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**How to organize Crime.**

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Summary: In criminal organizations, diffusing information widely throughout the organization might lead to greater internal efficiency (in particular, since these organizations are self-sustaining, through enhancing trust). However, this may come at the cost of leaving the organization more vulnerable to external threats such as law enforcement. We consider the implications of this trade-off and characterize the optimal information structure, rationalizing both "hierarchical" structures and organization in cells. Then, we focus on the role of the external authority, characterize optimal detection strategies, and discuss the implications of different forms of enforcement on the internal structure of the organization and policy. Finally, we discuss a number of applications and extensions.

*Classification:* M40 K90

*Keywords:* game theoretic models

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