All students are required to understand the meaning and consequences of cheating, plagiarism and other academic offenses under the Code of Student Conduct. All written material may be submitted in French or in English. “In the event of extraordinary circumstances beyond the University’s control, the content and/or evaluation scheme in this course is subject to change.”

Class Times: Tues, Thurs 4:05-5.25
Classroom: TBA
Instructor: R. T. Naylor

TA: Charles Guay-Boutet

TWELVE PRELIMINARY WARNINGS:
1) U-1 students in a 90-credit program are NOT admitted. U-1 students in 2nd year of a 120-credit program legally can take it but do badly. Wait one more year!
2) Formal Prerequisite: Six credits of University Level Economic Principles. NO Exemptions! (Note this is a pre-requisite not a co-requisite.)
3) Informal Prerequisite: Students are strongly advised to have finished at least three credits of university macro economics. Micro alone is usually insufficient to follow the course readings and do course projects.
4) The Course requires original research with in-person interviews and analysis of court documents. This is NOT easy. Missing a logically important step in your analysis can be fatal to your grade.
5) There are very few A’s. I do not raise grades except under truly exceptional circumstances – only once last year and none in the preceding three years.
6) Classroom Etiquette: If your cell or laptop rings, buzzes, or hiccupps, leave class immediately.
7) Be on time.
8) Class material is shown once only in class, NOT on MyCourses.
9) MyCourses has all administrative materials; check it for emergency announcements.
10) E-mail restrictions: Do NOT contact me by e-mail unless by prior agreement. Any not preapproved e-mail is junked. I have regular office hours usually before classand at times to be announced to take questions about projects. See full Syllabus. The TA can be reached at: cgboutet@hotmail.ca
11) Consult your McGill e-mail for messages from me or the TA. Those will include official notification of changes in class times or procedures.
12) The criteria for final grades are clear and progress of your grade will be evident over the term. No negotiations!

If you meet these criteria, welcome to a world ruled by Sturgeon’s Law: “Ninety percent of everything is crap.” This principle applies to mass-media reports, books even by “reputable” publishers, and a fair bit of what some profs tell you. Your job is to find and understand the other 10%.
COURSE CONTENT: (not necessarily in order and subject to some change)
Topics covered may include (time permitting):
- Is there really an “Underground Economy?”
- Organized Crime: The Traffic in Human Body Parts
- The VICE Squad!
- The Smoke Ring
- Reefer Madness
- Snowstorm!
- Opiates for the Masses!
- All Washed Up?
- Tax Evasion for Fun and Profit
- Theory and Practice of Black-Collar Crime
- Meet the Banksters
- How to REALLY make money!
- Art Connoisseurs and Con Artists
- The Gold Diggers
- Diamonds Are Whose Best Friend?
- Wasted! The “Mob” and the Garbage Trade
- Flags of CON-venience
- Fishy Business in the Fishing Business
- Cut & Run! The Illicit Timber Trade
- Wild Bunch: The Endangered Species Racket
- Final Career Opportunities Class - Gunrunning for Fun and Profit!

MARKING SCHEME:
Grades are based on five pieces of written work:
1. First Short Essay (25%)
2. Second Short Essay (25%)
3. Case Study: (a) Preliminary Outline (possible MINUS 5%)
   (b) Final Outline (10%),
   (c) Final Case Study (40%).

CASE STUDY:
For more information on requirements and contents, see separate handout on Case Studies on MyCourses. All case studies this year deal with a particular instance of ONE of the following general categories – although other subjects that might work will be announced from time to time during lectures. See the note on other topics below:

1) Black-Collar Crimes: financial and commercial frauds committed in the name of religious organizations. This does NOT mean a particular religion is the subject of your investigation – merely abuse of religious labelling for illegal enrichment (tax fraud,
embezzlement of funds, financial victimization etc.). All religious bodies are possible targets or fronts; criminal cases have involved Buddhist monks, Hassidic rabbis, Christian evangelical ministers, and Islamic bankers. Avoid things that are obvious; they are likely overdone. More media sensationalism means more disinformation and less credibility.

