



**Opening
Extractives**

Unlocking the benefits
of ownership data



BENEFICIAL OWNERSHIP TRANSPARENCY

INFORMATION CARDS
FOR JOURNALISTS

The beneficial owner (BO) of an organization is the natural person(s) who ultimately owns or controls a legal entity, and/or the natural person on whose behalf a transaction is being conducted. In other words, the beneficial owner is the person or persons who benefit from or exercises control over a legal vehicle.

Beneficial owners of the company are those who stand at the end of the ownership chain of the company.

They:

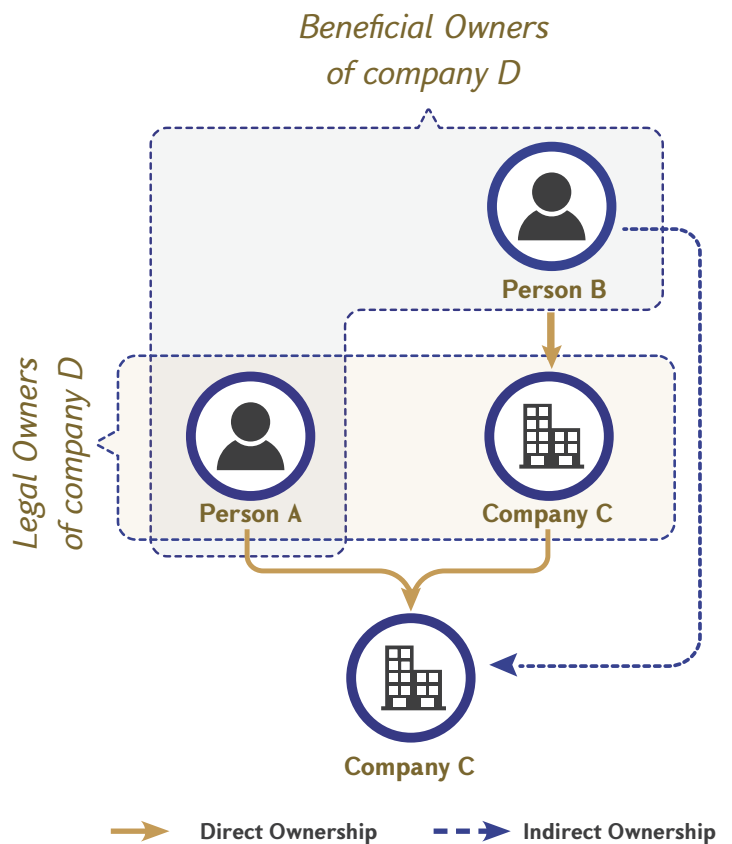
- have control over a legal entity, and/or
- have ultimate ownership share, and/or
- receive benefits from it.

Other companies may be the direct legal owners of the company, but only people can be the beneficial owners.

States often use BO thresholds.

In Armenia the threshold for revealing the beneficial owner is as follows:

- 10%** mining industry (PEPs = 0%)
- 20%** other sectors of business.



2.1

WHY ARE BENEFICIAL OWNERSHIP DECLARATIONS IMPORTANT FOR JOURNALISTS?



Beneficial ownership declarations are a very valuable and important source of information for journalists when conducting investigations.

Very often, public figures, officials and their affiliates create complex schemes to disguise their involvement and influence in any organization which makes it very difficult to identify who the beneficial owner is. Unnecessarily complex company ownership structures are often used to facilitate corruption, misappropriation of public funds, money laundering, organized crime, tax evasion and other financial crimes.

BENEFICIAL OWNERSHIP INFORMATION CAN HELP JOURNALISTS TO:

CONDUCT AN IN-DEPTH INVESTIGATION

IDENTIFY THE INDIVIDUALS BEHIND THE ORGANIZATIONS OPERATING IN THE AREAS OF PUBLIC INTERESTS

IDENTIFY WHETHER OFFICIALS OR THEIR AFFILIATES ARE INVOLVED OR HAVE ANY INFLUENCE IN ORGANIZATIONS OF PUBLIC INTERESTS

IDENTIFY NONOBVIOUS LINKS BETWEEN COMPANIES, AS WELL AS COMPANIES MANAGED OR SUPERVISED BY THE SAME PERSON

COMBINE WITH OTHER DATA SOURCES TO ADD VALUE (SUCH AS PROCUREMENT DATA, ASSETS DECLARATIONS, POLITICAL FINANCING, ETC)

Journalists play a vital role in revealing flaws or false information in BO declarations and informing the public.

