

ANALYSIS



THE OLIGARCHIC SYSTEM IN ARMENIA AND THE INFLUENCE OF DIASPORA TYCOONS





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Introduction

Although, since the beginning of the 1990s, the intention was to build a market based democratic society in Armenia, an oligarchic authoritarian political system had a strong impact on political and economic life in Armenia. The Armenia–Azerbaijani conflict played an important role in the formation of the political system in Armenia and its oligarchic nature. That is why already in April 2016, Armenia’s defeat in the Four Day War revealed the true face of the existing corrupt oligarchic system. The defeat highlighted the existing problems of corruption in the defense sector.

In general, the oligarchic system in Armenia led to a significant reduction in economic growth and substantial increases in social problems and crime. This led to an increase in public resistance to the oligarchic system and attempts to change the government. This factor played a major role in the so called Velvet Revolution in Armenia in 2018 and the coming to power of Nikol Pashinyan. Pashinyan’s promises to solve the country’s socio-economic problems, prevent corruption and eliminate the oligarchic system led to his election as prime minister. For the first time in twenty-five years, with the arrival of Pashinyan, citizens believed that political, economic, and social changes would take place and that the Armenian state would enter a new phase.

However, today it seems that the change of government was neither a real transition from an authoritarian political system to a democratic one, nor the elimination of the oligarchic system in Armenia. Pashinyan noted at a press conference in 2020 that “the Republic of Armenia does not and will not have a minority government consisting of several people.” His speech was, on the one hand, recognition of the existence of the oligarchic system in the country and, on the other hand, aimed at conveying the message that he was firmly fighting against the oligarchs. Despite some success in fighting corruption, occasionally, Nikol Pashinyan, under the guise of combating the oligarchs, is fighting his political opponents too in order to stay in power. After defeat in the 44 Day War, Pashinyan’s re-election to the post of prime minister allowed him actively to continue both - fighting oligarchs and political opponents.

The current political situation in Armenia are characterized by two features – on one hand, the opposition still enjoys oligarchic support, on the other hand, the emerging ruling bloc is struggling to stay in power. Although it is expected that the old bureaucracy will gradually begin to accept them, this expectation has not yet been fully justified. Both the defeat in the 44-Day War and the socio-economic problems, caused by the pandemic have affected Pashinyan’s approval rating despite his reelection in June 2021.

Pashinyan’s inability to dismantle the existing oligarchic system in Armenia is related to the political and economic realities existing in the country. A large

share of the capital of the oligarchs living in Armenia and abroad is involved in protecting political power and economic development, thus making it difficult to dismantle such a system. Armenia's lack of sufficient financial resources makes it dependent on this capital. Therefore, instead of destroying the existing oligarchic system, Pashinyan realized that he should use it for his own political purposes. Oligarchies in opposition are persecuted and their businesses are threatened, while pro-Pashinyan oligarchs are allowed to develop their businesses. This approach also applies to Armenian oligarchs living abroad. The goal of many of those expatriate Armenian oligarchs is twofold - to support Armenia's economic development through charitable works and in the meantime to influence the country's politics. The Armenian government seeks to maintain good relations with them and take advantage of their wealth. Since the Armenian oligarchs living abroad also play an important role in the social life of Armenia, they are also included in the oligarchic system in Armenia.

The main purpose of this report is to provide information on the most influential Armenian oligarchs and to analyze their current situation and relations with the current government. The oligarchs, who have the ability to influence the Armenia's politics, can be divided into three groups:

- 1) oligarchs living and doing business in Armenia;
- 2) oligarchs living in Russia and actively participating in its social and political life, as well as those who have the opportunity to influence political power in Armenia;
- 3) active members of the Armenian diaspora living in Europe and America who have close ties with both the current and the former governments of Armenia.

OLIGARCHS IN ARMENIA

Gagik Tsarukyan

Gagik Tsarukyan is considered the most influential persona among the oligarchs of the former governments in Armenia and was the main supporter of former Armenian presidents Robert Kocharyan and Serzh Sargsyan. However, during the change of government in 2018, he expressed his support for Pashinyan. Tsarukyan is a founder and leader of the Prosperous Armenia political party, one of the largest in Armenia.

Tsarukyan, one of the richest people in Armenia, began his career in the food business in the 1990s. Over 30 years he gained monopolies in various fields, including the production of alcohol and food, casinos, hotels, mineral extraction,

pharmaceuticals, and bitcoin mining. Tsarukyan's holding company Multi Group, founded in 1995, now includes more than 40 large and small enterprises. As a former wrestler, he has also had a great impact on sports in Armenia, providing financial support to many athletes and sports centers, and has been the head of the Armenian Olympic Committee since 2005. Tsarukyan was also successful in politics. His Prosperous Armenia Party gained 15% of the vote during the 2007 parliamentary elections and entered parliament in a coalition with the ruling Republican Party. In the 2012 parliamentary elections, the Prosperous Armenia party doubled its presence to 30%.

The first serious difficulties in Tsarukyan's political career were observed after the 2012 elections. He came into open confrontation with former President Serzh Sargsyan, which led to his withdrawal from the ruling coalition. Then, in 2015, he called on Sargsyan to step down and threatened to take his supporters out into the streets. Sargsyan, in turn, accused the oligarch of the theft of millions and expelled him from the National Security Council. However, the conflict between them was resolved after a meeting mediated by Tsarukyan's son-in-law, then Prime Minister Hovik Abrahamyan, and Samvel Karapetyan, a Russian billionaire of Armenian descent. After the meeting, Tsarukyan announced his retirement from politics and resigned from parliament and as the leader of his party. In the fall of 2015, Sargsyan awarded him the medal For Services to the Country. However, Tsarukyan announced his return to politics in February 2017. The Prosperous Armenia formed an electoral union with the Alliance Party and the Mission Party. During the 2017 parliamentary elections in Armenia, Tsarukyan's Alliance became the second largest parliamentary bloc after the Republican Party of Armenia's 58 MPs and 49.17% of the vote, receiving 27.35% of the vote and holding 31 of the 105 seats in the Armenian parliament. Prosperous Armenia received 8.26% of the vote in the 2018 parliamentary elections and came in second.

Although Tsarukyan supported Pashinyan when he came to power, their relationship quickly deteriorated. On June 16, 2020, the Armenian parliament stripped him of his parliamentary immunity and agreed to his arrest. Tsarukyan, one of the richest people in Armenia, came under investigation on charges of vote buying, illegal business activities, and a fictitious land transfer scheme. Earlier, on June 14, Tsarukyan's house was raided by the National Security Service, and he was interrogated for more than ten hours. The searches began a week after Tsarukyan said in his speech at the party's Political Council that the government had failed in all areas, from internal affairs to the economy, negotiations on the status of Karabakh, and the fight against the spread of COVID-19. He demanded the resignation of the government. In response, the Armenian government accused Tsarukyan of diverting public attention from his criminal activities. The media leaked court documents on the criminal case against Tsarukyan, which was first instituted in 1979 and terminated in 2001. Documents showed that Tsarukyan and

several others were convicted of the rape and robbery of two Russian tourists. However, the court did not accept the charges brought against Tsarukyan by the Prosecutor General's office on June 21, 2020. This was allegedly due to the fact that Tsarukyan was supported by Russia, and because of Pashinyan's lack of power at that time. Tensions between the government and Tsarukyan persisted, with Tsarukyan being arrested by National Security Service in November 2020 and released a few days later.

