



WHO IS THE UBO OF COMPANY C ?

USE CASE BASED ON FINCRIME AGENT GPT - NOVEMBER 2023

INPUT 1

This is the first action I took. I just uploaded this scribbled in JPEG showing a company structure, and asked **who is the UBO of Company C?**

The screenshot shows a chat interface with a sidebar on the left containing 'ChatGPT', 'FinCrime Agent', and 'Explore'. The main chat area is titled 'FinCrime Agent' and shows a message from 'You' with a hand-drawn diagram and a question. The diagram is a flowchart showing ownership: COMPANY A (100%) owns COMPANY B (60%), which in turn owns COMPANY C. PERSON 1 (20%) owns COMPANY D (30%), which also owns COMPANY C. The question asks 'WHO IS THE UBO OF COMPANY C?'. Below the diagram, the text reads 'can you please help me establish the ultimate beneficial owner of Company C?'.

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graph TD; A((COMPANY A)) -- 100% --> B((COMPANY B)); B -- 60% --> C[COMPANY C]; P1((PERSON 1)) -- 20% --> D((COMPANY D)); D -- 30% --> C;
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WHO IS THE UBO OF COMPANY C?

can you please help me establish the ultimate beneficial owner of Company C?

Let's see what was the reply to that ...

ANSWER 1

FinCrime Agent GPT firstly provided me with **the recap of the company structure** to validate that all percentages in my scribble are correct... And yes they all are.

It then started to **explain the controlling stakes across all entities.**

The screenshot shows a chat interface with a sidebar on the left containing 'ChatGPT', 'FinCrime Agent', and 'Explore'. The main chat area is titled 'FinCrime Agent' and contains the following content:

WHO IS THE UBO OF COMPANY C?

can you please help me establish the ultimate beneficial owner of Company C?

FinCrime Agent
To establish the ultimate beneficial owner (UBO) of Company C, we need to trace the ownership chain and determine which individuals or entities ultimately own or control Company C.

Based on the image provided, here's the ownership structure:

- Company A owns 100% of Company B.
- Company B owns 60% of Company C.
- Person 1 owns 70% of Company D.
- Company D owns 30% of Company C.

Given this structure, Company A has a controlling stake in Company B, which in turn has a controlling stake in Company C, making Company A the UBO of Company C through its ownership of Company B.

However, since Company D also owns a portion of Company C and Person 1 is the majority owner of Company D, Person 1 could also be considered a UBO of Company C, but only in relation to the 30% stake owned by Company D.

Message FinCrime Agent...

Let's continue ...

ANSWER 1

We did not specify initially in which jurisdiction we are so **FinCrime Agent GPT now is providing a broad definition of UBO by applying the 25% rule.**

This is the explanation and rationale used to establish who is the UBO of Company C.

The screenshot shows the FinCrime Agent chat interface. The left sidebar contains navigation options: ChatGPT, FinCrime Agent (selected), and Explore. The user's name is Marco Beranzoni. The chat content includes:

- Header: FinCrime Agent
- Text: of Company B.
- Text: However, since Company D also owns a portion of Company C and Person 1 is the majority owner of Company D, Person 1 could also be considered a UBO of Company C, but only in relation to the 30% of Company C that Company D owns.
- Text: In many jurisdictions, a UBO is defined as an individual who ultimately owns or controls more than 25% of a company's shares or voting rights, or who otherwise exercises control over the company or its management. Under this definition, Company A would be the UBO of Company C due to its indirect control via Company B. Person 1 would also be considered a UBO, but only for the part of Company C that Company D controls.
- Text: If we strictly follow the typical regulatory threshold of 25%, Person 1 would not meet the threshold for the UBO of Company C since Person 1 only indirectly controls 30% of Company C through Company D. The UBO, in this case, is Company A, which through Company B controls 60% of Company C, exceeding the 25% threshold.
- Text: Therefore, the UBO of Company C, based on the information provided and commonly accepted definitions, is Company A.
- Text: < 2 / 2 >
- User input: You: What if we say that Company A is owned by multiple shareholders each owning no more than 5% shares in Company A? Who would be the UBO with this variation?
- Input field: Message FinCrime Agent...
- Footer: ChatGPT can make mistakes. Consider checking important information.

