



**ORDER**

consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.<sup>2</sup>

**III.**

On the basis of Respondent's Offer, the Board finds<sup>3</sup> that:

**A. Respondent**

1. Joao Rafael Belo de Araujo Filho, 39, is a former partner of the PCAOB registered firm Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte Brazil" or Firm"). From August 2010 through June 2013, Araujo was a member of the Firm's Global IFRS and Offering Services group. In June 2013, Araujo was promoted to Associate Partner, and in June 2015 he was promoted to Equity Partner. On or about December 2, 2015, Araujo was placed on administrative leave due to his participation in the improper alteration of work papers described herein. At all relevant times, Araujo was an associated person of a registered public accounting firm, as that term is defined by Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). Araujo separated from the Firm in November 2016.

**B. Respondent Violated Applicable PCAOB Rules and Standards**

Applicable PCAOB Rules and Standards

2. In connection with the preparation or issuance of an audit report, PCAOB rules require that associated persons of registered public accounting firms comply with applicable auditing and related professional practice standards.<sup>4</sup> Auditing Standard No.

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<sup>2</sup> The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

<sup>3</sup> The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5), which provides that certain sanctions may be imposed in the event of: (A) intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

<sup>4</sup> See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*. All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct.

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3, *Audit Documentation* ("AS3"), requires that the complete and final set of documentation for an audit be assembled for retention by the "documentation completion date," a date no later than 45 days from the date on which the auditor grants permission to use its audit report.<sup>5</sup> After the documentation completion date, audit documentation must not be deleted or discarded from the audit file, but it may be added as long as the auditor documents the date of the addition, the person who prepared the additional documentation, and the reason for adding the documentation.<sup>6</sup>

3. PCAOB Rule 4006, *Duty to Cooperate with Inspectors*, requires registered firms and their associated persons to cooperate with inspections conducted by the Board. The cooperation requirement of Rule 4006 includes an obligation "not to provide misleading documents or information in connection with the Board's inspection processes."<sup>7</sup>

Respondent Violated PCAOB Rules and Standards in Connection with a PCAOB Inspection

4. During the relevant time period, one of Deloitte Brazil's audit clients was Gol Linhas Aéreas Inteligentes S.A., also known as Gol Intelligent Airlines Inc. ("Gol"). On April 8, 2011, the Firm issued two unqualified audit reports concerning Gol's 2010 financial statements and internal control over financial reporting ("ICFR"). Gol included those reports in a Form 20-F filed with the U.S. Securities and Exchange Commission ("Commission") on April 8, 2011. Araujo did not perform procedures in connection with those reports.

5. The Board conducted an inspection of Deloitte Brazil in 2012. In early March 2012, the PCAOB Division of Registration and Inspections ("Inspections") informed Deloitte Brazil that primary field work procedures for the inspection would begin on March 26, 2012. Inspections identified the Firm's audit of Gol's 2010 financial statements and ICFR ("2010 Gol Audit") as one of the audits to be inspected, and identified the focus areas for the inspection, which included revenue, deferred revenue, and accounts receivable.

6. On or about March 16, 2012, Araujo was informed by a colleague who had served as senior manager for the 2010 Gol Audit and had since become a partner ("Gol

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<sup>5</sup> AS3 ¶¶ 14, 15.

<sup>6</sup> See id. ¶ 16.

<sup>7</sup> *Nathan M. Suddeth, CPA*, PCAOB Rel. No. 105-2013-007, ¶ 4 (Sept. 10, 2013).



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Senior Manager")<sup>8</sup> that the engagement partner for the 2010 Gol Audit, who also served as the Firm's Audit Practice Leader ("Gol Engagement Partner"),<sup>9</sup> had directed the Gol Senior Manager to improperly alter the 2010 Gol Audit work papers to attempt to conceal certain matters from Inspections. The Gol Senior Manager stated that the Gol Engagement Partner had determined that Araujo should also participate in the alteration effort, and Araujo agreed to do so.

7. During the week of March 12, 2012, Araujo reviewed the work papers for the 2010 Gol Audit and identified audit areas and work papers for which the PCAOB inspectors might have questions. Araujo reported the findings of his review to the Senior Manager.

8. On Saturday, March 17, 2012, Araujo, the Gol Senior Manager, and another Deloitte Brazil colleague<sup>10</sup> met in a Deloitte Brazil conference room where alterations were discussed and then made to numerous 2010 Gol Audit work papers, including work papers that addressed the audit areas that Inspections had previously identified as focus areas for the inspection. Araujo himself assisted with certain of the alterations. Araujo did not document when those alterations were made, why they were made, or who made them. Araujo knew that the improperly altered work papers would be made available to Inspections as the original work papers from the 2010 Gol Audit. Araujo's actions violated PCAOB audit documentation standards and his duty to cooperate with Inspections.<sup>11</sup>

9. While Inspections personnel were conducting their primary procedures for the inspection at Deloitte Brazil's offices, Araujo attended a meeting on or about April 3, 2012 in which the PCAOB inspectors interviewed two information-technology ("IT") specialists at the Firm<sup>12</sup> who had performed or supervised IT-related procedures during the 2010 Gol Audit. Araujo was asked to serve as a translator for the meeting. In

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<sup>8</sup> See *André Ricardo Aguillar Paulon*, PCAOB Rel. No. 105-2016-035 (Dec. 5, 2016).

<sup>9</sup> See *José Domingos do Prado*, PCAOB Rel. No. 105-2016-032 (Dec. 5, 2016).

<sup>10</sup> See *Leonardo Fonseca de Freitas Maia*, PCAOB Rel. No. 105-2016-038 (Dec. 5, 2016).

<sup>11</sup> See AS3 ¶ 16; PCAOB Rule 4006. The documentation completion date for the 2010 Gol Audit was no later than May 23, 2011.

<sup>12</sup> See *José Fernando Alves*, PCAOB Rel. No. 105-2016-039 (Dec. 5, 2016); *Renata Coelho de Sousa Castelli*, PCAOB Rel. No. 105-2016-040 (Dec. 5, 2016).



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advance of the PCAOB interview, Araujo attended two internal pre-meetings, each involving one or both of the IT specialists and one or more members of the audit engagement team, to prepare for the interview. During one of the pre-meetings, the audit team made the IT specialists aware that IT-related work papers for the 2010 Gol Audit had been improperly altered before being made available to Inspections. Araujo subsequently attended the PCAOB interview and assisted the IT specialists in answering the inspectors' questions. Araujo did not inform Inspections that the IT-related work papers had been improperly altered and thus that the interview was based on misleading information. Araujo also did not inform Inspections that the IT specialists were aware that the work papers had been improperly altered and were thus aware that the interview was based on misleading information. Under the circumstances, Araujo's participation in the interview while failing to disclose these facts violated his duty to cooperate with Inspections.<sup>13</sup>

## IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Joao Rafael Belo de Araujo Filho is censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Joao Rafael Belo de Araujo Filho is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);<sup>14</sup>

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<sup>13</sup> See PCAOB Rule 4006.

<sup>14</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Araujo. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."



## ORDER

- C. After one (1) year from the date of this Order, Joao Rafael Belo de Araujo Filho may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;<sup>15</sup> and
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$10,000 is imposed upon Joao Rafael Belo de Araujo Filho. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. Araujo shall pay this civil money penalty within ten (10) days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies Araujo as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

December 5, 2016

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<sup>15</sup> In considering such a petition, the Board will address all of the factors described in PCAOB Rule 5302(b) and, among other things, will give weight to whether Araujo has, in the period after the date of this Order, completed at least 20 hours of continuing professional education directly related to ethics.