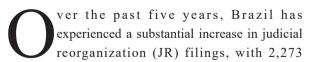**Case Study**

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Accounting Enforcement, Corporate Governance, and Solvency Crises: A Multiple-Case Study of Companies under Judicial Reorganization in Brazil

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Abstract: This article investigates the accounting, regulatory, and institutional factors that contributed to the collapse of Brazilian publicly traded companies that filed for judicial reorganization between 2020 and 2024. Grounded in a critical theoretical framework that combines institutional accounting, weak enforcement, and symbolic governance, the study analyzes the cases of Americanas S.A., Light S.A., Oi S.A., and AgroGalaxy Participações S.A. The methodology applied is a multiple-case study, supported by document analysis of financial statements, audit reports, regulatory decisions, and judicial records. The findings reveal recurrent patterns of financial opacity, delayed loss recognition, improper asset capitalization, and underreporting of liabilities. Moreover, ineffective regulatory oversight by institutions such as the CVM, ANEEL, and ANATEL, as well as structural weaknesses in corporate governance, were consistently observed. The analysis confirms the hypothesis that accounting practices, although formally compliant with IFRS, were strategically used to misrepresent firms' financial conditions. The study concludes that the informational crisis within the Brazilian capital market is systemic and requires institutional reforms to enhance accounting enforcement, coordinated regulatory supervision, and governance of digital reporting systems. This research contributes to the debate on financial information quality in low-accountability environments and offers proposals to rebuild investor trust in emerging markets.

Keywords: Judicial reorganization; Critical accounting; Corporate governance; Economic regulation; Accounting enforcement

1. Introduction

Over the past five years, Brazil has experienced a substantial increase in judicial reorganization (JR) filings, with 2,273 requests recorded in 2024—a 61.8% growth compared to 2023 (SERASA EXPERIAN, 2024). This surge was driven by the high cost of debt, resulting from the Selic rate exceeding 13%, narrowing the financial survival

margin of many companies (CENTRAL BANK OF BRAZIL, 2024). The growing use of JR by publicly traded companies listed on B3 reflects not only a macroeconomic problem but also failures in accounting practices, regulatory enforcement, and corporate governance (CHEN; HRIBAR; MELESSA, 2018).

This phenomenon is particularly significant considering that major publicly held companies—such as Americanas (AMER3), Oi (OIBR3), Light (LIGT3), and Agrogalaxy (AGXY3)—filed for JR between 2022 and 2025, revealing serious internal weaknesses (ISTOÉ DINHEIRO, 2024). Despite having access to capital markets, these companies maintained weak disclosure practices and opaque governance (CVM, 2024a). Studying these cases enables the assessment of whether accounting regulation and enforcement by CVM and B3 are sufficient to prevent corporate collapses (PALAZZO; RETHEL, 2008).

The Americanas case became a paradigm after revealing accounting inconsistencies exceeding R$ 20 billion, triggering a broad investigation involving the Federal Police, the Federal Prosecutor's Office, and a Parliamentary Inquiry Committee (CVM, 2024b; INFOMONEY, 2023; VALOR ECONÔMICO, 2023). The Securities and Exchange Commission (CVM) opened 19 administrative procedures and charged eight former directors with insider trading, based on evidence of systematic accounting manipulation (CVM, 2024b). Despite CVM Resolution 44/2021 requiring timely disclosure of material facts, the case exposed structural failures in regulatory supervision and internal controls (GOV.BR, 2024; CVM, 2023; INFOMONEY, 2023).

From an accounting-regulatory standpoint, strong enforcement environments are associated with lower levels of overinvestment and higher financial reporting quality (CHEN; HRIBAR; MELESSA, 2018). Additionally, conflicts of interest—whether organizational or personal—are structural factors compromising accounting integrity, as argued by Palazzo and Rethel (2008). According to Christensen and Seabrooke (2022), institutional capture by large global firms also plays a role, as these entities influence regulators for their own benefit.

These theoretical elements guide the analysis of the crisis in Brazilian companies undergoing JR, revealing that beyond economic causes, structural determinants related to accounting and regulation are at play (CROCKETT et al., 2003; PALAZZO; RETHEL, 2008; CHRISTENSEN; SEABROOKE, 2022). Investigating these determinants allows for the proposal of a regulatory and governance reform agenda that enhances corporate resilience to crises. This study aligns with critical accounting literature that views accounting as an institutional practice (CHRISTENSEN; SKÆRBÆK, 2007).