Although Tsarukyan's Prosperous Armenia party ran in the early parliamentary elections in 2021, it failed to win enough votes. Thus, in the elections in June 2021, Tsarukyan's party was expelled from parliament with 3.96% of the vote; the threshold percentage for parties was 5%. Then, in July, Armenian Prime Minister Pashinyan invited Tsarukyan to a meeting with the leaders of political forces. During the meeting, Pashinyan noted that the Prosperous Armenia party had played an important role in the political life of Armenia for many years and stressed the importance of uniting to solve existing problems. While this indicates a decrease in tensions between Tsarukyan and the government, the process took place after his position as a politician was weakened. Nonetheless, as one of the richest men in Armenia, Tsarukyan remains an influential figure. His official fortune is estimated at \$500 million.

Khachatur Sukiasyan

Khachatur Sukiasyan, better known in Armenia by the nickname "Grzo," was born in Yerevan in 1961 and studied engineering systems at the Yerevan Technical Institute in 1980–1985. From 1985–1992, he worked at the Sirius factory, was the head of enterprise of the military-industrial complex of Armenia, and then became the director of the Van factory. In 1992–1994, he was Director of the Department of Foreign Economic Relations of the Ministry of Agriculture and Adviser to the Minister. In the years that followed, he was mainly involved in his family business that was founded in 1987. He is one of the founders of the Union of Industrialists and Entrepreneurs of Armenia. He was also elected as a Member of the International Academy of Informatics.

As to his political career, he was elected to the Parliament of Armenia in 1999, 2003, and 2007. In all three cases, he was elected as a member of parliament for Yerevan. During his time in parliament, he was a member of the Committee on Finance, Credit, Budget, and Economy. As a member of the parliament, Sukiasyan took an active part in the adoption of many economic laws and made about 600 proposals. His legislative initiatives and proposals were aimed at developing entrepreneurship, creating a free and competitive economic environment, and simplifying the tax system. While not officially a member of any party in parliament, he was associated with the opposition party led by the first President of

Armenia Ter-Petrosyan and the Armenian National Congress. In 2008, Sukiasyan's parliamentary immunity was taken away and he was detained for supporting protests led by opposition leader Ter-Petrosyan, who opposed the illegal presidential elections that year. Later, Sukiasyan was put on the wanted list. Then, in 2009, Sukiasyan's Bjni factory was shut down and fined \$13 million. The plant was then put up for auction and bought by another businessman, Ruben Hayrapetyan. In response, Sukiasyan filed a lawsuit at the European Court of Human Rights against the Armenian government demanding compensation of €220 million. In 2010, the criminal case against him was dropped. After that, Sukiasyan moved to Germany and was engaged in business till 2011. In 2012, he again ran for parliament, but the government refused to register his candidacy.

In 1994, Sukiasyan united all the family construction and service enterprises under the name Seal Concern LLC, which he headed until 2005. The concern includes 25 enterprises and 7 factories. These include the Bjni factory in Charensavan (until 2008), the Gofrotara factory in Masis, the Yerevan furniture factory, the Polyplast factory, the Sevan flour mill, and others. The concern employs over 8,000 people. In 2005, Sukiasyan resigned from the post of chairman of the concern in connection with the introduction of amendments to the Constitution of Armenia prohibiting the entrepreneurial activities of members of parliament. At the same time, he had been importing Philip Morris cigarettes to Armenia for several years. Sukiasyan was the main intermediary in the first major investment deal in the country (\$18 million) since Armenia's independence. Using these funds, many old factories in Armenia were restored.

During Ter-Petrosyan's rule in Armenia in the 1990s, Sukiasyan became the first oligarch in Armenia. With the support of the Minister of Internal Affairs, Vano Siradeghian, Sukiasyan strengthened his oligarchic power in Armenia. Later, after Ter-Petrosyan left the presidency in 1998, Sukiasyan remained one of the richest oligarchs in the country, although he could no longer receive the same privileges and opportunities. During his stay in Germany in 2010–2011, Sukiasyan continued his business activities. At that time, he was engaged in the export of hips and basil syrup from Armenia under the brand name Masuro (hips in Armenian). He also ran a hotel business in Germany. Sukiasyan maintains positive relations with the current government. He has a good relationship with Pashinyan because he previously funded Pashinyan's newspaper. Therefore, after 2018, the obstacles to Sukiasyan's business activity were removed. It is no coincidence that, in 2019, as part of its investment program, SIL-MAAZA, owned by Sukiasyan, received a concession under the terms of which value-added tax on products imported from October 2019 to the end of 2021 would be not be taken from the company until 2022. Currently, his business network includes cigarettes, fuel enterprises, and shopping malls. It should be noted that, since 2019, the families Sukiasyan Gagik Tsarukyan, another Armenian oligarch and politician, have become connected and in 2019 Pashinyan attended the wedding of their children. Later, Tsarukyan's relationship with the

authorities deteriorated and a criminal case was opened against him. This incident negatively affected the relationship between Sukiasyan and Pashinyan.

In addition, the Sukiasyan family owns a controlling stake in Armeconombank, one of the largest banks in Armenia. The European Bank for Reconstruction and Development is also one of the shareholders of Armeconombank with 25% of the shares. Khachatur Sukiasyan is also a founder of inLOBBYGmbH, which is an online hotel-booking enterprise. Although there is no exact information on Sukiasyan's wealth, a 2006 Forbes report estimated his fortune at \$300 million.

Mikhail Baghdasarov

Mikhail Baghdasarov was born in Baku in 1959 and died on August 22, 2020, in Armenia. He was the owner of the Mika football club and the airline Armavia. Baghdasarov was awarded many high state awards of Armenia. Among these were the Order of Merit III, the Order of the Armenian Apostolic Church, and others. In 1976–1981 he studied at the Leningrad Higher Political School of the Ministry of Internal Affairs of the USSR, then served in the internal forces of the Komi Republic of the USSR. Later, he left the army to start a business. In 1994, he founded Mika (UK) Limited, which trades in oil products and cotton in the CIS countries, the Baltic States, Italy, the United Kingdom, and Switzerland.

Baghdasarov arrived in Armenia in 1997 when Kocharyan was the prime minister. He was presented to the country's leadership as a person who had strong ties with the Russian business elite and was able to contribute to the development of relations between the two countries. When Baghdasarov arrived in Armenia, he did not have much capital, and at that time Serzh Sargsyan helped him. Baghdasarov, who in 1998 started his business in the oil market of Armenia, was able, with the help of Kocharyan and Sargsyan, to remove all his rivals in that market. He involved his company Mika Limited in this area and it soon became the largest importer of fuel in Armenia. Although Baghdasarov's monopoly of the oil import market was ended by Vazgen Sargsyan's during his tenure as prime minister, Baghdasarov regained his position by the end of 2000 following Vazgen's death in a terrorist attack in October 1999.

