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Terrorist financing risks stemming from incompliance by Armenia of its international obligations

In relation to the Conference Room Paper distributed by the delegation of the Republic of Armenia with full of biased and fabricated allegations against the Republic of Azerbaijan, the delegation of Azerbaijan would like to draw the attention of the Conference participants to the followings.

The allegations put forward by the delegation of Armenia in its Conference Room Paper CAC/CoSP/2021/CRP.17 against the Republic of Azerbaijan is nothing but a mere product of insidiousness to cover the corrupt practices of Armenian Diaspora organizations acting under the guise of charity entities in collaboration with the Government of Armenia, and to distract the attention of international community from such illegal activities.

While completely rejecting all those allegations made-up based on some unreliable and biased media and civil society sources well-known for their anti-Azerbaijani sentiments, the delegation of the Republic of Azerbaijan would like to draw the attention of international community to the followings.

I. Illegal economic and other activities by Armenia in the formerly occupied territories of the Republic of Azerbaijan

Throughout almost 30 years of occupation of the territories of the Republic of Azerbaijan, the Republic of Armenia had undertaken illegal economic and other activities in the occupied territories accompanied by interference with the public and private property rights. These illegal activities had been used for financing the armed forces of the subordinate separatist regime established in the occupied territories of Azerbaijan and for the private gain of individuals in Armenia and elsewhere and served for sustaining the occupation of Azerbaijani territories for almost three decades.

Exploitation of natural resources and other forms of economic wealth in the formerly occupied territories turned into a lucrative business and had been major source of income for Armenia and its subordinate regime.

The national currency of Armenia (the dram) had been illegally used in the formerly occupied territories of Azerbaijan. The Central Bank of Armenia (CBA) declared those territories as part of the economic territory of Armenia and all banking institutions operating there had been licensed and supervised by the CBA.

Armenia had attempted to incorporate the whole occupied territories of Azerbaijan into its banking and financial sector, through extending CBA's regulating and oversight authority over these territories. CBA had exercised full control over the financial transactions in and out of the occupied territories. All financial entities operating in those territories, including the branches of Armenian financial institutions, had been submitting reports on their activities to CBA.

II. Terrorist financing activities facilitated by the Republic of Armenia during the 44 days of war between Armenia and Azerbaijan

During the 44 days of war between Armenia and Azerbaijan in 2020, Armenia has actively encouraged organizations operating in its territory, which openly collect funds to finance their efforts to recruit and train fighters from around the world before transporting them to the formerly occupied territories of Azerbaijan.

One of the most well-known of these organizations is "The Art of Staying Alive," or "VoMA." VoMA is "a profoundly organized militia with a state mandate to provide military training for new volunteer recruits ready to defend Armenia," which it defines to include the formerly occupied territories of the Republic of Azerbaijan.¹ VoMA "is open to holders of foreign citizenships," and actively recruits members from the Diaspora around the world.² Following a military training program conducted in the capital of Armenia, VoMA transported the new recruits to

¹ Raffi Elliott, *Diaspora Armenians train to protect Artsakh*, The Armenian Weekly, 28 October 2020, available at: <https://armenianweekly.com/2020/10/28/diaspora-armenians-train-to-protect-artsakh/>.

² *Id.*

fight as part of a volunteer rifle battalion in Azerbaijan.³ For instance, VoMA “organized a charter flight from Moscow to Iravan and expressed readiness to provide free flight tickets to those unable to afford them.”⁴

VoMA reports that it received about \$200,000 from donations during the recent war, which it solicits on its website.⁵ VoMA reports that “the money transferred during the war was used to provide and equip our [volunteer rifle] battalion (about 300 or more people) with the necessary equipment and property,” including Kalashnikov rifles, rangefinders, thermo-vision devices, and military masks.⁶ The efforts are ongoing. VoMA advertises on its website that, “[i]mmediately after the ceasefire, we resumed our work with greater vigor.”⁷

VoMA’s approach creates a significant risk of terrorism financing. As Azerbaijan reported to the UN Secretary General, VoMA has “involved the citizens from various countries, including the members of ASALA, PKK and other terrorist groups, in training within the Mountain Rifle Reserve Battalion (VoMA battalion) to commit terrorist acts against Azerbaijan.”⁸ The Republic of Azerbaijan is currently pursuing criminal proceedings against the head of VoMA and others.⁹

The Republic of Azerbaijan has also claimed before the International Court of Justice (ICJ) that Armenia has acted in violation of its obligations under Articles 2,3,4,5,6 and 7 of the International Convention on Elimination of Racial Discrimination by asserting that Armenia bears responsibility, *inter alia*, for harboring “armed ethno-nationalist hate groups”, including VoMA.

Accordingly, ICJ unanimously indicated the following provisional measure¹⁰ on 7 December 2021 that:

“The Republic of Armenia shall, in accordance with its obligations under the International Convention on the Elimination of All Forms of Racial Discrimination, take all necessary measures to prevent the incitement and promotion of racial hatred, including by organizations and private persons in its territory, targeted at persons of Azerbaijani national and ethnic origin”.