3.1

WHAT DATA DO THE BENEFICIAL OWNERSHIP DECLARATIONS CONTAIN? WHERE ARE THEY PUBLISHED?

In the declarations of the companies' beneficial owners the journalists can find information on:

- the company (legal name, address, date of registration, xxx),
- share ownership,
- the level of participation by the state, community or an international organization,
- intermediate legal entities in the ownership chain,
- the firm's beneficial owners.

In Armenia the threshold for revealing the beneficial owner

10%

mining industry

20%

other sectors of business

Beneficial owners data included in the declarations

Full name

Citizenship

Identity document

Registration and residence addresses

Proves grounds for being a beneficial owner
(supporting documents)

Information on the status of the beneficial owner
(since when he/she has become an owner)

Contact details of the beneficial owner.

Data of intermediate legal entities

Information about intermediate legal entity

Listing data of intermediate legal entity shares

Participation chain

This information is published in the public register of the beneficial owners and is available for free to journalists via the e-register.am website.

4.1

HOW TO FIND AND USE INFORMATION ON BENEFICIAL OWNERS?

The information concerning beneficial owners of the organizations is available on **e-register.am** website.

In the "Search" section it is possible to search both organizations and beneficial owners.

STEP 1

Go to **e-register.am** website.

STEP 2

In the "Search" tab enter the companies' name.

STEP 3

Find the company's name and click on it.

STEP 4

There is a BOT declarations section, click "View" to see declarations appeared on the left side of the screen.

STEP 5

Pay attention to the date to open the most recent declaration and click on it.

THE DATA CONCERNING BENEFICIAL OWNER CAN BE:

- Viewed online as a declaration;
- Viewed as a chart showing the ownership chain of an organization;
- Printed or saved as a PDF;
- Downloaded in Json format.

JSON (JavaScript Object Notation) format enables the display of text data in a systematic way. Once downloaded, the data can be analyzed using other computer tools.

**BENEFICIAL OWNERSHIP INFORMATION IN THE BUSINESS REGISTER
CAN BE COMBINED WITH OTHER DATA SOURCES TO ADD VALUE
AND CONSTRUCT STORIES**

- *Election results of the Central electoral commission,*
- *Armenia Securities Exchange,*
- *Aleph, the global archive*, of research material for investigative reporting held by the Organized Crime and Corruption Reporting Project (OCCRP),
- *List of Armenian mining companies through* (EITI Reports)
- *Open Ownership's Global Register*, where it is possible to search and find BO data of more than 16 million companies;
- *org-id.guide*, an international database for registered companies;
- *the Corruption Prevention Commission's website*, where financial disclosures and assets declarations of Political Exposed Persons (PEPs) can be found, to look for potential conflicts of interests;
- the Armenian procurement system (<https://gnumner.am>, <https://armeps.am/ppcm/public/contracts>), to look for companies awarded for public contracts; and
- *the Judicial system's website*, where information on sanctioned companies can be accessed.

5

WHAT IS THE IMPORTANCE OF HAVING A BENEFICIAL OWNERSHIP REGISTER?

Beneficial ownership transparency has been introduced as a powerful tool in the fight against money laundering and tax evasion. Shadow companies are mainly used to hide profits, finance terrorism or hide money laundering. During 1980-2020 anonymous companies were involved in about 70% of the largest corruption cases.

WHAT ARE THE KEY BENEFITS OF BO FOR GOVERNMENTS?

- BO transparency helps to prevent conflicts of interest and can help ensure compliance with anti-corruption requirements.
- BO transparency helps prevent tax evasion and ensures that governments receive the revenue they are due.
- BO transparency supports governments in obtaining the highest value for their extractive contracts.

According to Armenian legislation, it is mandatory to identify beneficial owner(s) who actually control or have a profit from the business. The companies are required to submit a declaration of beneficial ownership.

In April 2020, Armenia launched the process of declaring beneficial owners of the mining sector, considering the fact that the sector provides about seven percent of state revenues per year. On June 3, 2021 Armenia adopted a legislative package obligating all companies to submit a declaration of beneficial owners in the public register.

According to the amendments, from now on all legal entities registered in Armenia must submit a beneficial ownership declaration. Until March 1, 2023 all companies shall submit a BO declaration. The declarations are published in the public register and are available on e-register.am website.

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