Later, Baghdasarov began to work in other areas and participated in the privatization of the Hrazdan cement plant. The privatization cost an estimated \$150,000. After the plant started operating, all construction companies and government agencies were forced to buy cement from that plant. Subsequently, Baghdasarov bought the privatized Armsberbank for \$300,000, but later sold half of its shares (50%) to Russian bank VTB.

With the help of Kocharyan and Sargsyan, Baghdasarov, who took full control of the oil market, including the import of aviation fuel, deliberately allowed the bankruptcy of Armenia Airlines which until 2000 was a profitable company. Although the airline was later split into three parts, by 2004, the Armavia, most part of shares of which were owned by Baghdasarov, pushed other companies out of the market. By the end of Baghdasarov's life, his fortune was estimated at more than \$1 billion.

Ruben Hayrapetyan

Ruben Hayrapetyan was born in 1963 in Yerevan. In 1988, he graduated from the Yerevan Institute of National Economy. This former member of the Armenian parliament and businessman, nicknamed “German Rubo,” was the president of the Football Federation of Armenia from 2002 to 2018. In 2003–2007 he was elected to the Armenian parliament without being a member of any party. In 2007 he was elected a member of the Republican Party of Armenia and, in the same year, he was re-elected. On July 3, 2012, he was forced to resign from the post of deputy after the scandalous death of a military doctor in a restaurant that belonged to him. On October 21, 2015, Ruben left Armenia because of an accusation of beating a war veteran in Armenia.

Hayrapetyan is considered one of the main “tobacco kings” of Armenia. He bought a stake in the Canadian–Armenian joint venture Grand Tobacco and later acquired the remaining shares. The Vanadzor knitwear factory, which stopped working in the mid-1990s, was cheaply bought from the state, repaired, and put into operation. Currently, under his leadership, the factory continues to operate and even exports its products to other countries. He also sells building materials, metal products, and water heaters, runs Rumava LLC and HARUR LLC, and is engaged in weaving and fabric production. His other companies include OJSC Bambak, which grows grain; Pyunik, which operates in the sports field; Anahit LLC, which includes numerous restaurants, bars, and cafes; Noralusin LLC, operating in the field of entertainment and public catering; and the Avan-91 complex that produces alcohol. There are many other companies named after his father, including a wholesale gas company.

The most successful phase of his career as a businessman was during the presidency of Sargsyan, when he was considered as the “stick of power.” He built a mansion in Shusha during the occupation and encouraged other oligarchs to build houses there. According to him, everyone should support so-called regime in Karabakh during the occupation and become a resident there.

Hayrapetyan's relations with the Pashinyan government are not very good. In 2020, a criminal case was opened against him and his son for kidnapping the

manager of the Harsnakar chain of restaurants and hotels and keeping him for 22 days. Hayrapetyan was put on the wanted list, although, according to his lawyer, the criminal case was opened for unjustified political reasons. The goal is to prevent influential people who do not accept the government's policies from entering Armenia. Hayrapetyan accused Pashinyan's legal assistant Anna Vardapetyan in interfering in the criminal case. Hayrapetyan declared that, as a citizen of Russia, he would turn to the Russian law enforcement agencies if a fair decision was not taken in Armenia. Despite the fact that Hayrapetyan has dual citizenship, in 2020 the General Prosecutor's Office of Armenia launched an investigation into his illegal election as a member of Parliament.

Hovik Abrahamyan

Hovik Abrahamyan was born in 1958 in the Artashat region of Armenia. In 1985–1990 he studied at the Institute of National Economy in Armenia. In 1995–1999 he was elected as a deputy of the Armenian parliament without being a member of any party. He later became a member of the Republican Party. In 1996–1998 he was the mayor of Artashat, and in 1998–2000 the governor of the Ararat region. In 2001/2002–2008 he was the Minister of Territorial Administration of Armenia. In 2007 he was appointed as a Deputy Prime Minister of Armenia; in 2008, Head of the Presidential Administration; and in 2012, Speaker of the Parliament. He was the Prime Minister of Armenia during the presidency of Serzh Sargsisyan in 2014–2016. He is known among Armenians by the nickname “Mouse.” Abrahamyan was awarded various medals, among them the Anania Shirakatsi Medal, the Frit of Nansen Commemorative Gold Medal, the Marshal Baghramyan Medal of the Ministry of Defense, and the 1st Degree Medal for Services to the Motherland.

In addition to his political activities, Abrahamyan was also involved in business and used his political power to strengthen his business interests. Abrahamyan and his family own large companies and agricultural lands. In the village of Narek, Ararat region, alone, Abrahamyan's wife has 120 hectares of land, 100 hectares of which are used for viticulture and 20 hectares for haymaking. The family's vineyards supply the wineries with raw materials. Artashat Vinkon, owned by the sons of Abrahamyan and located in the Ararat region, is engaged in the production of alcoholic beverages including wine and brandy. Hovik's son Hovhannes Abrahamyan founded Vikom-Lab LLC in 2012 with the participation of Armenian and Canadian partners. He and his Canadian partner Stephen Brian Ferrat each own 45% of the company, while Laura Petrosyan owns 10%. Vicom Lab is engaged in the production of alcoholic beverages, including Cognac, and Hovhannes Abrahamyan is the director. His other son, Argam, is the owner of Artfood LLC and Artashat cannery. The company imports Natakhtari lemonade and Borjomi mineral water to Armenia.

In addition, Abrahamyan's relatives and children own a number of gas stations. Abrahamyan's son owns 50% of the shares of May-Arg LLC, one of the companies operating such stations, and also owns 50% of the shares in Arg-Lev Gaz LLC. In February 2014, Abrahamyan's son Argam established another gas station, LLC Trans Gas, and owns 30% of the shares.

Hovik Abrahamyan's relations with the new government of Armenia are not very good. Thus, in 2018, a criminal case was initiated against him and his brother Hovik Abrahamyan for abuse of office and fraud. As a result of an investigation into a criminal case initiated by the director of the Avazaatik CJSC mining company operating in Ararat, it was found that, in 2008, high-ranking officials artificially impeded the company's activities and demanded 60% of the company's shares. Later, the contract with the owner of the land on which the company began to work was invalidated by a court decision. It was noted that Abrahamov and his brother were directly involved in these issues. In August 2018, Hovik Abrahamyan was arrested on suspicion of illegal acquisition and storage of weapons in connection with the events of March 1, 2008. In 2019, Abrahamyan was also accused of illegally acquiring land belonging to the communities of Dilijan, Mkhchyan, and Narek. In 2020, by the decision of the Armenian Foreign Ministry, Abrahamyan's diplomatic passport was confiscated.

Samvel Aleksanyan

Samvel Aleksanyan was born in 1968 in Yerevan. In 2003–2007 he was elected as a deputy of the Armenian parliament without being a member of any party. In 2007, he was re-elected as a member of the Republican Party. He was elected again in 2017 and retired in 2021.