2) **Illegal Tender:** AKA counterfeiting of currency or similar financial assets – checks, stocks, bonds, gold coins, mortgage titles etc. These can be historical (mainly paper) as well as recent (usually e-manipulation). To find a specific case you have **three main obligations:** *first*, dig up something that is not obvious – don’t waste rehashing recent headline stories; *second*, make sure YOU understand what is really going on since this type of topic can be full of traps for amateurs; *third*, find credible sources of first-hand information. This category can also extend to **stock fraud** with gold, silver or other metal mines (e.g. rare earth metals) particularly ripe for manipulation in ways different from fraudulent trading in otherwise legal stocks. **Be highly dubious of crypto-currency crap. You probably think you understand it but usually do not. Best to avoid.**

3) **Crimes Against Nature:** This category can embrace everything from illegal fishing or logging to covert dumping of toxic waste to manipulation of the carbon-credit market etc. *(Be especially careful to not just repeat stuff from class lectures.)* Keep in mind that in our legal systems, humans are “victims,” not fish or animals or rare plant species, and punishment is in the form of a financial transfer from one person or set of persons to another, not restoration of damage done to the biosphere and its other inhabitants. Focus on the illegal acquisition, movement, and marketing. **Please! None of the usual recycled stories about Chinese e-waste sites! Look around your own habitat.**

4) **Sins of the Agro-Pharmacological-Chemical Complex:** While the media tend to focus on news, real or fake, from China, in reality there is an enormous backlog of unsettled instances in the West, too. Focus not just on shortcuts and falsifications (they must be proven, not just repeated from the crass media) but on scams involving marketing, trading, bribing regulators etc. **Avoid drugs that are illegal from the start.** There are also possible cases with things like “semi-voluntary” testing on prison populations or deliberate sale of expired drugs to poor countries or hidden application of banned agricultural chemicals or illicit dumping of toxic waste. *(Find recent cases different from those used as examples in class.)* If you choose this group, make sure to always have a back-up topic. **The original discovery might generate a lot of fuss, but then get hidden under a legal haystack.**

**Avoid the Four D’s – Dumb, Dull, Dangerous, or Done too often already.** If your initial choice looks easy because so much attention has been paid to it that is a danger sign. **Once you make your choice and register it with Professor Naylor it may be revised only with his permission and only up to the due date of your second outline.**
NOTE ON OTHER TOPICS: At various times during classes Professor Naylor may suggest other topics that seem suitable. There is NO GUARANTEE they are doable. But you are free to try to make up a new preliminary outline, then bring it to Professor Naylor for specific authorization before the deadline has passed. Usually the answer is NO. But if there is an interesting RECENT (i.e. no more than five years old) fraud or massive theft that does not exactly fit the above categories (PLEASE NO SNC-Lavelin) you can do some work on it and come to see me ALONG with your required triple topics. Remember that Professor Naylor decides what is acceptable.

Topic registration: You must register your topic with Professor Naylor in Leacock 321D on Friday, September 20 between 11:00 AM and 5:00 PM. Earlier times will be available only to those who have genuine reasons not to make the Friday registration, and can prove it. Those earlier times will be announced in class. If you don’t show up at the required time and do not have a documented explanation from a genuine professional, you will be assumed to have withdrawn from the course. No case study on an unregistered, unapproved topic will be accepted.

BEFORE YOU SEE PROFESSOR NAYLOR do serious investigation of a minimum of THREE possibilities from classifications above. All three can come from one category but it is safer to spread out. If you want to discuss an alternative, come with the three mandatory ones and concrete ideas for the alternative.

Proper preparation for the interview means: defining the topic carefully, finding out by preliminary research the main issues involved, and having in mind a short summary of how you intend to proceed. If you show up without these preliminaries you will be told to come back later; that will require you to stand in the queue again. There will be no third chance. Many topics do not work; discussing them early with the instructor minimizes wasted time. If you have done your preliminary work, yet none of your suggestions seem viable, we can discuss alternatives.

Preliminary Outline: Each student must by Thursday, October 3 at 5:00 PM submit a brief printed on paper WORD document (NO PDFs!) one page absolute max, Times New Roman 12 point font, single-spaced, no acronyms or abbreviations. The strict size limit is to force you to avoid extraneous material. An outline must contain:
   a) A summary statement of the topic chosen in a few clear sentences;
   b) A brief plan of action in clear point form;
   c) A short reference to where you got the topic and research already done;
   d) A point summary of further research provisionally planned;
   e) Overall coherence and logic.

Preliminary outlines are returned in class, barring some catastrophe, on Tuesday October 8. Students can potentially receive THREE grades – S; satisfactory; U:
unsatisfactory; or R: revise-and-resubmit. If you receive an R you must resubmit satisfactorily within one week of the class when the outlines were returned or you will be downgraded to U. That means a loss of 5 marks from total final course grade.

Changing Topics: after your preliminary outline is approved, changing topics requires in order: (1) careful consideration; (2) consultation with the TA; (3) approval by Professor Naylor. After you submit your extended outline (see below), you are locked in.