Armenia has ignored these risks, instead welcoming the thousands of new fighters into its ranks.¹¹ Indeed, Armenia has a history of failing to pursue terrorism and terrorism financing investigations or prosecutions. On

³ See e.g., VoMa, Home, available from <https://www.voma.center/en>; VoMa, Financial Statement 2020, available from: <https://www.voma.center/hy> (reporting that reports, for example, that its volunteer rifle battalion “maintained Taghavard” and the “highway leading to Shosh”) (informal English translation from Armenian); Statement by the Delegation of Azerbaijan, OSCE Forum for Security Cooperation, FSC.JOUR/965, 4 November 2020, Annex 3; Public Union of the Working Group for the Implementation of International Human Rights Standards, *REPORT on the use by Armenia of mercenaries and foreign terrorist fighters (FTFs) in fighting against Azerbaijan*, 10 November 2020.

⁴ Letter dated 18 November 2020 from the Permanent Representative of Azerbaijan to UN Addressed to the Secretary General, A/75/625–S/2020/116.

⁵ VoMa, Financial Statement 2020, available from: <https://www.voma.center/hy>.

⁶ *Id.* (informal English translation from Armenian). See also VoMa, Home, available from <https://www.voma.center/en> (“Due to the escalations in Artsakh, our priority is to create a VOMA volunteer mountain rifle battalion. At this time, all the finances that come to us will be spent on: [1] Equipping volunteers with climbing equipment [2] Operation costs in Yerevan, where new volunteers are being trained.”).

⁷ VoMa, Financial Statement 2020, available from: <https://www.voma.center/hy> (informal English translation from Armenian).

⁸ Letter dated 18 November 2020 from the Permanent Representative of Azerbaijan to UN Addressed to the Secretary General, A/75/625–S/2020/116.

⁹ The General Prosecutor of the Republic of Azerbaijan initiated criminal proceedings under Articles 100.2 (waging an aggressive war), 120.2.1 (premeditated murder committed by a criminal organization or community), 279.3 (creation of armed formations not provided for by law), 318.2 (illegal crossing of the state border of the Azerbaijan Republic) and other articles of the Criminal Code of the Republic of Azerbaijan.

¹⁰ <https://www.icj-cij.org/public/files/case-related/181/181-20211207-ORD-01-00-EN.pdf>

¹¹ See, e.g., Raffi Elliott, *Diaspora Armenians train to protect Artsakh*, The Armenian Weekly, 28 October 2020, available at: <https://armenianweekly.com/2020/10/28/diaspora-armenians-train-to-protect-artsakh/> (“[VoMA members] are typically placed in quieter sectors to relieve members of the professional military who are needed in ‘hotter’ areas, according to Defense Ministry

3 June 2019, Armenia represented to the United Nations that “no cases with indications of terrorism financing have ever been investigated or prosecuted and, accordingly, no convictions have been enforced.”¹²

III. Incompliance by Armenia of its money laundering and terrorism financing obligations deriving from international conventions

Armenia’s recent actions also exacerbate the risks of its continued failure to address concerns previously raised by MONEYVAL Committee of the Council of Europe over its failure to fully implement the FATF recommendations.

Specifically, in its most recent follow-up report, MONEYVAL highlighted: (i) that Armenia had failed to implement legislative measures with regard to domestic politically exposed persons and their family members in accordance with recommendation 12; (ii) limited sanctions for AML/CFT breaches and other deficiencies in the regulatory and supervisory measures applying to designated non-financial businesses and professions in Armenia, as required by recommendation 28; and (iii) the limited ability of competent authorities conducting investigations of money laundering, associated predicate offences and terrorist financing to obtain access to all necessary documents for use in investigations and in prosecutions, as required by recommendation 31.¹³

Armenia has not publicly responded to these concerns or otherwise taken steps to address the financing risks created by these limitations.

Armenia’s actions raise grave concerns about its compliance with the FATF recommendations and its money laundering and terrorism financing obligations, which derive from international conventions¹⁴ and UN Security Council resolutions.¹⁵

Therefore, the Republic of Azerbaijan urges all UN Member States to carry out financial investigations to identify whether any funds originating from their territories have been used for financing the activities of “VoMA” terrorist organization of Armenia and to exercise due diligence in relation to all financial transactions to and from the Republic of Armenia with a view to preventing their potential use for terrorist financing activities in the future.

spokesman Artsrun Hovhannisyanyan.”); Gabrielle Tétrault-Farber, *Armenian diaspora rushes to Nagorno-Karabakh to back troops*, Reuters, 9 October 2020, available at: <https://www.reuters.com/article/armenia-azerbaijan-volunteers-int-idUSKBN26U13N> (“Around 10,000 people volunteered to take up arms on the first day of fighting, according to the Armenian Defence Ministry.”); *id.* (“Defence ministry official Artsrun Hovhannisyanyan said on Thursday that tens of thousands of people like Bagdasaryan had applied to volunteer, but could not provide a precise number.”).

¹² Letter from the Permanent Mission of the Republic of Armenia to the UN to the Office of Legal Affairs of the UN, dated 3 June 2019, UN/3101/309/2019, available at https://www.un.org/en/ga/sixth/74/int_terrorism/armenia_e.pdf.

¹³ See Council of Europe, *Armenia Fifth Round of Mutual Evaluations 1st Regular Follow-up Report Summary Report* (6 July 2018), available at <https://rm.coe.int/moneyval-2018-3-sr-5th-round-summary-fupmer-armenia/16808d3cc9>.

¹⁴ See, e.g., International Convention for the Suppression of Financing of Terrorism; United Nations Convention against Corruption; United Nations Convention against Transnational Organized Crime.

¹⁵ See, e.g., UN Security Council resolutions 1373 (2001), 2178 (2014), 2195 (2014) and 2347 (2017).