

PCAOB Enforcement Milestone

December 12, 2016 | Client Update

On December 5, 2016 the PCAOB announced that it had settled charges against Brazil-based Deloitte Touche Tohmatsu Auditores Independentes for a record \$8 million civil penalty. [PCAOB News Release](#).

Deloitte Brazil was charged with knowingly issuing materially false audit reports for the 2010 financial statements and internal control over financial reporting of its client, a Brazilian airline. Deloitte Brazil admitted that it violated quality control standards and failed to cooperate with a PCAOB inspection and investigation, the first admissions the PCAOB has obtained from a global network firm.

In addition to the \$8 million civil penalty, Deloitte Brazil agreed to sanctions, including censure, undertakings to improve the firm's system of quality control, appointment of an independent monitor, immediate practice limitations, and additional professional education and training for the firm's audit staff.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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