Extended Outline: Each student will submit an extended outline (2 pages max, same rules as above – submit in WORD - NEVER PDF’s – don’t try to cheat with smaller type or single spacing) with subject matter clearly stated, research methods explained, and a summary of work done along with work expected to be done, without appendices or elaborations of data sources, at the latest by Thursday Oct 31, 5:00 PM. (Nothing prevents you from getting them in earlier). Point form is fine as long as it is logical and comprehensible. Outlines will be returned the next week. The extended outline is to be resubmitted with the final Case Study. Think of the extended outline as your case study in miniature form. The extended outline is worth 10 marks out of your possible total of 50 on the case.

Submission of Case Study:
(1) Avoid looking at previous case studies even if you know a previous student class. Each case study is unique, rules change, time passes, past cases mislead.
(2) The final Case Study is submitted in PAPER FORM using the same protocol as above – no e submissions and no PDFs - by 5:00 PM Thursday, November 21 with same presentation protocols as extended outlines EXCEPT USE DOUBLE SPACING. It can be given to Professor Naylor in class, placed in his mail slot in the main office on the third floor of Leacock (that office closes at 4:30) or, riskier, in the box marked for Econ 316 on or near his office door.
(3) No excuses are acceptable except properly documented medical and similar emergencies. U.S. Thanksgiving is no excuse - the case study can be turned in earlier or by another student if you want to take that risk. Penalties for late submission are five marks (out of a total possible of 40) per day and start being assessed at 5:01 PM on the day the item is due.
(4) NOTE CAREFULLY the checklist attached to the case-study handout (a separate item on MyCourses). It must be completed and submitted with your case study. Its absence can lead to your mark being reduced especially in marginal cases.
(5) Before submitting, REREAD instructions carefully. All papers must have a cover page that clearly shows name, student number, date, and title. Avoid superfluous packaging including wasteful McGill hard binders. Make sure you attach firmly all required material (i.e. outline etc. plus the most important documents used in your research). Every year, despite this warning, someone decides to just stick a
bunch of loose pages into my mail box – they go directly into the recycling bin and your mark suffers accordingly.

(6) Keep a COPY! The Case Studies are NOT returned.

**SHORT ESSAY EXAMS:**
Students do both a mid-term and final short-answer essay. Each is worth 25% of the final grade (given as 25, 20, 15, 10, 5, 0). **On MyCourses students can see a separate handout with several questions: one group for the first short essay; a second group for the second submission.** In preparation students should prepare answers to both topics for the each set of essays using their own research. **There is no need for footnotes or references.** Originality is rewarded: just repeating class and lecture material is unacceptable. **Everyone submits their own** but there is no law against forming an informal group to work together. **Timetable for submission is given below. DO NOT SUBMIT PDF’**s. They will give you a mark of ZERO.

If you wish to have feedback from the class TA on potential answers to the short essay questions, you must first give him/her a serious outline of what you intend to submit. Affable chit-chat is no substitute. The TA is fully able to change her/his mind between your original outline and her/his decision when marking the final version.

**Midterm short essay:** On **Tuesday October 10** in class there will be a random draw to select **ONE** of the posted questions for the first essay-exam. They are to be sent by **5:00 PM Thursday October 10 to the TA by e-mail. WORD NOT PDF!** THE TA will deduct marks for late submission.

**Final short essay:** On **Tuesday November 26** in class there will be a random draw to select **ONE** of the two posted questions for the second essay-exam. They are to be sent by **6:00 PM Thursday, November 28 to the TA by e-mail in WORD format.** Late deductions apply as with the case study or outlines.

Each answer prepared for the **four** possible questions should be **no more than three double spaced pages using a Times New Roman 12-point font in WORD.** Late submission penalties are **five marks** out of 25 possible total per day starting **6:01 on the due date.** After four days past due date your top mark is ZERO.

**Course Packs:**
There are no **textbooks** in the strict sense. However there will be a course pack: **Economic 316: The Underground Economy,** available at the bookstore. It will introduce you to **some** issues; but you are expected to use your own initiative to round out your knowledge. Most essential material for both case reports and short essay-exams will come from your own searches of periodical literature and news sources.
**Library Resources:** Many journals and newspapers are available via McGill libraries and the web at large. The university also has e-access to publications from all over the world. **Michael David Miller** at the Library is excellent in assisting on these searches. He will be introduced to you in class in mid October. He has already created a research guide for this course: [http://libraryguides.mcgill.ca/economics/undergroundeconomy](http://libraryguides.mcgill.ca/economics/undergroundeconomy)

**Class Assistants:**
The teaching assistant, Charles Guay-Boutet (cgboutet@hotmail.ca) is there to help you. He will have regular office hours. If you really can’t make those times, he can create special times for you *within reason*. He, too, has academic responsibilities and is not obligated to deal with people who are rude, pushy, or inconsiderate.