He is mainly involved in business activities and is known by the nickname "The Sugar King." His Alex Group was a major importer of sugar, flour, butter, and other basic food products to Armenia. Kocharyan and Sargsyan were close to him during their rule. Together with Kocharyan's eldest son, Sedrak, he imported mobile phones to Armenia. He also owns a chain of grocery stores that includes Yerevan City, Lusastkh, and Caesar and a sugar plant in Akhuryan, Shirak region. In addition, he is the owner of seven companies involved in the import of pharmaceutical products to Armenia. These include Natalie Pharm, Alfa Pharm, Vaga Pharm, and others. In addition, the Alex Textil textile company belongs to his family.

Samvel Aleksanyan has good relations with the current government of Armenia. In 2018, he was one of the first oligarchs to side with Pashinyan after the change of power. In the same year, two new branches of the Yerevan City store chain were opened. In 2019, Alex Textil, owned by his daughter, received a \$2.45 million discount on import duties. In 2018, the company received a similar discount of \$1.47 million. However, in 2019, a criminal case was opened against Aleksanyan in connection with the abduction of TV journalist Hamlet Gushyan.

OLIGARCHS IN RUSSIA

Samvel Karapetyan

Samvel Karapetyan has the broadest business opportunities among the Armenian oligarchs living in Russia. He is the owner of the conglomerate Tashir Group. He moved to Russia in the 1990s and, in 1999, founded the Tashir group (he was born and raised in Tashir, a small town in northern Armenia). According to Forbes magazine, his fortune is about \$2.6 billion. Karapetyan also owns a commercial bank and dozens of shopping centers, office buildings, hotels, and restaurants in Russia through the Tashir group, which unites more than 200 companies. He has strong ties with the Russian political elite. In particular, it is known that he has close relations with the current mayor of Moscow, Sergey Sobyenin. His brother Karen Karapetyan was a member of the Armenian parliament. In 2011, the President of the Republic awarded Karapetyan the Mesrop Mashtots Medal for promoting national interests, long-term and effective pro-Armenian activities, and service in the development of the Republic of Armenia. Although, in 2018, there were reports in the Armenian media that Karapetyan would create a political party, he denied this and declared that he had no political ambitions in Armenia and would continue to run his business and carry out charitable projects on culture, education, sports, and others. A few years ago, Karapetyan's activities in Armenia and Karabakh were extended to charity. In particular, \$22 million was allocated for the construction of a new hospital in Khankendi. In 2015, the distribution network of Armenia was transferred from the Russian state-owned company Inter RAO to the Tashir group. In August 2017, the Armenian government announced that the national electricity transmission company would also be operated by the Tashir group for at least five years.

In addition, Karapetyan plans to build two large hydroelectric power plants and a waste-to-energy facility through an investment fund called the Armenian Investors Club, which he set up in early 2017. The total cost of these projects is about \$470 million. In total, the fund, together with its partners, plans to invest over \$1.1 billion in Armenia. It should be noted that Samvel Karapetyan bought the Sevan-Hrazdan cascade from HydroInvest, a subsidiary of Russia's RusHydro, for \$2.71 million and agreed to pay off the company's debt in the amount of \$55 million.

Karapetyan has continued his charitable activities in recent years. Thus, in the telethon held for the Hayastan All-Armenian Fund in 2019, Karapetyan made the largest donation in the amount of \$1.5 million. Thus, the total amount of financial support that he provided to the fund has reached about \$25 million at the moment. As for his relations with the political authorities of Armenia, Karapetyan contributed part of the bail that was to be paid in 2020 for the release of Robert Kocharyan. Nevertheless, his relations with the current government are good and his projects

in Armenia are welcomed. He has no personal interest in politics and prefers to do business, as he stated in an interview with Sputnik Armenia in September 2021.

It should be noted that in 2021, the General Prosecutor's Office of Azerbaijan put three businessmen of Armenian origin on the international wanted list; these included Samvel Karapetyan. He is accused of smuggling weapons to the Karabakh region through Armenia in 2001–2021. He also took part in equipping Armenian military personnel with weapons and military equipment during the 44 Day War.

Sergey and Nikolay Sarkisov brothers

Sergey and Nikolai Sarkisov own 63% of Reso-Garantia and their family is considered one of the richest in Russia. According to Forbes, their wealth is estimated at over \$2 billion. The Reso-Garantia company was founded in 1991 and for many years has been a leading player in the Russian insurance market. According to its 2019 final results, the company was ranked sixth in the property insurance market in Russia and second in the modern insurance market. Although the brothers' business activities are mainly associated with Moscow, they have settled in the U.S.A. for the past few years. The Sarkisov brothers became famous in 2017 by buying real estate for \$16 million in the Beverly Hills area of Los Angeles. Sergey Sarkisov, a Russian citizen who does not speak Armenian, was the consul of Armenia in Los Angeles until September 6, 2018. Nikolay Sarkisov was appointed Consul General of Armenia in London in 2013. A year earlier, in November 2012, Sarkisov donated \$4 million to the telethon that raised \$21.5 million for the Hayastan All-Armenian Fund. These funds were used for illegal construction and social projects in Karabakh during the occupation.

In 2020, the film *Hatred Among Us*, created with the support of Sergey Sarkisov, won an Emmy award. He is also one of the film's producers. Along with Sarkisov, David Mackenzie, Dean Kane, and Montel Williams also participated in the making of the film. The film aims to show the origins of hate crimes against members of the Jewish faith around the world, from Adolf Hitler to the present day and from Europe to the United States, and explains it from the perspective of people of all faiths. In 2017, David Mackenzie, Dean Kane, Montel Williams, and Sergey Sarkisov also made a film about the Armenian genocide called *Architects of Denial*.

Sergey Sarkisov said that he was ready to compensate all citizens of Azerbaijan for the damage caused by clashes between Armenians and Azerbaijanis in Moscow in August 2020. In Armenia, the businessman's call for reconciliation was perceived not as a gesture of goodwill, but as a pragmatic step. It is believed that by this step Sarkisov tried to restore relations with his Azerbaijani partners and continue his business with them.

Danil Khachaturov

Danil Khachaturov was born in Moscow in 1971 and is a Russian insurance and financial tycoon. Danil and his brother Sergey Khachaturov jointly owned Rosgosstrakh, Rus-Bank and the City Savings and Credit Association. Previously, Danil held executive positions at BIN Bank and then at the Slavneft oil company headed by billionaire Mikhail Gutseriev. In the period from 2001 to 2003, he and his partners bought a 75% interest in the bankrupt Rosgosstrakh from the government for \$60 million. In 2010, Danil and his partners acquired the remaining 25% of the company. Rosgosstrakh was the legal successor to Gosstrakh, the only retail insurance company in the USSR, and, for many years, was the largest insurance company in Russia with annual revenues of about \$3 billion. It is currently the second largest company at the Russian insurance market after SOGAZ. The company has 25 million private and 250,000 corporate clients, 3,000 regional offices, and 400 client centers in Russia. The company's insurance offering includes more than 50 different types of services, from car insurance to animal and space insurance. In 2017, the company became part of the Banking Group of FC Otkritie and thus a state-owned company.