Shall we complicate things ...

VARIATION

I'm now making Company A owned by multiple shareholders where **each of those own no more than 5% of Company A.**

This is the **revised explanation and rationale** used to establish who is the UBO of Company C.

The screenshot shows a chat window with a sidebar on the left containing 'ChatGPT', 'FinCrime Agent', and 'Explore'. The main chat area is titled 'FinCrime Agent' and shows a conversation. The user's message is: 'What if we say that Company A is owned by multiple shareholders each owning no more than 5% shares in Company A? Who would be the UBO with this variation?'. The agent's response is: 'If Company A is owned by multiple shareholders each owning no more than 5% of the shares, then Company A does not have a single individual as a UBO based on share ownership. In this scenario, we'd look at control through other means, such as voting rights or the ability to appoint management. If no individual exercises control in such ways, Company A may be considered to have no individual ultimate beneficial owner according to typical regulatory definitions. However, since Company A, through Company B, still owns 60% of Company C, Company A itself (as an entity) would maintain its status as the UBO of Company C from a legal entity perspective, but not from an individual perspective. In contrast, Person 1 who owns 70% of Company D, which in turn owns 30% of Company C, would be considered the UBO of that 30% share of Company C because Person 1's ownership stake in Company D gives them significant control over that portion of Company C. In the absence of an individual with a significant ownership stake or control over Company A, and by extension Company B, Person 1 would be the only identifiable individual UBO associated with'. At the bottom, there is a text input field 'Message FinCrime Agent...' and a disclaimer: 'ChatGPT can make mistakes. Consider checking important information.'

continue ...

VARIATION

Full view of the final **explanation provided by FinCrime Agent GPT to establish who is the UBO of Company C based on the variation.**

The screenshot displays the ChatGPT interface with the 'FinCrime Agent' selected. The chat history shows a previous message from the user and a response from the agent. The agent's response is as follows:

FinCrime Agent

If Company A is owned by multiple shareholders each owning no more than 5% of the shares, then Company A does not have a single individual as a UBO based on share ownership. In this scenario, we'd look at control through other means, such as voting rights or the ability to appoint management. If no individual exercises control in such ways, Company A may be considered to have no individual ultimate beneficial owner according to typical regulatory definitions.

However, since Company A, through Company B, still owns 60% of Company C, Company A itself (as an entity) would maintain its status as the UBO of Company C from a legal entity perspective, but not from an individual perspective.

In contrast, Person 1 who owns 70% of Company D, which in turn owns 30% of Company C, would be considered the UBO of that 30% share of Company C because Person 1's ownership stake in Company D gives them significant control over that portion of Company C.

In the absence of an individual with a significant ownership stake or control over Company A, and by extension Company B, Person 1 would be the only identifiable individual UBO associated with Company C, but only in relation to the 30% owned through Company D. The remaining 60% of Company C, while owned by Company B (and by extension, Company A), would not have an identifiable individual UBO based on the provided information.

At the bottom of the chat window, there is a text input field with the placeholder 'Message FinCrime Agent...' and a 'Send' button. A small disclaimer at the bottom of the interface reads: 'ChatGPT can make mistakes. Consider checking important information.'

Impressed?...

Try FinCrime Agent GPT!

<https://chat.openai.com/g/g-6z1jnZLCV-fincrim-agent>

ONLY AVAILABLE TO CHAT GPT PLUS USERS



About the Author



Marco Beranzoni

Financial Crime Specialist

With a career spanning over 15 years, Marco Beranzoni is a seasoned specialist in the realm of financial crime prevention. His expertise has been honed at numerous Tier 1 financial institutions, and he currently lends his vast knowledge to a leading fintech solution provider.

His academic accomplishments are highlighted by his CAMS certification and a plethora of ICA certificates.

Marco's dedication extends beyond traditional roles: he's the mastermind behind "FinCrime Agent," a YouTube channel dedicated to illuminating various facets of financial crime. His profound passion for technology underscores his belief in its potential to revolutionise the financial compliance sector, ensuring a more secure financial legacy for all.



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