Thus, the study is guided by the following research question: Why do publicly traded Brazilian companies, subject to international accounting standards and strict regulatory frameworks, continue to exhibit structural weaknesses that culminate in judicial reorganization filings? It seeks to understand whether these weaknesses stem from deficiencies in the application of accounting standards, lack of effective enforcement, or regulatory capture by corporate interests (CHEN et al., 2018; PALAZZO; RETHEL, 2008; CHRISTENSEN; SEABROOKE, 2022). By investigating this problem through international frameworks, the aim is to identify systemic causes of governance and transparency crises in the Brazilian corporate environment and to assess whether the current accounting-regulatory framework is sufficient to prevent repeated corporate collapses (CORTÊS; WALTON, 2018; CVM, 2024a; ABADIE; CHAMORRO, 2013).

This study is relevant for its practical applicability: the analyzed cases represent various sectors—retail, telecommunications, energy, and agribusiness—and expose vulnerabilities that go beyond financial management (DANA, 2011; ABADIE; CHAMORRO, 2013; IEEE, 2021). These vulnerabilities directly impact the capital market, investor confidence, and the sustainability of the regulatory environment (CVM, 2024b; INVESTIDOR10, 2024).

The adopted methodology is a multiple-case study, as per Yin (2015), with embedded units of analysis represented by Americanas, Oi, Light, and Agrogalaxy. This model allows for cross-sectoral comparisons based on financial statements, court decisions, and CVM documents (YIN, 2015; BAXTER; JACK, 2008; GOV.BR, 2024). Methodological triangulation includes document analysis, international literature review, and critical examination of reports and administrators' expert opinions (CHEN et al., 2018; PALAZZO; RETHEL, 2008; CVM, 2024b), ensuring internal validity and replicability.

The study also aims to formulate recommendations for CVM and B3, including revisions to disclosure requirements, creation of automated alerts for material accounting risks, and improvements in supervisory practices by CVM's Corporate Relations Superintendence (CVM, 2024a; CORTÊS; WALTON, 2018; IEEE, 2021). Theoretically, the research integrates classical governance and disclosure debates with critical perspectives on accounting standards, political influence, and institutional capture (CHRISTENSEN; SEABROOKE, 2022; DANA, 2011; CROCKETT et al., 2003). It also advances the proposal to link accounting enforcement with judicial reorganization effectiveness—an incipient topic in national literature.

Ultimately, this study seeks not only to understand the causes of judicially mediated bankruptcies but also to propose foundations for a new regulatory and accounting agenda in Brazil, aligned with more demanding international standards that are less prone to manipulation (ABDO, 2018; IEEE, 2021; CVM, 2024a). The expectation is that the findings will support regulators and academics in reforming practices and standards to make the business environment more transparent, stable, and ethical.

2. Theoretical Framework

The Brazilian corporate environment operates in a hybrid institutional context, marked by the convergence of international accounting standards (IFRS), sectoral regulations, and national enforcement structures. Although accounting standards in Brazil are formally aligned with international norms through the CPC and their adoption by the CVM, multiple empirical studies point to persistent gaps between formal adherence and substantive application (Chen, Hribar, & Melessa, 2018; Christensen & Seabrooke, 2022; Cortês & Walton, 2018). These gaps raise questions about the real effectiveness of accounting enforcement in the country, especially in moments of corporate crisis. In this scenario, understanding how enforcement mechanisms interact with corporate governance structures and regulatory oversight becomes essential for analyzing the collapse of publicly traded companies.

2.1 Accounting Enforcement and Information Quality

In the international literature, the concept of accounting enforcement refers to the institutional capacity to ensure the effective implementation of financial reporting standards and to promote the reliability of disclosed information (La Porta et al., 1998; Bushman & Smith, 2001; Crockett et al., 2003). Strong enforcement environments are associated with reduced earnings management, increased investor protection, and greater alignment between accounting numbers and economic substance. Conversely, in weak enforcement contexts, accounting becomes susceptible to opportunistic manipulation and the concealment of financial deterioration, particularly in companies approaching insolvency.

Chen, Hribar, and Melessa (2018) emphasize that the quality of accounting information depends not only on the standards adopted but also on how they are interpreted and enforced in practice. This is particularly relevant in Brazil, where companies under financial stress—such as Americanas and Light—managed to postpone loss recognition and underreport liabilities even under CVM oversight. According to Christensen and Seabrooke (2022), enforcement depends on institutional robustness and resistance to regulatory capture, which can otherwise neutralize the very rules designed to constrain opportunism and protect stakeholders.