In 2018, a Moscow court sentenced former Rosgosstrakh CEO Danil Sergey Khachaturov to eight years in prison on charges of embezzling \$107 million (8 billion rubles) during operations in 2017. Danil Khachaturov became known in 2020 for the purchase of a \$35 million mega villa in Beverly Hills, California. According to the most recent data from Forbes magazine, in 2017 Danil Khachaturov's fortune was estimated at \$2 billion; it was highest in 2014, at \$2.6 billion. In 2018, the former Trump administration included Danil Khachaturov on the list of 96 Russian billionaire oligarchs "in close contact with Vladimir Putin."

Danil Khachaturov also does business in Armenia and therefore has influence in the Armenian economic sector. An Armenian branch of Rosgosstrakh, RGS-Armenia, was opened by Danil's Rosgosstrakh and continues to be one of the largest companies in the Armenian insurance market. After the sale of Rosgosstrakh, RGS-Armenia was acquired by Cimarex Management Limited. Danil continues to serve as a member of the board of RGS-Armenia.

Sergey Galitsky (Harutyunyan)

Sergey Galitsky was born on August 14, 1967, in the city of Sochi. His mother is Russian and his father is Armenian. He later adopted his wife's surname. Galitsky said that he is proud of his Armenian origin, even though he did not speak Armenian because he was born and raised in Russia. He started his business in 1994 as a wholesaler of perfumes and cosmetics. Inspired by this, Galitsky, a fan of the famous American supermarket chain Walmart, opened the first grocery store

in Russia in 1998 and advertised it under the slogan “Always low prices.” The sale of the company’s shares on the open market began in 2006. Galitsky is the founder and still a partner of Russia’s largest retail chain Magnit, one of the country’s largest supermarket chains with over 15,000 stores and more than 200,000 employees. Galitsky was the director of Magnit until February 2018. He sold 29.1% of his shares to the state-owned VTB Bank for \$2.4 billion and currently owns only 3% of the company.

Later, Galitsky created the SN Capital investment fund, which retains most of the profits from the sale of his shares in Magnit. The total amount in the fund reached \$1.83 billion (138 billion rubles). The fund provides various types of financial services, trading, and real estate sales. After leaving Magnit, Galitsky turned his attention to football. He is President of the Krasnodar Football Club and the Football Academy, established in 2008. Galitsky invested \$460 million in the construction of a new stadium for the team and spent \$70 million on a park near the stadium. Galitsky has had little involvement in political activity. According to rumors, he intended to run for Governor of Krasnodar, but later changed his mind and does not want to get involved in politics. In the Kremlin Report submitted to the U.S. Congress by the U.S. Treasury Department on January 30, 2018, Sergey Galitsky was listed among 114 high-ranking Russian officials and heads of state companies and as one of 96 oligarchs. According to Forbes magazine, his current fortune is estimated at \$3.5 billion. In September 2021, Galitsky announced that he was ill and could not work as actively as before. Although there were reports in the media about his assistance to Armenia during the 44 Day War, they were not widespread. In general, Galitsky is a figure who tries to stay out of politics.

Ruben Vardanyan

Ruben Vardanyan, a Russian businessman of Armenian origin born in Yerevan in 1968, is the initiator and co-founder of the Skolkovo Moscow School of Management. After founding the school in 2006, he served as its president until 2010. He started his business in 1991 together with his American partner Peter Derby. They created the Troika Dialog brokerage company that later became the largest private investment bank in Russia. In 2011, Vardanyan and his partners sold Troika Dialog to Sberbank for \$1.4 billion. Then he founded the investment company Vardanyan, Broitman and Partners, which managed the assets of wealthy people. He is also a member of the boards of Kamaz and Ameriabank. According to Forbes magazine, Vardanyan’s fortune in 2020 was \$1 billion. In 2020, he became the 103rd richest person in Russia.

Vardanyan actively participates in and spends millions of dollars on charitable projects in Armenia. In 2013, Ruben Vardanyan and his business partner Veronika Zonabend founded an international boarding school for talented youth (16-19 years

old) called UWC Dilican College in Dilijan, Armenia. The college is one of 18 United World Colleges across the globe and offers a two-year university preparatory program. Since 2014, more than 400 students from 105 countries have graduated from this college. In 2015, Ruben Vardanyan launched the Aurora Humanitarian Initiative, a global project dedicated to the memory of Armenian Genocide survivors. Vardanyan was also involved in charity work in Russia. In 2014, he created the Philin Charitable Infrastructure project, which offered his services to various foundations and organizations for the implementation of charitable projects. Since its creation, Philin has supported more than 100 Russian organizations and was directly involved in the creation of 30 of them. In 2020, Philin merged with Feelgood, and Ruben Vardanyan was elected as chairman of the board.

Vardanyan, together with his partners, also co-founded Phoenix Advisors. This company offers services for wealthy families in family wealth management and inheritance plan development. In addition, in 2018, Vardanyan established Global Blue Russia together with Global Blue, the operator of the VAT refund system. The company offers VAT refunds for tourists visiting Russia, except for citizens of the member states of the Eurasian Economic Union. Despite Ruben Vardanyan's positive image as a businessman, a report published by the Organized Crime and Corruption Research Project (OCCRP) on March 4, 2019, titled Troika Laundromat, refers to money laundering, tax evasion through secret investment schemes, and more. According to the report, Vardanyan smuggled \$4.6 billion out of the country through an offshore network called Troika Dialog.

Although Vardanyan is influential both in politics and business in Armenia, he was not directly involved in political activities. However, in November 2021, he said in an interview that he intends to start a political career. Vardanyan further underlined that he was thinking of becoming the president of Armenia. He also noted that he is ready to work at any job for the sake of his people. Russian and Armenian media report that Vardanyan is supported by Russia and that Russian officials want to see him as the next president of Armenia. However, in January 2022, Ruben Vardanyan was included in the list of potential US sanctions against the Russian President, members of the Russian government, and a number of Russian businessmen. The draft document is called the Putin Accountability Act and was drawn up by Congressman Banks. Vardanyan's inclusion in the list of sanctions reduces his chances of being selected as a presidential candidate in the upcoming presidential elections in Armenia.

Ara Abrahamyan

Ara Abrahamyan is a philanthropist, social activist, and businessman. He was born in Malishka, a village in the Vayots Dzor Region of Armenia, in a family of physicians in 1957. He graduated from Yerevan State Agricultural University and

gained a degree in economics. He started his career as an engineer at “Neuron” industrial enterprise. Later, he became the General Manager of the company. He was appointed Deputy Head of the Department at the USSR Ministry of Electronic Industry in 1989. He has been the President of “COMEX” since 1991 and the founder and CEO of “SOGLASIE” JSC since 1993. In 1994, he created the “Russian Defense Technologies Concern.”

