

# Forensic Accounting Activity

Trusted forensic accountant, here are the facts:

- “Remember Me Antiques and Gifts” burned down during a storm.
- Traces of kerosene were found on the scene.
- The store owner claims kerosene lanterns were sold in the store.
- The marshal concluded the fire was caused by lightning.
- Natural causes such as flood, lightning or storm damage were covered in the storeowner’s new \$500,000 insurance policy. Not only is the cost of the building covered, but also the cost of the inventory that was destroyed.
- The store owner has had this credit card for +10 years and has never missed a payment. The card has a maximum of \$18,000.
- The store owner is 7-months behind on payroll taxes.
- Financial records—like the credit card statement below—are crucial in determining whether further investigation is required.

You have 25 minutes to review the information provided and present your group’s collective recommendation. Should the insurance company pay out the claim? Why or why not?

<i>Date</i>	<i>Transaction</i>	<i>Charge</i>	<i>Deposit</i>	<i>Balance</i>
01/01/24	City Water District #9	\$75.00		\$16,627.54
01/02/24	One-time payment		\$500	\$16,127.54
01/09/24	ABC Office Supply	\$42.45		\$16,169.99
01/14/24	Temple Insurance Co. (6-month policy)	\$625.00		\$16,794.99
01/15/24	Payroll	\$1250.00		\$18,044.99
01/20/24	Fresh Market	\$33.80		\$18,078.79
01/26/24	Legacy Storage	\$125.00		\$18,203.79
01/30/24	Orin Power and Light	\$57.84		\$18,261.63
01/31/24	Automatic payment-monthly minimum		\$15	\$18,276.63
02/01/24	Al’s Hardware Store	\$36.76		\$18,313.39
02/02/24	Rick’s Truck Rental	\$125.00		\$18,438.39
02/15/24	Payroll	\$2275.00		\$20,713.39
02/24/24	Fresh Market	\$18.72		\$20,732.11
02/26/24	Bank Loan		\$3000	\$17,732.11
02/28/24	Orin Power and Light	\$127.89		\$17,860.00
02/28/24	Automatic payment-monthly minimum		\$15	\$17,845.00
03/01/24	City Water District #9	\$71.00		\$17,916.00