
ORDER INSTITUTING DISCIPLINARY
PROCEEDINGS, MAKING FINDINGS,
AND IMPOSING SANCTIONS

In the Matter of José Fernando Alves,

Respondent.

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) PCAOB Release No. 105-2016-039
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December 5, 2016

By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is: (1) censuring José Fernando Alves ("Alves" or "Respondent"); (2) barring Alves from being an associated person of a registered public accounting firm;¹ and (3) imposing a civil money penalty of \$20,000 on Alves. The Board is imposing these sanctions on the basis of its findings that Alves failed to cooperate with a Board inspection.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement ("Offer") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent

¹ Alves may file a petition for Board consent to associate with a registered public accounting firm after one (1) year from the date of this Order.

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

III.

On the basis of Respondent's Offer, the Board finds³ that:

A. Respondent

1. José Fernando Alves, 57, is a retired partner in the Enterprise Risk Services ("ERS") group of a Deloitte Touche Tohmatsu Limited member firm in Brazil. In that role, Alves provided services in connection with audits conducted by Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte Brazil" or "Firm"), a registered public accounting firm. Those audit-related services included supervising and performing testing of audit clients' information technology general controls, business process automated controls, and journal entries. At all relevant times, Alves 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). For fiscal year 2010, Alves was the partner in charge of ERS procedures for the Firm's audit of the financial statements and internal control over financial reporting ("ICFR") of Gol Linhas Aéreas Inteligentes S.A., also known as Gol Intelligent Airlines Inc. ("Gol"). Alves retired in November 2016.

B. Respondent Violated PCAOB Rule 4006

Applicable PCAOB Rule

2. 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

² 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.

³ The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 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.

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misleading documents or information in connection with the Board's inspection processes."⁴

Respondent Violated PCAOB Rule 4006 in Connection with a PCAOB Inspection

3. For Deloitte Brazil's audit of Gol's financial statements and ICFR for fiscal year 2010 ("2010 Gol Audit"), Alves oversaw the work of a team of specialists performing information technology-related and journal entry-related audit procedures to support the 2010 Gol Audit. During the 2010 Gol Audit, those ERS procedures identified a number of ineffective controls in Gol's computer systems.

4. In March and April 2012, the PCAOB Division of Registration and Inspections ("Inspections") performed primary field work procedures for an inspection of the Firm, including an inspection of the 2010 Gol Audit. In anticipation of that inspection, certain Deloitte Brazil personnel improperly altered certain work papers for the 2010 Gol Audit before making those work papers available to Inspections. Among the improper alterations were changes to numerous of the ERS work papers for which the conclusions that certain controls were "ineffective" were changed to "effective." Alves did not participate in the alterations.

5. On or about April 3, 2012, Alves, along with other Deloitte Brazil associated persons, met with Inspections personnel concerning the ERS audit procedures for the 2010 Gol Audit. In advance of that meeting with Inspections, Alves attended a pre-meeting with certain members of the 2010 Gol Audit engagement team, including the engagement partner for that audit.⁵ At that pre-meeting, the engagement partner informed Alves that certain of the ERS work papers for the 2010 Gol Audit had been improperly altered and that those work papers had been made available to Inspections. Alves provided misleading information to Inspections by participating in the subsequent meeting without informing Inspections that the discussion was based on documents that had been improperly altered.⁶

⁴ *Nathan M. Suddeth, CPA, PCAOB Rel. No. 105-2013-007 (Sept. 10, 2013).*

⁵ *See José Domingos do Prado, PCAOB Rel. No. 105-2016-032 (Dec. 5, 2016).*

⁶ *See PCAOB Rule 4006.*

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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), José Fernando Alves is censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), José Fernando Alves 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);⁷
- C. After one (1) year from the date of this Order, José Fernando Alves may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;⁸ 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 \$20,000 is imposed upon José Fernando Alves. 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. Alves shall pay this civil money penalty within thirty (30) 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

⁷ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Alves. 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."

⁸ 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 Alves has, in the period after the date of this Order, completed at least 20 hours of continuing professional education directly related to ethics.

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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 Alves 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

Phoebe W. Brown
Secretary

December 5, 2016