

## Overview

Italy is among the lowest scoring EU member states in terms of transparency and integrity, with some key indicators near the global average. While it does not have a significant record of FCPA enforcement, it is notable that two out of three cases have arisen in the healthcare sector. Because of the extent of government management of healthcare institutions, many Italian healthcare providers will be considered government officials under the FCPA.

## Corruption Indicators

\*All indicators are scores/100 or are percentile ranks, 100=best.

1-33 34-66 67-100

Direct Measures of Corruption	Italy	Rest of G7
<b>Corruption Perceptions Index Score</b> <small>Transparency International Corruption Perception Index</small>	50	77
<b>Government Integrity Score</b> <small>Heritage Foundation Economic Freedom Index</small>	40	75
<b>Control of Corruption Score</b> <small>World Bank Worldwide Governance Indicators</small>	60	92
<b>Irregular Payments &amp; Bribes Score</b> <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	62	82
<b>Favoritism in Government Score</b> <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	31	65
Major Correlates of Corruption		
<b>GDP Per Capita Score</b> <small>Percentile rank, nominal, IMF data</small>	86	90
<b>Government Effectiveness Score</b> <small>World Bank Worldwide Governance Indicators</small>	72	93
Survey Responses on Corruption	Italy	Top 10 Countries
<small>World Bank Enterprise Surveys</small>		
Share of firms reporting at least one bribe request	Not Available	1.4%
Share of public contracts reportedly subject to bribe requests	Not Available	1.1%
Share of businesses reporting corruption is a major constraint	Not Available	7.5%

## FCPA Enforcement: 3 Cases

*Notable Sector: Healthcare*

### FCPA Cases (as reported)

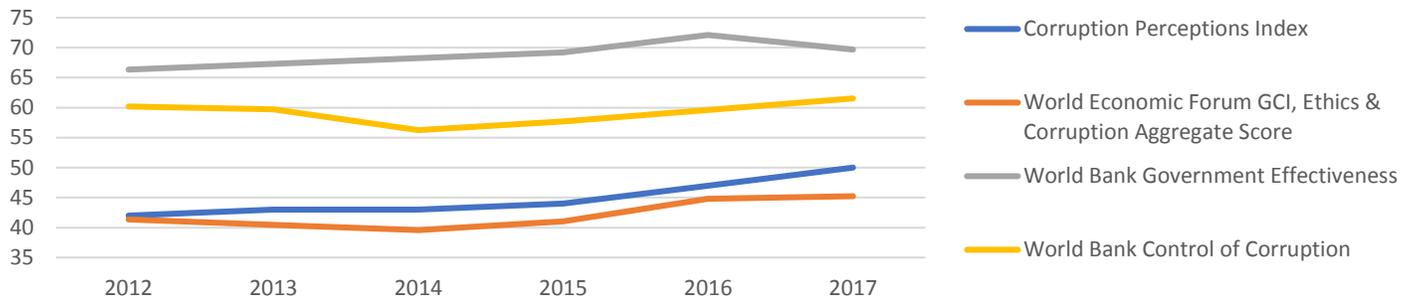
**Pfizer**—The company conducted due diligence on its foreign subsidiaries' practices which resulted in FCPA self-disclosures of violations in multiple countries. The ensuing SEC complaint alleged that subsidiary "Pfizer Italy provided, directly or through vendors, cash payments, gifts, support for domestic and international travel, and other benefits to doctors employed by Italian government healthcare institutions...to influence these government officials to prescribe Pfizer products."

**Immucor**—The company, a manufacturer of blood testing technologies, allegedly used its Italian subsidiary to bribe a hospital director in Italy to secure an ongoing relationship. Hospital directors in Italy are considered foreign officials under the FCPA. The SEC complaint alleged that the COO authorized a payment of EUR 13,500 to the director using a false invoice for "consulting services."

