

ORDER

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. Marco Aurelio Paulino Neves, 42, is a former partner of the PCAOB registered firm Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte Brazil" or "Firm"). From July 1, 2011 through January 31, 2015, Neves served as a member of the Firm's Attest Committee. In July 2015, the Firm appointed Neves Partner in Charge of its Rio de Janeiro office. On or about March 9, 2016, the Firm placed Neves on administrative leave. At all relevant times, Neves 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). Neves 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.⁴ Auditing Standard No. 3, *Audit Documentation* ("AS3"), requires that the complete and final set of documentation for an audit be assembled for retention by the "documentation

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), which provide 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.

⁴ 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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completion date," a date no later than 45 days from the date on which the auditor grants permission to use its audit report.⁵ 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.⁶

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."⁷

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 a company ("Issuer") that was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). In early 2011, the Firm issued two unqualified audit reports concerning the Issuer's 2010 financial statements and internal control over financial reporting ("ICFR"). The Issuer included those reports in a Form 20-F filed with the U.S. Securities and Exchange Commission ("Commission") during the first half of 2011. Both the "report release date"⁸ and the documentation completion date for the Firm's audit of the Issuer's 2010 financial statements and ICFR ("2010 Issuer Audit") occurred prior to the end of 2011.

5. In March and April 2012, staff of the PCAOB Division of Registration and Inspections ("Inspections") performed primary field work procedures for an inspection of Deloitte Brazil, including an inspection of the 2010 Issuer Audit. Neves had served as a second partner on the 2010 Issuer Audit. Inspections informed the Firm that the 2010 Issuer Audit had been selected for inspection on or about March 8, 2012.

6. Prior to and during the inspection, Neves improperly added information, and directed others to improperly add information, to the 2010 Issuer Audit documentation. Specifically, after Inspections informed Deloitte Brazil that it would

⁵ AS3 ¶¶ 14, 15.

⁶ See *id.* ¶ 16.

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

⁸ AS3 ¶ 14.

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inspect the 2010 Issuer Audit, Neves informed the engagement quality reviewer for the audit⁹ that certain compact discs ("CDs") that purportedly contained final audit work papers were missing. Neves proposed to alter non-final versions of certain 2010 Issuer Audit work papers, burn those altered work papers onto new CDs, and present those new CDs to Inspections as documentation that had been prepared timely and in accordance with PCAOB standards. The engagement quality reviewer approved the plan, which Neves then carried out. In furtherance of that plan, Neves instructed a manager from the audit¹⁰ to back-date his computer clock to create the appearance that the new CDs had been burned at the time of the 2010 Issuer Audit.

7. Neves also caused other, newly created documentation to be included in the 2010 Issuer Audit work papers provided to the PCAOB inspectors. For example, after causing the creation of three new work papers during the inspection to respond to questions raised by the inspectors about the audit, Neves then inserted the three newly created work papers into the binders of manual work papers that had previously been provided to Inspections. Neves then directed the inspectors to the three new work papers as documenting answers to their questions about the audit, without disclosing that he had recently caused the work papers to be created, and had inserted them into the manual work paper binders when the inspectors were absent from the conference room.

8. Through his actions, Neves violated PCAOB audit documentation standards and his duty to cooperate with Inspections.¹¹

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:

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

¹⁰ See *Walter Vinicius Barreto Brito Silva*, PCAOB Rel. No. 105-2016-043 (Dec. 5, 2016).

¹¹ See AS3 ¶ 16; PCAOB Rule 4006.



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- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Marco Aurelio Paulino Neves is censured.
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Marco Aurelio Paulino Neves 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).¹²
- C. After three (3) years from the date of this Order, Marco Aurelio Paulino Neves may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.¹³
- 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 Marco Aurelio Paulino Neves. 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. Neves 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 Neves 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,

¹² As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Neves. 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."

¹³ 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 Neves has, in the period after the date of this Order, completed at least 30 hours of continuing professional education directly related to ethics.

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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