

Forensic Accounting Activity

Time to complete the activity: 25 minutes

Supplies needed: Record of credit card and banking transactions

Group size: 4-6 high school students

Volunteer instructions:

Introduce yourself and ask the students to introduce themselves. Next, give each student a handout. Then, read the activity prompt aloud. Allow each student time to review and flag transactions that raise suspicion on their own. Guide the students through a group discussion where they share their findings.

Prompt:

Your assistance is required in a potential criminal investigation.

In the stormy early hours of March 2, the “Remember Me Antiques and Gifts” store was destroyed by a fire. The initial investigation by the local fire marshal indicated traces of kerosene, which can be used as an accelerant. The store owner told the marshal that kerosene lanterns were sold in the store, so the marshal concluded the fire was caused by another source, lightning.

The store owner had recently purchased a new insurance policy that covered the building and its contents. Natural causes such as flood, lightning or storm damage were covered in this new policy. The store owner stands to gain an insurance settlement covering not only the cost of the building but also the cost of the inventory that was destroyed.

The insurance company still suspects arson and has hired you to investigate before they pay this costly claim. According to the store owner, most of the accounting records were destroyed in the fire. Financial records—like the information provided—are crucial in determining whether the numbers point to a motive for arson.

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?