibyan, Tamara Harutyun Gharibyan, Lavurik Baregham Gharibyan, Sokhak Samvel Gharibyan, Ruben Hayk Gharibyan, Lendrosh Ruben Gharibyan, Vergine Arshak Gharibyan, Mher Seryozha Gharibyan, Nina Andranik Gharibyan, Anush Levon Martirosyan, Hovik Manas Manukyan, Gayane Lavrenti Manukyan, Arsen Garnik Manukyan, Aram Abraham Mirzoyan, Karen Aleksander Mirzoyan, Razmik Georgi Misakyan, Zarik Rafik Minasyan, Edgar Andranik Minasyan, Artsrun Paylak Minasyan, Aregnaz Aram Minasyan, Samvel Surik Minasyan, Lusine Kamo Minasyan, Manvel Kova Minasyan, Shahum Samvel Minasyan, Knarik Martuni Movsisyan, Artur Baghish Movsisyan, Geghetsik Artash Muradyan, Levon Karen Eranosyan, Narine Levon Yeranosyan, Karine Samvel Akhoyan, Victor Martik Mkheyan, Armine Seryozha Mkrtchyan, Samvel Vemir Mkrtchyan, Stella Vahram Mkrtchyan, Vardush Avetik Mkrtchyan, Naira Karen Mkrtchyan, Spartak Mkrtich Melikyan, Sveta Hovhannes Melikyan, Levon Garegin Melikyan, Evgenia Genadi Melkumova, Mikhail Genadi Melkumov, Samvel Mher

Mnatsakanyan, Arman Aram Mnatsyan, Armine Gevorg Shaboyan, Ishkhanuhi Toros Shaboyan, Vahe Spartak Shaboyan, Goharik Zarmik Shirvanyan, Artur Genadi Shelunts, Zhora Abraham Nazaryan, Arkadi Suren Narinyan, Aghunik Hrachik Nalbandyan, Vahagn Samson Nalbandyan, Mariam Babken Ohanyan, and Georgi Aram Osipov, Alvard Ghazar Arakelyan, Ararat Sergey Yeritsyan, Garik Razmik Grigoryan, Greta Aleksan Hovhanyan, Shiraz Ashot Sesmanukyan, Khacahtur Levon Manukyan, Sveta Hovhannes Melikyan, Arpik Liparit Yegheyan, Satenik Husik Shaboyan, Avetik Ruben Zaroyan, Hayk Hrachik Adibekyan, Alina Hamlet Sargsyan, Ruzanna Aziz Manukyan, Samvel Sergey Naltakyan, Artur Misha Asatryan, Geghetsik Mamikon Hakobyan, Armen Mesrop Kyureghyan, Gagik Seryozha Mheryan, Hovsep Gevorg Khachatryan, Tiruhi Harutyun Mkrtchyan, and Marlena Adibeg Grigoryan (volume 3, cp 227-229, 254).

Cash orders (seized from “Vardenis” branch of “Ardshininvestbank” CJSC on March 18, 2010) were used by Khachatur Ruben Shaboyan (director in “Khachatur Shaboyan” private enterprise) to withdraw funds in cash, No. 9950 69 , 995072 , 995070, 378940, 378944, 995056, 995073, 995071, 378950, 995059, 995065, 378947, 378942, 995063, 995062, 378949, 378946, 378945, 995052, 995066, 995053, 995055, 995061, 378948, 995068, 378941, and 995058, as well as cash orders, used by Hovik Khachatryan (director in “Vasarat” LLC) to withdraw funds in cash, No. 995884, 995881, 995885, 996155, 995883, 995877, 996157, 996152, 843340, 843343, 843341, 996171, 843348, 996153, 843349, 843346, 995879, 996158, 996151, 843344, 996166, 843338, 995878, 843345, 996168, 996174, 996172, 996173, 843350, 996160, 996156, 843347, 996170, 995876, 843339, 996159, 996161, 996169, 996154, 995882, 995886, 995880, and 996175 (volume 3, cp 227-229, 254).

