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## Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of Grant Thornton Auditores  
Independentes Ltda.,*

Respondent.

PCAOB Release No. 105-2022-045

December 22, 2022

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring Grant Thornton Auditores Independentes Ltda. (“GT Brazil” or “Respondent”);
- (2) imposing a \$20,000 civil money penalty on GT Brazil; and
- (3) requiring GT Brazil to comply with its policies and procedures directed toward ensuring compliance with PCAOB reporting requirements.

The Board is imposing these sanctions on the basis of its findings that GT Brazil failed to disclose certain reportable events to the Board on PCAOB Form 3, *Special Report*, on a timely basis.

### 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 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 Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to entry of this Order as set forth below.<sup>1</sup>

### III.

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

#### A. Respondent

1. **GT Brazil** is a limited liability partnership organized under the laws of Brazil and headquartered in São Paulo, Brazil. GT Brazil is licensed to practice public accounting in Brazil, and is a member of the Grant Thornton International network of firms. GT Brazil is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

#### B. Summary

2. This matter concerns GT Brazil's failure to timely disclose to the Board on Form 3 two reportable events regarding a disciplinary proceeding brought against GT Brazil by the Securities and Exchange Commission of Brazil (the Comissão de Valores Mobiliários ("CVM")). PCAOB rules require registered firms, including GT Brazil, to complete and file with the PCAOB a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence. Among the events that GT Brazil is required to report on Form 3 are its becoming aware that the firm and/or certain of its personnel have become respondents in certain disciplinary proceedings, and the conclusion of such proceedings.

3. On December 15, 2017, the CVM initiated a proceeding against GT Brazil (and a former partner) related to professional services provided for a firm client ("CVM Proceeding"). The initiation of the CVM Proceeding was a reportable event under Form 3, but GT Brazil failed to file a Form 3 reporting the initiation of the CVM Proceeding until August 15, 2022, after it had received notice of possible deficiencies from the Division of Enforcement and Investigations.

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<sup>1</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.

4. Additionally, on March 11, 2019, the CVM entered a settled disciplinary order that resolved the CVM Proceeding and imposed a fine on GT Brazil. The conclusion of the CVM Proceeding against GT Brazil constituted a reportable event under Form 3. However, GT Brazil failed to report the conclusion of the CVM Proceeding until its August 15, 2022 Form 3.

### **C. Respondent Failed to Timely Disclose Certain Reportable Events to the Board, in Violation of PCAOB Rules**

5. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.<sup>2</sup> One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."<sup>3</sup> To constitute a reportable event, the proceeding in question only has to relate to professional services the firm provided for a client, and does not necessarily have to involve an audit of an issuer, broker, or dealer, as those terms are defined under PCAOB rules.

6. Another event requiring reporting on Form 3 occurs when a firm has become aware that a reportable proceeding (*i.e.*, a reportable event under Items 2.4 – 2.9 of Form 3) has been concluded as to the firm or certain of its associated persons.<sup>4</sup>

7. The CVM Proceeding was initiated on December 15, 2017, and concerned professional services GT Brazil provided for a non-issuer client.<sup>5</sup> The CVM identified GT Brazil as

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<sup>2</sup> See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "reportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

<sup>3</sup> PCAOB Form 3, at Item 2.7 (italics in the original removed).

<sup>4</sup> *Id.*, at Item 2.10.

<sup>5</sup> The term "issuer" means an issuer (as defined in Section 3 of the Securities Exchange Act of 1934 ("Exchange Act")), the securities of which are registered under Section 12 of the Exchange Act, or that is required to file reports under Section 15(d) of the Exchange Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn. See PCAOB Rule 1001(i)(iii).

a respondent in the CVM Proceeding. However, in violation of PCAOB Rule 2203, GT Brazil failed to timely file a Form 3 with the Board reporting the initiation of the CVM Proceeding.

8. The CVM Proceeding concluded on March 11, 2019, when the CVM entered a settled disciplinary order that imposed a fine on GT Brazil. However, in violation of PCAOB Rule 2203, GT Brazil failed to timely file a Form 3 with the Board reporting the conclusion of the CVM Proceeding.

9. GT Brazil belatedly reported the initiation and conclusion of the CVM Proceeding in a Form 3 filed on August 15, 2022, after GT Brazil received notice of possible deficiencies from the Division of Enforcement and Investigations.

10. GT Brazil's internal compliance and reporting systems failed to identify the initiation and conclusion of the CVM Proceeding as being reportable to the PCAOB on Form 3. As a result, GT Brazil inappropriately failed to timely notify the PCAOB of the initiation and conclusion of a relevant disciplinary proceeding.

#### IV.

11. GT Brazil has represented to the Board that, since the events described in this order, it has established and implemented the following changes to its policies and procedures for the purpose of providing GT Brazil with reasonable assurance of compliance with PCAOB reporting requirements:

- a. GT Brazil has revised and supplemented its policies and procedures for the purpose of providing GT Brazil with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by GT Brazil personnel who participate in GT Brazil's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
- b. GT Brazil has established policies to ensure training concerning PCAOB reporting requirements, at least annually, of any GT Brazil personnel who participate in GT Brazil's PCAOB reporting process; and
- c. GT Brazil has assigned the role of compliance with PCAOB reporting matters to an individual within GT Brazil who possesses adequate knowledge and experience with PCAOB reporting requirements and

sufficient authority within GT Brazil to fulfill those requirements on behalf of GT Brazil.

V.

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), GT Brazil is hereby censured.
- B. 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 GT Brazil.
  1. 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.
  2. GT Brazil shall pay this civil money penalty within ten 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 Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the firm 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.
  3. Respondent shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional(s) or any payment made pursuant to any insurance policy, with regard to any amounts that Respondent shall pay pursuant to this Order.

4. Respondent understands that failure to pay the civil money penalty described above may result in summary suspension of Respondent's registration, pursuant to PCAOB Rule 5304(a), following written notice to Respondent at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), GT Brazil is required to comply with its PCAOB reporting policies and procedures, including:
1. those intended to provide reasonable assurance that reportable events are identified by GT Brazil personnel who participate in GT Brazil's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
  2. those ensuring training concerning PCAOB reporting requirements, at least annually, of any GT Brazil personnel who participate in GT Brazil's PCAOB reporting process; and
  3. those requiring the assignment of the role of compliance with PCAOB reporting matters to an individual within GT Brazil who possesses adequate knowledge and experience with PCAOB reporting requirements and sufficient authority within GT Brazil to fulfill those requirements on behalf of GT Brazil.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

December 22, 2022