In addition to regulatory and audit bodies, the enforcement of accounting norms also depends on the behavior of preparers, market analysts, and institutional investors. Bushman and Smith (2001) argue that enforcement occurs within a broader informational ecosystem, where capital market discipline, internal governance, and external monitoring interact to influence the credibility of reports. In the Brazilian case, however, this ecosystem is fragmented and vulnerable to coordination failures between the CVM, B3, sectoral agencies, and the Federal Revenue Service—creating a gap between formal convergence to IFRS and effective supervision.

In the cases analyzed, such as AgroGalaxy and Oi, it is evident that enforcement failures were not due to the absence of standards but to the limited capacity of institutions to detect and react to material misstatements. This reflects what Hopwood (1994) calls the "performative" dimension of accounting, in which financial statements are not merely technical representations but instruments that construct and

legitimize corporate narratives. This performative potential can be used to simulate solvency, delay interventions, and increase informational asymmetry with creditors and investors.

In summary, accounting enforcement in Brazil appears to be strongly influenced by political, institutional, and organizational factors. Theoretical contributions from critical accounting reinforce that the effectiveness of accounting information does not lie in the neutrality of standards but in the strength of the institutions responsible for interpreting, applying, and supervising them (Christensen & Skærbæk, 2007; Chen et al., 2018; Palazzo & Rethel, 2008). The weakness of these institutions explains why even publicly traded companies can hide liabilities, inflate assets, and maintain an appearance of compliance while approaching financial collapse.

2.2 Symbolic Corporate Governance and Accounting Opacity

The relationship between corporate governance and accounting transparency is widely explored in the literature on agency theory and institutional analysis. In its normative form, governance presumes the existence of internal structures—such as boards of directors, audit committees, and fiscal councils—capable of overseeing managerial decisions and mitigating opportunistic behavior (La Porta et al., 1998; Bushman & Smith, 2001; OECD, 2015). However, empirical studies reveal that such structures often operate symbolically, reproducing formal compliance without generating effective control. This phenomenon is known as symbolic governance and can undermine the credibility of financial reporting, even in publicly held corporations.

Ishaque, Lane, and Lings (2021) demonstrate that in professional service firms, conflicts of interest, role ambiguity, and loyalty to dominant coalitions reduce the autonomy and effectiveness of internal governance agents. In Brazil, research on audit committees and boards reveals low turnover, reduced technical diversity, and limited capacity for dissent (CVM, 2024a; Investidor10, 2024). In the cases of Americanas and Oi, for example, the boards included individuals linked to controlling shareholders, and audit committees failed to challenge accounting treatments later exposed as fraudulent or misleading. These situations show that when governance is disconnected

from effective control dynamics, it becomes ceremonial and legitimizing rather than corrective.

This symbolic performance of governance has practical consequences. Companies that formally establish oversight structures such as audit committees are often included in corporate governance indexes (e.g., IGC, IGCT) and use this status as a signal to investors. However, when these bodies do not function with technical autonomy or genuine independence, they may reinforce misleading narratives. In the cases studied, internal governance structures did not prevent the deterioration of financial conditions, nor did they demand timely impairment tests or disclosure of material facts as required by CVM Resolution 44/2021. In many instances, these entities validated management decisions, shielding executives from market scrutiny.

From a theoretical perspective, symbolic governance reflects an institutional decoupling between rules and practices. Companies may adopt formal codes of good governance while their internal culture, incentive systems, and decision-making dynamics remain disconnected from principles of transparency and accountability (Meyer & Rowan, 1977; Palazzo & Rethel, 2008). The result is a scenario of superficial compliance, in which control mechanisms serve as symbolic tokens rather than substantive constraints. The mere existence of oversight bodies becomes insufficient in institutional contexts that do not demand or reward effective enforcement.

In this context, accounting opacity is not merely the result of poor technical practices, but a product of governance environments structured to obscure rather than clarify. As Hopwood (1994) and Christensen and Skærbæk (2007) argue, accounting is not a neutral instrument but a performative one—shaped by power relations and used to legitimize organizational narratives. When boards and committees operate under the influence of controlling interests, or when they serve primarily to simulate oversight, accounting ceases to fulfill its informational role and becomes a tool for delaying recognition of crises. The cases analyzed confirm that symbolic governance and accounting opacity function together to conceal risks and delay institutional responses.

2.3 Institutional Capture and Regulatory Leniency

Institutional capture occurs when regulatory or supervisory bodies, although formally autonomous,

operate in a way that protects the interests of the entities they are supposed to regulate. This phenomenon is particularly relevant in environments marked by high levels of political influence, revolving doors between public and private sectors, and the presence of informal networks that hinder impartiality in decision-making (Palazzo & Rethel, 2008; Christensen & Seabrooke, 2022; Crockett et al., 2003). In Brazil, these conditions are recurrent and contribute to the persistence of regulatory inaction in the face of accounting inconsistencies and early signs of financial collapse. The result is a culture of permissiveness in which the regulatory framework exists, but its application is selective, negotiated, and often delayed.