Hence, the Court establishes that accused, Armen Robert Baghdasaryan and Khachatur Ruben Shaboyan, committed criminal actions with elements specified under Clause 1, Part 3, Article 179 and Clause 1, Part 3, Article 190 of the Criminal Code of the Republic of Armenia and shall be sentenced to liability and punishment accordingly.

In determining a punishment for accused, Armen Robert Baghdasaryan, the Court takes into consideration the nature and social ramifications of the crime, as well as the following factors mitigating his liability and punishment: he has positive characteristics, with four dependent persons, including two children under the age of fourteen. The Court has not established any factors aggravating the liability and punishment for accused, Armen Robert Baghdasaryan.

In determining a punishment for accused, Khachatur Ruben Shaboyan, the Court takes into consideration the nature and social ramifications of the crime, as well as the following factors mitigating his liability and punishment: he has positive characteristics, with five dependent persons, including two children under the age of fourteen (Davit Khachatur Ruben Shaboyan has a periodically recurring illness), he is a second degree handicap, wife is unemployed, mother and father are second degree handicap. The Court has not established any factors aggravating the liability and punishment for accused, Khachatur Ruben Shaboyan.

The Court establishes that the documents, identified as material evidence, shall be kept with the criminal case.

In considering the civil petition, the Court establishes that it should be satisfied partially, with the following reasoning: 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 judicial examination established that the outstanding amount of the uncompensated loss caused to "Ardshininvestbank" CJSC is equal to 50,593,545 (fifty million five hundred ninety-three thousand five hundred forty-five) Armenian drams, from the total amount of which a loss of 16,913,353 (sixteen million nine hundred thirteen thousand three hundred fifty-three) Armenian drams was caused as a result of the criminal actions committed by Armen Robert Baghdasaryan, Hovhannes Gagik Hambardzumyan, and Khachatur Ruben Shaboyan, while a loss of 33,680,192 (thirty-three million six hundred eighty thousand one hundred ninety-two) Armenian drams was caused as a result of the criminal actions committed by Armen Robert Baghdasaryan, Hovhannes Gagik Hambardzumyan, and Hovik Khachatryan (director in "Vasarat" LLC). Taking into consideration the foregoing factual circumstances, as well as considering the fact that Hovhannes Gagik Hambardzumyan and Hovik Khachatryan (director in "Vasarat" LLC) are wanted, the Court establishes that a total of 16,864,515 (sixteen million eight hundred sixty-four thousand five hundred fifteen) Armenian drams shall be confiscated from Armen Robert Baghdasaryan, for the benefit of "Ardshininvestbank" CJSC, including a total of 8,950,579 (eight million nine hundred fifty thousand five hundred seventy-nine) Armenian drams as the principle amount, and a total of 7,913,939 (seven million nine hundred thirteen thousand nine hundred thirty-nine) Armenian drams as accrued interest and penalty.

The Court also establishes that a total of 5,637,784 (five million six hundred thirty-seven thousand seven hundred eighty-four) Armenian drams shall be confiscated from accused, Khachatur Ruben Shaboyan, for the benefit of "Ardshininvestbank" CJSC, including a total of 2,996,280 (two million nine hundred ninety-six thousand two hundred eighty) Armenian drams as the principle amount, and a total of 2,671,504 (two million six hundred one thousand five hundred four) Armenian drams as accrued interest and penalty. Therefore, the Court establishes that the civil petition for the remaining part of the confiscation shall be left unexamined until Hovhannes Gagik Hambardzumyan and Hovik Khachatryan (director in "Vasarat" LLC) are found, and the question of their prosecution is resolved. The Court also establishes that Clauses 2 and 3 in the petition of "Ardshininvestbank" CJSC shall also be left unexamined.

The Court establishes that the correction of Armen Robert Baghdasaryan and Khachatur Ruben Shaboyan, the establishment of social justice, and the prevention of new crimes are only possible by means of keeping them imprisoned in a penitentiary institution, in isolation from the public.

