

Arson-for-Profit



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Overstocked
Inventory?

Bankruptcy?

Labor or Franchise
Disagreements?

Unpaid Taxes?

Dunning Letters?

Prior Fire
Claims?

Judgments?

Check Kiting?

Gambling?

Desire to Relocate?

Elimination of
Competition?

Overdrafts?

Delinquent
Loans?

See the Big Picture

Indicators of Insolvency

Recurring net cash outflows

Increasing working capital deficiency

Declining sales/increasing inventory

Defaults on loans & mortgages

Non-payment of taxes

Increases in owner contributions

Decreases in salaries/withdrawals

ZAP'S WAREHOUSE

Indicators of Insolvency

Four consecutive net losses
for 4 years

Net loss of \$327,189 in the
final four months of operation

341 NSF charges in the last
18 months

Delinquent on IRS payroll
taxes

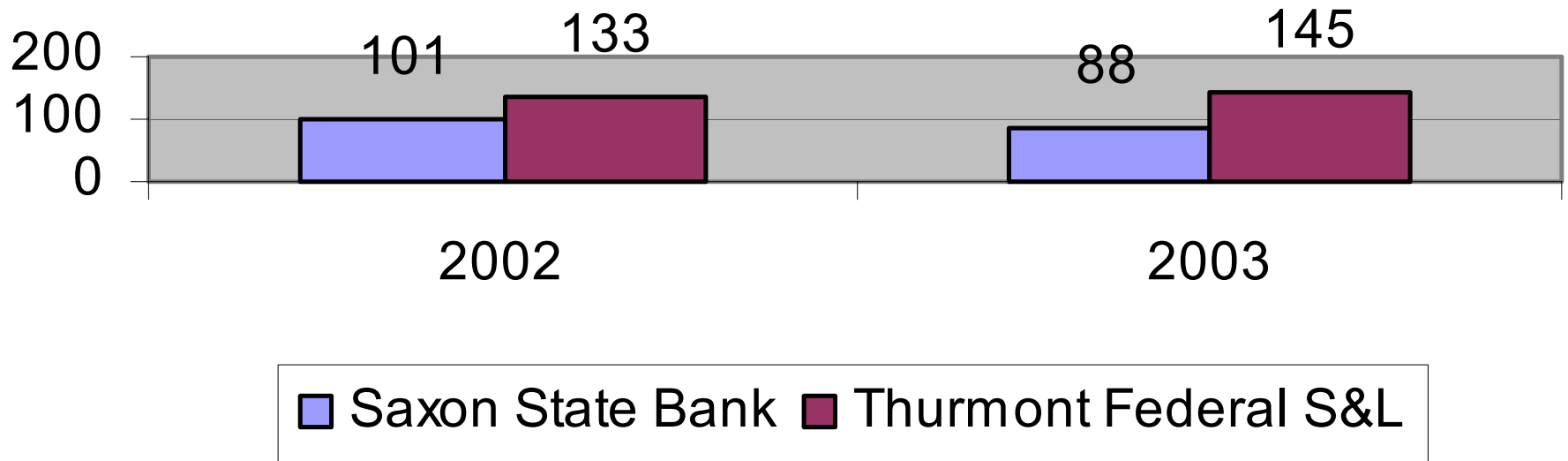
Three rejections for additional
loans

Frequent check kiting
between business and personal
checking accounts

Personal residence
unsold
for the last 21 months

Recurring NSF Charges

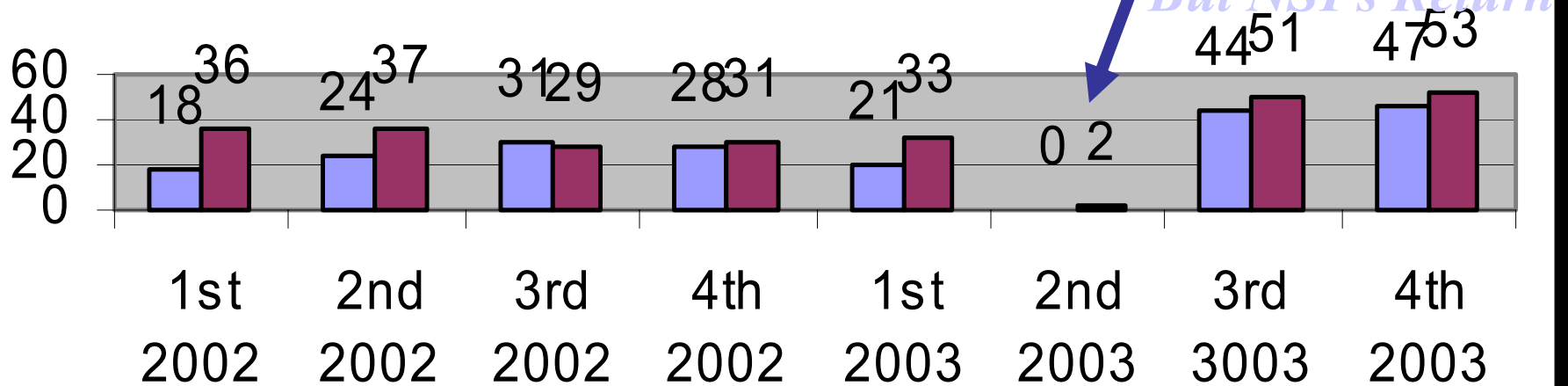
Number of NSF Charges by Year



Highlight Aberrations

Received Working Capital Loan

Number of NSF Charges by Quarter

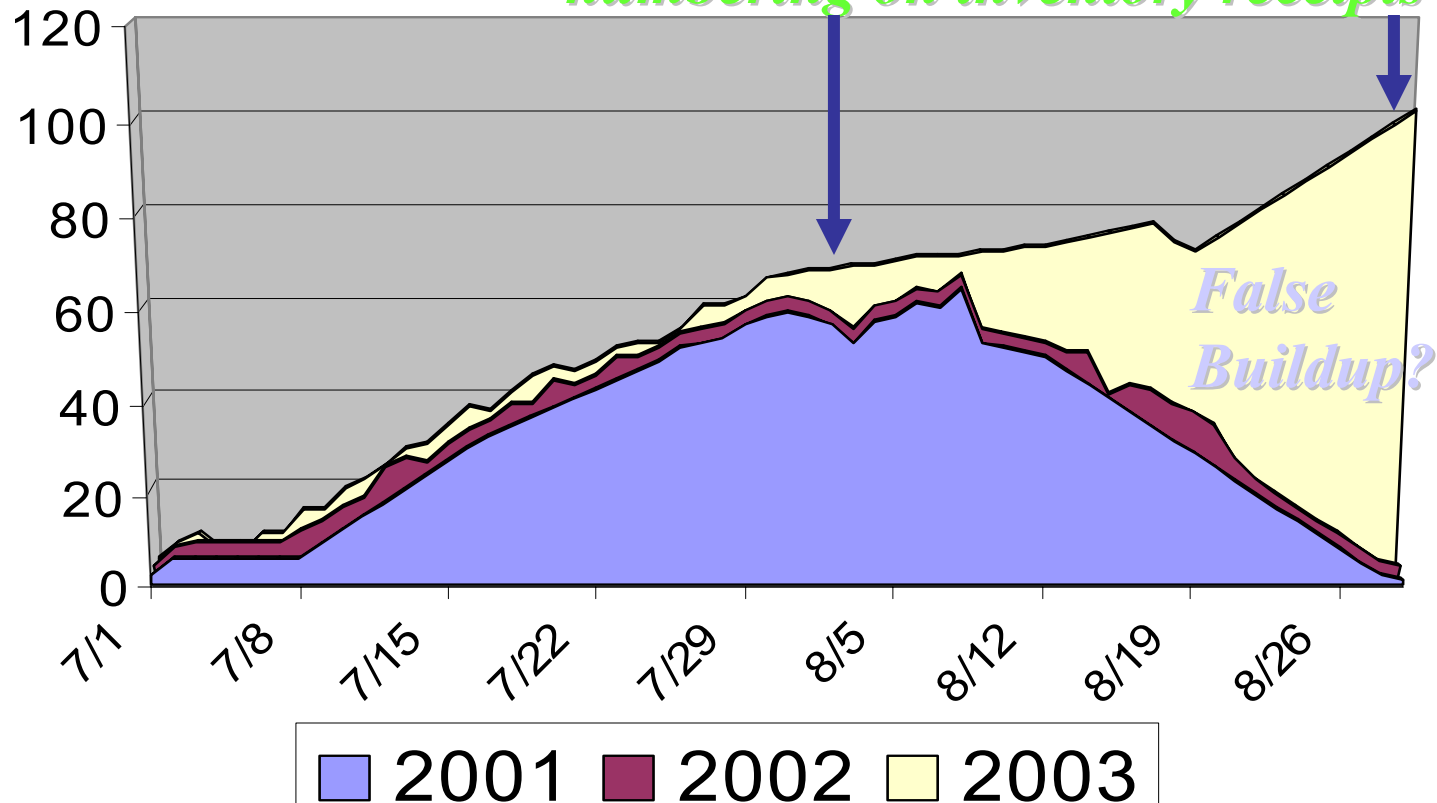


■ Saxon State ■ Thurmont Federal

Pre-Fire Inventory Buildups

July- August Inventory in 2000-2003

*Sequential, rather than haphazard,
numbering on inventory receipts*



Increasing Owner Contributions

Fire 11/29/03