Christensen and Seabrooke (2022) argue that institutional capture is not necessarily driven by illegal practices, but rather by mechanisms of influence that operate through proximity, reputation, and normative co-optation. In the Brazilian case, this occurs when regulators, in order to preserve the "credibility" of the market, opt for discreet interventions or avoid acting to prevent reputational damage to large corporations. The performance of the Securities and Exchange Commission (CVM) in the Americanas case, marked by mild statements and delayed investigations, illustrates how inaction may reflect not an absence of capacity, but strategic discretion. In sectors regulated by ANEEL and ANATEL, such as energy and telecommunications, the same pattern of institutional tolerance can be observed.

Palazzo and Rethel (2008) suggest that regulatory leniency often stems from the colonization of the regulator by actors linked to the regulated sector. This relationship undermines the autonomy of oversight bodies and favors the reproduction of narratives that justify inaction. In the case of Oi S.A., for example, the National Telecommunications Agency (ANATEL) delayed the application of sanctions and negotiated regulatory relief measures even in the presence of financial deterioration and operational non-compliance. Such conduct allowed the company to maintain its legal status and continue to report inflated asset values, ignoring its deteriorating operational reality. Regulatory silence thus becomes a vehicle for opacity.

The phenomenon of capture also affects audit firms, which formally operate with independence, but may avoid issuing qualified or adverse opinions in order to preserve their commercial relationships. Bushman and Smith (2001) argue that the effectiveness of enforcement depends not only on formal rules, but also on institutional incentives to ensure integrity in reporting. In the cases of Light and AgroGalaxy, the absence of warnings or technical notes from audit committees and independent auditors demonstrates the fragility of this layer of oversight. As Chen et al. (2018) note, enforcement failures often occur not due to lack of knowledge, but due to institutional pressures that inhibit accountability.

Additionally, the absence of coordinated action between regulatory bodies weakens the ability of the system to detect and correct accounting and governance distortions. While the CVM is responsible for monitoring publicly traded companies, the Federal Revenue Service oversees tax compliance, and agencies such as ANEEL and ANATEL supervise sector-specific obligations. Without integrated protocols for data sharing and coordinated response mechanisms, opportunities for preventive action are lost. This fragmentation is consistent with what Christensen and Skærbæk (2007) call "regulatory dissonance"— a situation in which the multiplicity of institutions generates gaps and overlaps that benefit the regulated entities.

In summary, institutional capture and regulatory leniency are not accidental anomalies, but structural characteristics of the Brazilian business environment. The literature in political economy and critical accounting emphasizes that the effectiveness of oversight depends on the configuration of institutional power, not merely on the existence of formal rules (Hopwood, 1994; Christensen & Seabrooke, 2022; Palazzo & Rethel, 2008). In this regard, corporate collapses such as those of Americanas, Oi, and Light reflect not only managerial failures but the systemic incapacity—or unwillingness—of oversight institutions to act preventively. Understanding the dynamics of institutional capture is thus fundamental to proposing reforms that go beyond legal formalism and address the real power asymmetries that shape accounting practices and the exercise of regulation in Brazil.

2.4 Digitization, Algorithms, and Accounting Opacity

The digital transformation of accounting has introduced new challenges regarding transparency, governance, and informational asymmetries. The adoption of

Enterprise Resource Planning (ERP) systems, cloud computing platforms, and algorithmic tools for cost forecasting and revenue recognition has reconfigured the way financial information is produced and disclosed (Bismuth, 2022; IEEE, 2021; Bushman & Smith, 2001). While these technologies promise gains in efficiency and standardization, they also pose significant risks when implemented without governance, auditing, or clarity regarding the underlying assumptions of the models used. In the absence of regulatory oversight over the design and application of algorithms, digital opacity can compromise the reliability of accounting information.

Bismuth (2022) introduces the concept of algorithmic opacity to describe situations in which automated systems, although operating in technically correct ways, become unintelligible to auditors, regulators, and even the managers themselves. In financial reporting, this opacity manifests when projections, impairments, and valuations are generated by models whose logic is not auditable or documented. In the case of AgroGalaxy, for example, the use of integrated platforms for inventory and sales management generated projections of future cash flows that were inconsistent with the company's operational reality—yet were used to support asset valuations. The problem was not the system itself, but the lack of governance and transparency in its calibration.