Ara Abrahamyan has held the position of President of the “Union of Armenians in Russia” since 2000 and the President of the “World Armenian Congress” since 2003. In 2003, he established the “Council of Entrepreneurs of Russia and Argentina” and co-chaired it from the Russian side. He is also co-chair of the association “Franco-Russian dialogue” and Ambassador Goodwill of UNESCO. Abrahamyan is a member of the Commission of the Public Chamber of the Russian Federation on International Relations and Freedom of Conscience. He is a co-chairman of production councils with South Korea, Brazil, Argentina, France, Nigeria, Libya, and the Russian Federation. Abrahamyan is also the current leader of the “Armenia is Our Home” party. He participated in the release of six Armenian pilots from Equatorial Guinea in 2005, detained by local authorities, and in the rescue of 12 Russian sailors, detained in Nigeria in 2006.

Abrahamyan has established several companies, foundations and initiated charity programs both in Russia and Armenia. In his hometown of Malishka, Abrahamyan built an Armenian Church of St. Anne and a Museum of Russian-Armenian Friendship. He also supported the building of a school in the village. A similar school building project has been illegally initiated in previously occupied city of Khankendi situated in Azerbaijan territory. With the support of Ara Abrahamyan, a benevolence dining hall named “Arshavir and Baidzar Abrahamyan” opened in Yerevan in 2001. Also in Armenia, two buildings with 130 apartments were purchased by Ara Brahamyman for refugees. Before the start of the civil war in Libya, he invested more than \$1 billion in its economy. After the war, speaking about the events in Libya, he said that “Gaddafi lost the country, I lost the money.”

He has been awarded various prizes, medals, and orders by the Armenian and Russian governments. He was awarded with the “Order of Merit to the Fatherland” IV degree (Russia) for a large contribution to the strengthening of cooperation of the Russian Federation with foreign countries in the humanitarian sphere, the “Order of Honor” (Russia) for a significant contribution to the strengthening of international cooperation, active public and charitable activities, the “Order of Honor” (Armenia) for the deepening of Armenian-Russian friendship, medal “For Strengthening Military Cooperation” (Ministry of Defense of Russia), medal “For genuine dedication” by “Orthodox Russia” Social Movement, commander of the “Order of Maya” (Argentina), “Order of the Legion of Honor” (France), “Order of Gregory the Enlightener” and others.

In 2013, representatives of the Armenian community demanded the resignation of Ara Abrahamyan because of the lack of an adequate reaction from the “Union of Armenians in Russia” to the anti-Armenian messages in the Russian media and the violation of civil and national rights. After that, in 2015, members of the union signed a petition demanding the resignation of Ara Abrahamyan and his deputy, Levon Mukanyan. The text of the petition says that since Abramyan took on the role of leader of the Armenian Diaspora in Russia, it has not developed. The other reason for the demand for the resignation of Abrahamyan was the absence of any position regarding the murder of six people that was committed in Gyumri by Valery Permyakov in 2015.

Abrahamyan is one of the critics of the current Armenian government. In particular, after the 44-Day War, he demanded the resignation of Nikol Pashinyan. Due to the post-war situation in Armenia, he actively participated in the 2021 parliamentary elections and supported the “Armenia is Our Home” party. He said in a pre-election interview that if the party had a chance to enter parliament, it would not form a coalition with Pashinyan’s party.

In 2021, the Prosecutor General’s Office of Azerbaijan issued an international search warrant for Abrahamyan for smuggling large-caliber combat firearms, ammunition, explosives, and devices to previously occupied Karabakh region of Azerbaijan in the 2001–2021 years.

In January 2022, Ara Abrahamyan made a statement regarding the screening of the film “Garegin Nzhdeh”, where he manipulated public opinion by justifying Nzhdeh and describing him as “bright personality”. Garegin Nzhdeh was the leader of an Armenian nationalist party, collaborated closely with the leadership of Nazi Germany, and actively fought against the Soviet Union. Therefore, the screening of the film and the attempt by Abrahamyan to defend the Nzhdeh was harshly criticized by Russian society and politicians. As a result, the screening of the film in the “Union of Armenians of Russia” did not take place due to the protest from the all-Russian movement “Veterans of Russia”, which appealed to the Prosecutor General of Russia.

OLIGARCHS IN AMERICA AND EUROPE

Kaspar Karampetyan

Kaspar Karampetyan was born in 1948 in Athens, Greece. In 1992–1996, and again in 2011, he headed the Armenian National Committee in Greece, and in 2004–2010 he headed the committee in charge of the implementation of the Greek aid programs in Armenia, an initiative of the Greek Foreign Ministry. He has citizenships of Armenia, Greece, and Luxembourg. Since 2012, he has

been President of the European Armenian Federation for Justice and Democracy, operating from Brussels.

Karampetyan was awarded the Order of Vachagan Barepasht by the so-called president of the illegal regime in Karabakh in 2014; the Order of Mesrop Mashtots in 2018; and the Order of Mkhitar Gosh by the President of the Republic of Armenia in 2014. The Republic of Azerbaijan had reasonable suspicions that Kaspar Karampetyan, during 2014–2018, repeatedly illegally crossed the state border of Azerbaijan through the territory of Armenia and entered Khankendi and other settlements. On February 20, 2018, the General Prosecutor’s Office of the Republic of Azerbaijan decided to arrest him on the basis of a court decision and put him on the international wanted list through Interpol.

Karampetyan also has close ties with MEPs, so he worked to promote the adoption of various documents and statements against Azerbaijan in the European Parliament. On November 19, 2021, 33 MEPs signed an anti-Azerbaijani statement addressed to intergovernmental organizations which said, “On November 16, the Armed Forces of Azerbaijan attacked along the eastern border of Armenia and created a threat to the territorial integrity of Armenia.” The Armenian–European Federation for Justice and Democracy, led by Karampetyan, welcomed the statement and made own on this matter. Later, it turned out that the MEPs who signed the statement have close friendship and business relations with Karampetyan, and he also played a role in drawing up the statement.

Karampetyan is also actively working against Azerbaijan in Luxembourg. He created a public organization with four Luxembourgish citizens of Armenian origin, was a representative on various platforms, and established close ties with the Ministry of Foreign Affairs and the Luxembourg parliament. This, in itself, explains Luxembourg’s prejudice towards Azerbaijan. The abovementioned factors also played an important role in the adoption of the biased resolution against Azerbaijan by the Luxembourg Chamber of Deputies on December 25, 2020.

Noubar Afeyan

Noubar Afeyan was born in Lebanon and, during the civil war, moved with his family to Canada. After studying in Canada, Afeyan left for the United States, where he received his doctorate. He became a U.S. citizen in 2008. By 2021, his fortune was estimated at more than \$3.5 billion.

Afeyan is the founder and CEO of Flagship Pioneering, a biotech incubator. The company invests in pharmaceuticals, electronics, and medical equipment and has participated in the development of more than 100 scientific institutions with a total value of up to \$30 billion; the implementation of thousands of patents; and the creation of more than 50 clinical drugs. In addition, Afeyan co-founded Moderna

(formerly ModeRNA Therapeutics) in the United States in 2009. Moderna, headquartered in Cambridge, Massachusetts, specializes in drug development and vaccination technology. The company develops vaccines and drugs against many common viruses. Afeyan is currently its chairman and with a 19.5% holding is its largest shareholder.

