



Corporate Crime

(Tax Evasion, Corporate Crime and Corruption in Context – Theoretical Approaches and Contemporary Challenges)

Lecturers:

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Brief introduction

This is a course about corporate crime. The course will concentrate on three major topics:

1. *corruption*,
2. *corporate and financial crime and*
3. *tax evasion*.

The aim of the course is to provide students with an overview of the current field of transnational corporate crime, including theoretical explanations and regulatory problems. Particular emphasis will be put on the institutional (market-, legal, etc) context of corporate crime.

Therefore this is not a comprehensive introductory course on the criminology of corporate crime. The course takes a decidedly interdisciplinary look at contemporary issues on corporate crime, utilizing literature not only from criminology, but also from political science, sociology, anthropology and economics.

Each topic will start with the in-depth analysis of case studies. From these we will proceed to theoretical reflections on the social, economic and political context as well as the causal relations of corporate crime. Finally, we will discuss the regulatory and policy challenges in addressing transnational corporate crime.

This is a course for students with interest in criminal law and criminology, especially in corporate crime, financial crimes and financial regulation and taxation. The topics addressed will be international, thus knowledge of national law is not a prerequisite. The difficulty of the course material will be accessible to both BA and MA students. During the two weeks of the course, participants will be required to undertake relatively intense work, including preparation (reading) at home.

Course schedule

All the classes will take place between 9 March and 20 March

9 March, Monday 12-14:00 16 March, Monday 12-14:00

10 March, Tuesday 12-14:00 17 March, Tuesday 12-14:00

11 March, Wednesday 12-14:00 18 March, Wednesday NO CLASSES



12 March, Thursday 12-14:00 19 March, Thursday 12-14:00

13 March, Friday NO CLASSES 20 March, Friday 12-14:00

This is a condensed intensive course. Regular attendance is required.

Assignments

Students will be required to read the compulsory reading material. There will also be assignments for short student papers on a voluntary basis on select topics and materials. These will be discussed at the beginning of the course. A completed assignment relieves the student from the requirement to submit an essay at the end of the term.

Exam, Evaluation and Grading

In order to complete the course, students will be required to submit an essay. Submission deadline is the end of the term. Topics and further details, including a detailed grading policy will be made available on the moodle page of the course at the beginning of the term. The grade received for the essay will constitute the final grade, except for those who have completed an assignment during the course. The latter will be graded based on the assignment.

Topics and Literature

Corruption

1. Case Study Nr. 1.: The Al Jamamah Deal

Required material:

Black Money. A PBS Frontline Documentary.

<https://www.pbs.org/wgbh/pages/frontline/blackmoney/view/>

2. State Capture, State Crime, and the Political Economy of Corruption: Institutional Perspectives

Required reading:

Peoples, Clayton; Sutton, James E.(2017): Political Corruption and State Crime. In: Criminology and Criminal Justice. Oxford Research Encyclopaedias

Innes, Abby (2014): The Political Economy of State Capture in Central Europe. Journal of Common Market Studies. Vol. 52. pp. 88-104.

Recommended reading:

Gryzmala-Busse, Anna (2008): Beyond Clientelism. Incumbent State Capture and State Formation. In: Comparative Political Studies. Vol. 41. Nr. 4/5. pp. 638-673.

Case Study Nr. 2. The Siemens Scandal

Required material:

SEC v. Siemens Aktiengesellschaft



3. “Otherwise there is no contract”: Organizational and Market Perspectives

Required reading:

Klinkhammer, Julian (2013): On the dark side of the code: organizational challenges to an effective anti-corruption strategy in: Crime, Law and Social Change. Vol. 60, Nr. 2. pp 191-208

Javor, Istvan; Jancsics, David (2016): The Role of Power in Organizational Corruption: An Empirical Study. in.: Administration and Society Vol 48. Nr. 5. pp. 527-558.

4. “That’s the way to do things here”: Individual Perspectives. Corruption as Culture

Required reading:

Xenakis, Sappho (2010): Pride and prejudice: Comparative corruption research and the British case in: Crime, Law and Social Change August 2010, Volume 54, Issue 1, pp 39-61.

Polese, Abel; Kovacs, Borbala; Jancsics, David (2017): Informality „in spite of“ or beyond” the state: some evidence from Hungary and Romania. In. European Societies Vol. 20. Nr. 2.

Corporate Crime and Crime on the Financial Markets

Case Study Nr. 3. The Enron Scandal

Required material:

Enron: The Smartest Guys in the Room.

<https://www.youtube.com/watch?v=rDyMz1V-GSg>

5. The Institutional Context of Corporate Crime

Required reading:

Dobbin, Frank, Zorn, Dirk (2005): Corporate Malfeasance and the Myth of Shareholder Value in: Political Power and Social Theory, Vol. 17, pp. 179-198.

McBarnet, Doreen; Wheelan, Christopher (2004): International Corporate Finance and the Challenge of Compliance. in: McBarnet, Doreen: Crime, Compliance and Control. London, Ashgate.

