THE SINS OF SARGSYAN & CO.

Posted on June 5, 2018 by Keghart



Category: Opinions

Dikran Abrahamian MD, Ontario, 4 June 2018

For two decades and more, the Armenian public has heard about fraud and outright theft by members of the outgoing Armenia regime and its predecessor. Banks, the judiciary and government officials at the highest level were culprits including the president. It is no wonder that some outside investors--Armenian and non-Armenian--either withdrew their investments or stopped considering to invest in Armenia.

One such investor is George Iosifyan. He is an international investment expert. Recently he sent an "open letter" to Prime Minister Nikol Pashinyan detailing how he was defrauded and by whom. It is instructive to diasporans who for years have questioned the credibility of "rumors" of fraud and have continued to prop up the corrupt regime. Moreover, some even went the extra mile and accused "rumor" disseminators of being unpatriotic.

What concerns us is Iosifyan's plan to sue the government of Armenia in international courts. If he carries through his plan, it will be the second instance that we are aware of. It will further tarnish the reputation of Armenia and turn away potential investors. More importantly, it might precipitate a rash of red flags in countries where people are interested in investing in Armenia. Iosifyan mentions this fact in his letter.

Keghart.com has a wider and a sinister concern. The oligarchs of the old regime, through their stooges, may encourage people who were defrauded to launch similar lawsuits to sabotage the yet-to-be-shaped new democratic government and try to make a comeback.

Keghart.com contacted Iosifyan in Moscow by phone to gain more information about him, his SARS Capital investment company and his plans. His ancestry hails from Artsakh. He has been active in financial circles in several CIS countries such as Kazakhstan. He is the sole proprietor of his company. The company was previously registered in Delhi but now is registered in Armenia. He intends to continue investing in Armenia provided the economic climate improves and firm guarantees are placed to honor contracts.

After our exchange, we were left with the impression that Iosifyan is open to negotiation and to an amicable resolution of his case. We thank him for providing copies of documents in support of his claims. We have published his open letter as is. Copies of relevant documents can be read in the accompanying Addendum.

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Dear Mr. Prime Minister Nikol Pashinyan,

My name is George Iosifyan and I am an American investor of Armenian descent.

I'm addressing this letter to you in hopes that you and the new Armenian government under your

leadership will do what needs to be done in order to improve investment climate of Armenian Republic and to adopt practices and policies which will protect all foreign investors who have already invested and will invest in Armenia in the future.

The reason I decided to write this letter is because of my personal experience of investing in Armenia which resulted in total loss of all my investments due to the fraud and theft organized by people affiliated and close to Former Prime Minister Tigran Sarkisian, Former President Serzh Sarkissian and Archbishop Navasard Kchoyan and some others.

As a citizen of the United States and an American investor of Armenian decent back in 2009 I invested $12 million USD through my European bank in my Armenian investment fund SAR Capital.

The investment was made as per request of Chairman of Armenian Central Bank Artur Djavadian who suggested I helped Armenian BTA bank with their short term liquidity needs by buying bank's loan portfolios collateralized by real estate assets at a discount in order to maintain bank's regulatory capital requirements.

Artur Djavadian also implied that Serj Sarkissian and Tigran Sarkisian would be very grateful if I along with my partners invested in Armenian economy. Later Tigran Sarkisian arranged a meeting with Serj Sarkissian during which he suggested to invest $50 million in Nairi Chemical plant, which my partners found very unfeasible if not dubious.

In 2009 I transferred $12 million to SAR Capital's account and after approval by the Central Bank of Armenia and Anti Money Laundering compliance the first deal was closed. SAR Capital bought $17 million portfolio from the BTA Bank to improve bank's capital requirements.

Six months later, while I was back in the States, the God son of Archbishop Mger Avetisyan acting on instructions from Tigran Sarkisian, who was his mentor and business partner, forged certain documents and without any legal rights registered new general director of my fund a certain individual by the name

Levon Khachatryan within a few weeks took $15 million and released all the real estate assets which were in the name of SAR Capital. Later Levon Kachatryan was arrested and sentenced to 6 years jail time for theft and tax evasion, though everybody knew that he was just a fall guy or a patsy. As a matter of fact Mger Avetisyan offered me to return $3 million in exchange for calling off my criminal complaint against Levon Kachatryan.

During that conversation he told me that since he gave $3million to Tigran Sarkisian and $3 million to Serzh Sarkisian he is well protected and there isn't much I can do and I must be happy with his offer. Later I found out that he also gave $1 million to Navasard Kchoyan and also bought him Bentley automobile.

In 2015 I also won a court case in Yerevan against the State Registrar Agency stating that the Agency acted unlawfully and didn't have rights and legal basis to register Levon Khachatryan as SAR Capital

Director.

During the investigation the investigator told me that Mger Avetisyan paid head of State Registrar Agency $300 thousand to register Levon Khachatryan using forged and invalid documents. During all that time neither investigative nor judiciary bodies were acting according to their duties or obligations and statues of US-Armenia Bilateral Investment Treaty Agreement. They told me I should be satisfied by having Levon Khachatryan sent to jail. Since they didn't make an effort to recover stolen money, I wrote few letters to the President and Prime Minister but they all went unanswered.

Currently my US lawyers are preparing a case against the government of Armenia at the International Tribunal in Washington DC in order to recover my lost investments.

Since my case will be the second case against Armenia currently at the Tribunal, after the first one being already filed by another American defrauded investor Edmond Khudyan, I believe it can hurt country's reputation as a reliable country for foreign investments. Having said that I hope we can find a compromising resolution of my case without causing any damage to Armenia's reputation and opening doors for new investments coming from American investors.

I also request to reopen criminal investigation which has never been finished due to former authorities involvement in theft of SAR Capital assets.

Best Regards,

George Iosifyan