Moderna is also the developer of one of the most effective vaccines for fighting COVID-19 pandemic, one that widely used around the world. The company's value has skyrocketed since 2020 due to its success in developing a pandemic vaccine; it increased from \$5 billion in December 2018 to \$181 billion in September 2021. It led to Afeyan being named one of Forbes' 400 Richest People in the United States. Afeyan is the chairman of the Global Agenda Council for Emerging Technologies of the World Economic Forum. He is also a co-founder and board member of the National Competition Fund, a public-private partnership aimed at promoting economic development in the Republic of Armenia. He is a member of the board of Ameriabank, one of the leading banks in Armenia.

In the early 2000s, Afeyan and Ruben Vardanyan launched the Armenia 2020 project, the aim of which was to determine the strategic development and prospects of Armenia until 2020. Project Armenia 2020 gave incentives to various social, business, and charitable initiatives in subsequent years. One such initiative was the creation of the IDeA Foundation (Fund for Development Initiatives of Armenia), a private non-profit foundation that engages both the local community and international organizations in creating long-term socio-economic development programs for Armenia. Another initiative, the Armenian Foundation for Science and Technology (FAST), was established in 2016. The organization seeks to create the conditions for the application and development of technologies and scientific innovations, both in Armenia and among the Armenians of the Diaspora. The founders were Ruben Vardanyan, Noubar Afeyan, Mesrop Aramyan, and Artur Alaverdyan. The fund, with a budget of \$15 million, operates in four main areas: education, research, start-ups, and manufacturing.

Vache Manukyan

Vache Manukyan, one of the most successful businessmen in the Armenian diaspora, was born in 1945 in Beirut, Lebanon. He studied at a boarding school in Cyprus and an engineering school in the UK. For a long time, Vache Manukyan was one of the most trusted persons of the Prince of Brunei. There, Manukyan acquired the initial capital that enabled him to implement his business plans. Later, Manukyan settled in England and built his own business empire. His business interests include banking, pharmaceuticals, biotechnology, renewable energies, and recreation. He owns several holding and trust companies as well as major real estate in the UK. He is a shareholder (together with the Sultan of

Brunei) in the Dorchester Hotel in London, the owner of the Adelphi Hotel in central London, a few steps from the famous Big Ben clock, and the founder of the MARS Association. He is also the founder of the Midland Armenia Bank in Armenia, and founder and chairman of HSBC Bank Armenia, of which he owns 30%. Thanks to the partnership with HSBC Bank, Midland Armenia Bank also appeared very quickly in Armenia. Manukyan is also a General Sponsor and Fellow of the Royal Opera House in London and Director of the United States Foundation for UNICEF. His business interests also extend to the Principality of Liechtenstein. His fortune is estimated at more than \$500 million. Manukyan is considered an active participant of the Armenian Diaspora and has invested in several companies in Armenia. These include Coca-Cola Armenia, HSBC Bank Armenia, and a pharmaceutical company. He has financed the construction and renovation of several schools and churches. Manukyan is also one of the sponsors of the modern Nork-Marash Medical Center in Armenia; he spent \$12 million on the construction of this center alone. It is noted that his investments in Armenia have, to date, exceeded \$65 million.

Manukyan and his wife also do charity work through the Watche and Tamar Manukyan Foundation. The foundation mainly finances projects relating to culture and education, including the organization of large Armenian exhibitions in England and the Vatican and the publication of books on ancient Armenian culture, religion, and art. The foundation finances the education of Armenian students at Harvard University in the US, Cambridge University in the UK and other well-known universities globally. With their support, over 1,700 Armenian students have studied abroad. The foundation also renovated the Armenian Church of St. Yeghishe in London. Manukyan, an honorary citizen of Yerevan, was awarded the Order of the Count of Cilician and the Order of St. Gregory the Illuminator for his charitable work in Armenia. This is the highest award that can be given by the Armenian Church.

Eduardo Eurnekian

Eduardo Eurnekian is an Argentine billionaire businessman of Armenian descent. As of September 2021, Eurnekian is the fifth richest person in Argentina with a fortune of \$1.4 billion. He was born in 1932 in Argentina into a family of Armenian immigrants. His family started a textile business and became an important supplier to Puma, a well-known sportswear company, during the heyday of the Argentine economy. Eurnekian's activities mainly cover the airport and media sectors. In 1998, the consortium Aeropuertos Argentina 2000, led by Eurnekian, acquired a 30-year concession to operate 33 major airports in Argentina. The consortium currently operates 76 airports around the world, mainly in Argentina, other South American countries, and Armenia. On December 17, 2001, Corporacion America,

which belongs to Eurnekian, signed a 30-year concession agreement with the Armenian government to manage operations at Zvartnots International Airport. The company has begun construction of a new airport terminal that meets international standards. The total cost of the project is over \$50 million.

In 1988, Eurnekian acquired Cablevision SA and has made it Argentina's second-largest broadcaster. In 1994, he sold 51% of the company for \$350 million and, in 1997, sold the remaining shares to the local investment company CEI Citicorp Holdings SA for \$320 million. Eurnekian also owns a majority stake in America TV, four radio stations, and El Cronist, a daily financial news magazine published in Buenos Aires. Overall, calculations show that, since the early 1990s, Eurnekian has built a media empire worth about \$1 billion.

It is also worth mentioning that, in 2012, the Armenian government was planning to illegally put into operation the airport in Khankendi, which was situated in the previously occupied territories of Karabakh. At that time, as the owner of Yerevan's Zvartnots International Airport, Eurnekian promised to donate a plane to the "Air Artsakh" airline, which was going to operate the flights in the airport. Despite the efforts of the Armenian government, the airport was never reopened.

Eurnekian has also invested millions of dollars in the agricultural sector of Armenia. In 2004, the Yerevan-based Tierras de Armenia and Max Group formed a joint venture to invest \$25 million in the construction of a 60-square-kilometer orchard and processing plant in Armenia's Armavir region. At a meeting with Armenian Prime Minister Pashinyan in July 2021, Eurnekian stated that he would continue investment projects in Armenia. He discussed with the Prime Minister the current state of projects relating to the construction of airports in Armenia and expressed his readiness to implement new projects in this direction.

Vartan Sirmakes

Vartan Sirmakes, co-founder and CEO of Franck Müller Group, was born in 1956 in Istanbul into an Armenian family of jewelers. He moved to Geneva in 1952 when he was 18, on the advice of his uncle. Sirmakes studied at Saint-Benois College, a famous French school in Istanbul, where he mastered the French language. Arriving in Geneva in 1974, he began studying jewelry with Antonio Bertolini. After graduating with a goldsmith's degree, he opened his own workshop in Haut-Vive, Geneva. In a short time, Sirmakes began collaborating with renowned watch and jewelry companies such as Ebel and Cartier, and his small workshop soon grew into a large company. He later expanded his business to watchmaking and began working with Pierre Eckoffi, a renowned manufacturer of bracelets and watch boxes. This partnership proved to be successful, and they were

later able to attract respected clients such as Daniel Roth. After that, Sirmakes focused on producing expensive watches. For this, he started working with Frank Müller and, in 1991, they formed the Frank Müller Group which is today one of the most popular watch brands in the world. In 2003, Müller sold his stake in the company to Sirmakes and left the business.