Recommended reading:

Győry, Csaba (2019). The institutional context of financial fraud in a post-transition economy: The Quaestor scandal. European Journal of Criminology, 17(1), 31–49.

Milhaupt, Curtis J. and Pistor, Katharina (2008): Law & Capitalism. What corporate crises reveal about legal systems and economic development around the world. University of Chicago Press, Chicago. pp.47-67.(The Chapter “The Enron Scandal. Legal Reform and Investor Protection in the United States.”)



Case Study Nr. 4. The Libor Scandal

Required reading:

Jordanoska, Aleksandra; Lord, Nicholas (2020): Scripting the mechanics of the benchmark manipulation corporate scandals: The 'guardian' paradox. *European Journal of Criminology*, 17(1), 9–30.

6. Corporate Crime and the Market Environment

Required reading:

Abolafia, Mitchel (2001): *Making Markets: Opportunism and Restraint on Wall Street*. Cambridge: Harvard University Press. pp. 167-192. (The Chapter „Cycles of Opportunism. Profits, Prudence, and the Public Interest”)

Recommended reading:

Tillmann, Robert (2017): The Price is not Right. Financialization and Financial Crime. In: Beckert, Jens; Dewey, Matias (eds.): *The Architecture of Illegal Markets. Towards an Economic Sociology of Illegality in the Economy*. Oxford University Press, Oxford. pp. 286-304.

7. Corporate Crime and Market Architecture

Required reading:

Lin, Tom C. W. (2017): The New Market Manipulation. In: *Emory Law Journal*, Vol. 66, pp. 1253-1287.

Recommended reading:

Lewis, Michael (2014): *Flash Boys. A Wall Street Revolt*. Norton, New York

8. Corporate Crime: Corporate Culture and Organizational Perspectives.

Required reading:

Prechel, Harland, Morris, Theresa (2010): The Effects of Organizational and Political Embeddedness on Financial Malfeasance in the Largest U.S. Corporations: Dependence, Incentives, and Opportunities. In: *American Sociological Review*. Vol. 75. Nr. 3. pp. 331-354.

Apel, Robert, Paternoster, Raymond (2009): Understanding “Criminogenic” Corporate Culture: What White Collar Crime Researchers Can Learn from of the Adolescent Employment-Crime Relationship. In: Simpson, Sally, Weisburd, David (eds.): *The Criminology of White-Collar Crime*. New York: Springer pp. 15-33.

Tax Evasion

9. Taxes with no nationality?

Required material:

The Tax Free Tour. A VPRO documentary.

<https://www.youtube.com/watch?v=d4o13isDdfY>

Recommended reading:

Addressing Base Erosion and Profit Shifting. OECD Report, 2013.

Shaxton, Nicolas (2011): *Treasure Island*. London. pp. 1-38.



10. The Political Economy of Tax Avoidance and Tax Fraud

Required reading:

Braithwaite, John (2005): *Markets in Vice, Markets in Virtue*. Oxford University Press, Oxford. (The Chapter “Aggressive Tax Planning in New York”)

Case Study Nr. 5. VAT Carousel Fraud

Required reading:

Grand Theft Europe. A cross-border investigation.

<https://correctiv.org/en/top-stories-en/2019/05/07/grand-theft-europe/>

Recommended reading:

Study and Reports on the VAT Gap in the EU-28 Member States: 2019 Final Report. European Commission, 2019.

11. The Institutional Context of Tax Fraud

Required reading:

McBarnet, Doreen (2004): *It’s Not What You Do but the Way that You Do It: Tax Evasion, Tax Avoidance and the Boundaries of Deviance*. In: McBarnet, Doreen: *Crime, Compliance and Control*. London, Ashgate.

12. Tax evasion and the costs of crime

Required reading:

Kalt, J. (1981). Public goods and the theory of government. *The Cato Journal*, 1(2), pp. 565-584.

Cohen, M.A. (2016). The costs of white-collar crime. In: Van Slyke, S., Benson, M., & Cullen, F. (eds.). *Oxford Handbook of White-Collar Crime*. Oxford: Oxford University Press, pp. 78-98.

Schneider, F. & Enste, D. (2000). Shadow economies: size, causes, and consequences. *Journal of Economic Literature*, XXXVIII, pp. 74-114.

13. Nobody is alone – Fighting tax evasion in a strategic context

Required readings:

Becker, Gary (1968). Crime and punishment: An economic approach. *Journal of Political Economy*, 76 (2), pp. 169-217.

Koçkesen, L. & Ok, L. (2007). *An introduction to game theory*. New York University, manuscript, Chapter 1.

14. The Portuguese strategy against tax evasion and other possible strategies

Required reading:

Wilks, Daniela, Cruz, José, & Sousa, Pedro (2019). ‘Please give me an invoice’: VAT evasion and the Portuguese tax lottery. *International Journal of Sociology and Social Policy*, 39 (5/6), 412-426. DOI: 10.1108/IJSSP-07-2018-0120.



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Reader

All required and recommended literature will be made available on the moodle page of the course at the beginning of the term.