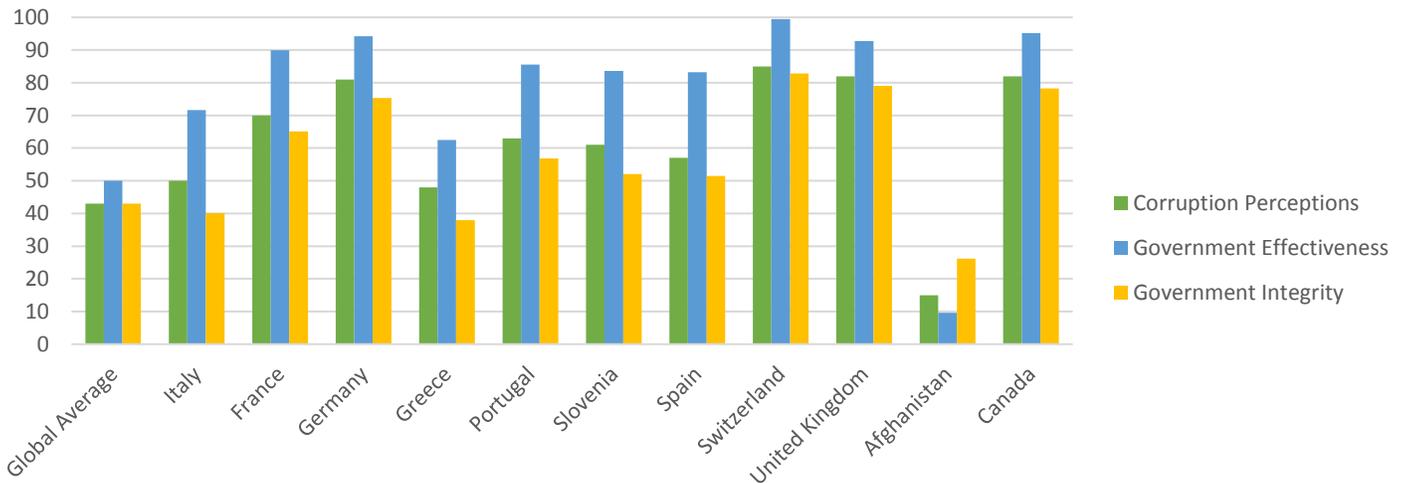
**Montedison**—As part of a securities fraud investigation, the SEC alleged that the company had obscured hundreds of millions of dollars in illicit payments, many of them bribes, by disguising them as loans to subsidiaries. Montedison also allegedly used a real estate scheme to funnel more than USD 100M to Italian politicians to influence the terms of its joint venture with an SOE.

Information Source	Transparency or Accessibility
Corporate Records	Online records are accessible and include shareholding information.
Freedom of Press	Reporters without Frontiers rank 46/180 (180=worst) Freedom House score 31/100, "partly free" (100=least free)
Linguistic Challenges	All records are in Italian, which is machine translatable with acceptable accuracy.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score 49/100 (100=most secret).

Trendlines



Country Comparison



Analysis: Country Third Party Corruption Risk

Italy has long suffered from high levels of public corruption and has the worst CPI score in Europe aside from Greece and the post-communist states. Corruption costs Italy an estimated EUR 60B annually in wasted resources. While the government has privatized most SOEs in the past few decades, some large government owned enterprises remain, elevating FCPA risks in some sectors. Italy also has an unusually large public sector amounting to 50-55% of GDP, multiplying corruption issues in public procurement. Nonetheless, the US State Department reports no recent specific complaints about corruption from US companies operating there. Corruption has steadily become a more visible political issue, and recent measures have been taken to strengthen government integrity, resulting in a slight but real improvement in governance indicators like the CPI. New anticorruption legislation which bans individuals convicted of corruption from engaging in government transactions has been proposed by Italy's new governing coalition.

**Established in Hong Kong in 2000, Pacific Strategies & Assessments provides specialist risk consulting services, delivering critical information to our clients through our three core service lines of Ethics & Compliance, Investigations & Disputes, and Advisory Services. Visit [www.psaqgroup.com](http://www.psaqgroup.com) for more information.**