Sirmakes currently owns 7 different brands and 14 manufacturing plants in Switzerland. The largest of these facilities is located in Geneva and employs more than 800 people. Sirmakes is also the founder of ArmSwissBank, one of the largest private and investment banks in Armenia. The bank was founded in 2005 in Yerevan and 80% of its shares are owned by the Luxembourg-based company HVS Holding S.a.r.l. Jongo B.V., which operates in the Netherlands, and the remaining 20% by an investment company. Both companies operate under the supervision of Sirmakes. The only official representative office of Franck Müller is located in Armenia and it invests heavily in the country's economy.

Sirmakes is the main financial donor for the Armenian diaspora in Switzerland. He was also a co-owner of the Ararat football club for a long time and invested a lot of money in the development of Armenian football. By order of the former President of Armenia Sargsyan, Vardan Sirmakes was appointed Consul General of the Republic of Armenia in France. He was also awarded the Medal of Merit for the Fatherland by the Armenian government in 2011. In the ranking of the 300 Richest People in Switzerland, published in 2019 by the Swiss magazine Bilan, Sirmakes took 177th place with a fortune of \$706.8 million.

As well as Armenia, Sirmakes also operated in the occupied Karabakh region of Azerbaijan. He was engaged in illegal economic activities in the mining industry during the occupation of Karabakh and thereby provided significant financial support to the separatist regime. In this respect, Sirmakes owned the Gold Star company that exploited illegally the Vecnali gold mine in Zangilan during the occupation. In 2019, this company became the fourth largest taxpayer of the so-called regime in Karabakh. In addition, Sirmakes participated in the development of the Soyudlu gold deposit in Kalbajar during the occupation. The gold he illegally mined in Karabakh was sent to Switzerland and sold on stock exchanges as well as being used in the manufacture of watches by his own enterprises. The proceeds were indirectly involved in various projects in Armenia and the occupied Karabakh.

Sirmakes' illegal activities in Karabakh were not limited to the mining industry. In 2015, he built a fish farm in the village of Sugovushan, mainly for the production of caviar. The farm's profitable period was expected to begin in 2021. In 2019, Sirmakes also announced his intention to build a bank gold bullion smelter in Armenia. In connection with the illegal activities of Sirmakes in Karabakh, in 2015 the General Prosecutor's Office of the Republic of Azerbaijan opened a criminal case against him, and he was put on the international wanted list.

James Tufenkian

James Tufenkian's family moved from Armenia to the United States in the 1890s and settled in California and then Oregon. After graduating from law school in 1985, James started a business applying modern aesthetics to traditional Tibetan rugs. He made an important contribution to the transformation and development of the carpet industry in the 1980s. In the early days of his career, James provided craftsmen in Nepal and Armenia with jobs relating to all stages of the carpet-making process. In 1986, the first handmade carpet store opened in Manhattan. After expanding his business, he founded the world famous Tufenkian Carpets brand. Tufenkian designer carpets are presented in ten salons: eight in the USA, one in London, and one in Yerevan. He also owns the Tufenkian hotel chain in Armenia.

In 1993, Tufenkian began his activities in Armenia, using business initiatives to improve the lives of Armenians and support the economic development of his country. In 1999, he founded the Tufenkian Foundation in the United States. The main purpose of this fund is to finance projects that international aid organizations and the government are unable to implement in Armenia to meet the needs of the population and support the socio-economic development of the country. The Foundation's activities also cover the areas of environmental protection, social protection, and the development of democracy in Armenia. From 2003, the foundation operated illegally in Karabakh during the occupation. The projects implemented by the fund in Karabakh mainly covered education, infrastructure development, housing construction, and other areas.

The Tufenkian Foundation spent over \$4 million on illegal construction and repair work in Karabakh for more than 15 years. Projects included the construction of clinics, kindergartens, schools, and parks. Most of these projects came under the control of Azerbaijan after the 44 Day War. The village of Arajamukh was built in the previously occupied Jebrail region in 2004–2006 with the financial support of the Tufenkian Foundation. The fund allocated \$1.5 million for this project. The number of houses built in this village before the war reached 24, and in the future, it was planned to increase this to 50. Although the project lasted ten years, it remained unfinished due to the liberation of the Jebrail region. Near the village of Arajamukh, the foundation also planted 6 hectares of pomegranate orchards. In 2013, the Tufenkian Foundation, together with the Council of the Armenian Community of Great Britain, launched a project to build greenhouses in the Alibeyli village of Zangilan region. Two greenhouses with a total area of 480 square meters were built through the project. In 2014, about 2 tons of tomatoes were grown in these greenhouses. In 2015, the fund implemented a project to restore and reconstruct water pipelines, pumps, and wells (18 units) to improve the water supply in several villages (population: 295) of the Gubadli region.

The Tufenkian Foundation was also directly involved in the process of illegal resettlement of Armenians living abroad to the Karabakh region of Azerbaijan. In

2014, the foundation implemented several projects relating to the resettlement of Syrian Armenians to Karabakh in the city of Zagilan and the village of Khinalig, within the framework of which the foundation provided the necessary building materials for the construction of buildings. In 2019, with the support of the fund, five Armenian families living abroad, including in Syria, were provided with housing in Karabakh. In addition, during 2019, the fund implemented numerous projects in the social, agricultural, and construction sectors in Karabakh and restored the 16th century St. Stepanos Church. Even after the war, the foundation continues its charitable activities. In this regard, the foundation is mainly engaged in the restoration of houses and infrastructure damaged during the war.

Conclusion

An analysis of the oligarchic system in Armenia and the activities of the main oligarchs manifests that they continue to play a large role in the political, social, and economic development of Armenia. Although the oligarchic system in Armenia has long been criticized by the population and the public, the new government continues to operate on its terms, despite promises to destroy it.

This could have been expected, as the oligarchic system has deeply influenced the political and economic processes in Armenia for many years. It is not easy to dismantle this deep-rooted system in the country, and any attempt to do so could lead to the departure of any entity in power. Therefore, in order to maintain his political power, Pashinyan is trying to use this system to his advantage, persecuting the oligarchs who oppose him and encouraging those who do not.

The oligarchic system in Armenia is one of the main sources of funding for attracting additional resources, solving humanitarian problems, and improving the well-being of the population. On the other hand, Armenian oligarchs fund many activities related to “Karabakh issue”, which expand their power over Armenia’s foreign policy, thus impeding Armenian economic development because, due to the lack of economic relations with Azerbaijan and Turkey, Armenia remains isolated.

Taking all of this into account, it is expected that the oligarchic system in Armenia will continue to exist for many years to come unless more robust measures are adopted to break monopolies and financial dependence which include various legal, economic and foreign policy measures.

Center of Analysis of International Relations



ANALYSIS

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BAKU - 2022



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