Pursuant to Part 4, Article 55 of the Criminal Code of the Republic of Armenia, confiscation is mandatory with regard to illicit property, i.e. the property derived or obtained, directly or indirectly, from legalization of illicit proceeds and

commission of offences defined by article 190 of the Criminal Code of the Republic of Armenia, including income or other benefits from the use of that property, the instruments used or intended for use in the commission of those offences, and, if the illicit property has not been discovered, other property of corresponding value. The property should be confiscated regardless of whether it is owned or controlled by a defendant or a third party.

Hence the Court establishes that a total amount of 8,950,579 (eight million nine hundred fifty thousand five hundred seventy-nine) Armenian drams shall be confiscated from Armen Robert Baghdasaryan for the benefit of the State Budget of the Republic of Armenia, and a total 2,996,280 (two million ninety-six thousand two hundred eighty) Armenian drams shall be confiscated from Khachatur Ruben Shaboyan for the benefit of the State Budget of the Republic of Armenia.

Concurrently, the Court establishes that the provisional measure imposed on accused, Armen Robert Baghdasaryan and Khachatur Ruben Shaboyan, in the form of arrest shall be maintained until the Court Verdict has entered into force.

Guided by Articles 357-360 of the Criminal Procedure Code of the Republic of Armenia, the Court:

DECIDES

1. To declare Armen Robert Baghdasaryan 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.

   To sentence him to imprisonment for a 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 to a term of 7 (seven) years, with confiscation of proceeds of crime in the amount of 8,950,579 (eight million nine hundred fifty thousand five hundred seventy-nine) Armenian drams.

   To impose a final punishment, after a partial addition of the punishments imposed pursuant to Part 4, Article 66 of the Criminal Code of the Republic of Armenia, in the form of imprisonment for a term of 9 (nine) years, with confiscation of proceeds of crime in the amount of 8,950,579 (eight million nine hundred fifty thousand five hundred seventy-nine) Armenian drams.

   To maintain the provisional measure imposed on Armen Robert Baghdasaryan in the form of arrest, until the Court Verdict has entered into force.

   To count the beginning of the term from March 21, 2010; he shall bear the punishment in the corresponding penitentiary institution under the Ministry of Justice of the Republic of Armenia.

2. To declare Khachatur Ruben Shaboyan 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.

To sentence him to imprisonment for a 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 to a term of 6 (six) years, with confiscation of proceeds of crime in the amount of 2,966,280 (two million nine hundred sixty-six thousand two hundred eighty) Armenian drams.

To impose a final punishment, after a partial addition of the punishments imposed pursuant to Part 4, Article 66 of the Criminal Code of the Republic of Armenia, in the form of imprisonment for a term of 7 (seven) years, with confiscation of proceeds of crime in the amount of 2,966,280 (two million nine hundred sixty-six thousand two hundred eighty) Armenian drams.

To maintain the provisional measure imposed on Khachatur Ruben Shaboyan in the form of arrest, until the Court Verdict has entered into force.

To count the beginning of the term from June 27, 2010; he shall bear the punishment in the corresponding penitentiary institution under the Ministry of Justice of the Republic of Armenia.

To confiscate a total of 16,864,515 (sixteen million eight hundred sixty-four thousand five hundred fifteen) Armenian drams from Armen Robert Baghdasaryan, for the benefit of “Ardshininvestbank” CJSC, including a total of 8,950,579 (eight million nine hundred fifty thousand five hundred seventy-nine) Armenian drams as the principle amount, and a total of 7,913,939 (seven million nine hundred thirteen thousand nine hundred thirty-nine) Armenian drams as accrued interest and penalty.

To confiscate a total of 5,637,784 (five million six hundred thirty-seven thousand seven hundred eighty-four) Armenian drams from Khachatur Ruben Shaboyan, for the benefit of “Ardshininvestbank” CJSC, including a total of 2,996,280 (two million nine hundred ninety-six thousand two hundred eighty) Armenian drams as the principle amount, and a total of 2,671,504 (two million six hundred one thousand five hundred four) Armenian drams as accrued interest and penalty.

To leave the remaining part of the civil petition unexamined.

To keep the documents identified as material evidence with the criminal case.

The Court Verdict may be appealed to the Criminal Court of Appeals with a one-month period.

JUDGE, A. PETROSYAN