IEEE (2021) warns that algorithmic systems, when implemented in environments of low institutional oversight, can reinforce informational asymmetries and replicate human biases at scale. In accounting, this concern translates into automated recognition of revenues based on optimistic forecasts, impairment tests based on discretionary parameters, and allocation of overhead costs through opaque criteria. These processes, when not subject to scrutiny, can lead to systematically distorted financial statements. The illusion of neutrality created by digitization hides the fact that every algorithm reflects choices—technical, strategic, and political—that must be accountable.

In Brazil, the regulatory framework still lacks specific guidance regarding the use of algorithms and digital platforms in financial reporting. CVM and B3 have not established protocols for auditing systems used in the preparation of financial statements, nor do they require companies to disclose the logic of their models or the assumptions embedded in them. This regulatory void enables the proliferation of algorithmic opacity and undermines the credibility of accounting data. As Hopwood (1994) emphasized, accounting is not simply a matter of numbers, but of representational politics—and in the digital era, this politics is embedded in codes and computational infrastructures.

In conclusion, the integration of digital technologies into accounting must be accompanied by mechanisms of transparency, validation, and accountability. Without these, digitization ceases to be a factor of trust enhancement and becomes an amplifier of opacity. As Christensen and Skærbæk (2007) argue, the legitimacy of accounting depends on the institutional structures that support its credibility. In this sense, the challenge of algorithmic opacity demands a new regulatory agenda, capable of encompassing not only technical standards but also the informational architectures and power structures that shape the production of accounting data.

2.5 Regulated Sectors and Institutional Risks

In network industries—such as energy, telecommunications, and infrastructure—the business environment is shaped by public concessions, regulatory agencies, and long-term investment commitments. In these sectors, accounting assumes a strategic function, since the measurement of regulatory assets, tariff adjustments, and compensation mechanisms depends on accounting definitions (ANEEL, 2023; ANATEL, 2022; CPC, 2023). This institutional interdependence increases the complexity and discretion involved in financial reporting. When oversight is weak or captured, companies may overestimate regulatory assets, underestimate decommissioning liabilities, or delay the recognition of impairments to preserve concession rights and avoid triggering early termination clauses.

The literature in regulatory economics highlights the phenomenon of information asymmetry between regulated firms and supervisory bodies (Laffont & Tirole, 1993; Crockett et al., 2003; Stiglitz, 2000). In accounting terms, this asymmetry materializes when regulators do not have the capacity—or political autonomy—to challenge the accounting treatments adopted by concessionaires. In the Light S.A. case, for example, the recognition of regulatory assets exceeded R$ 4 billion, even amid growing demand instability,

increasing losses, and rising borrowing costs. Despite this, ANEEL did not demand an updated tariff review or reevaluation of the asset base. This omission indicates regulatory tolerance of optimistic assumptions with high financial and legal risk.

The institutional vulnerability of regulated sectors also stems from political and fiscal dynamics. In Brazil, public concession contracts are often used as instruments for macroeconomic or electoral policy, which hinders the application of strict financial criteria. Moreover, the dependency of federal and state governments on services provided by these companies creates barriers to intervention. In the case of Oi S.A., despite successive breaches of investment obligations and worsening financial indicators, ANATEL only acted after the company had already entered judicial reorganization. This delay demonstrates how institutional risk also results from the reluctance of the State to face the consequences of a concessionaire's failure.

In this context, accounting plays a dual role. On one hand, it serves to inform society and investors about the real financial situation of companies. On the other, it becomes a mechanism for extending the appearance of solvency and avoiding legal or political interventions. This duality intensifies when there are regulatory incentives to maintain the illusion of continuity. As Christensen and Seabrooke (2022) note, accounting in regulated sectors is often co-produced by companies and regulators, forming a semi-official narrative that masks risks and delays necessary reforms. This narrative is sustained by accounting techniques, regulatory omissions, and the symbolic use of audit opinions.

Therefore, the analysis of financial statements in regulated sectors must go beyond compliance with accounting standards and consider the institutional configuration of regulation. Accounting is not neutral in these environments; it is part of a broader governance architecture that can either promote transparency or facilitate the concealment of structural fragilities. Understanding the risks inherent in this architecture is essential for preventing systemic crises. As Bushman and Smith (2001) argue, the credibility of accounting depends on the integrity of the institutions that govern its application—and in regulated sectors, this integrity is often compromised by complex and politicized institutional arrangements.

2.6 Technical Standards, Digitization, and Institutional Capture

The increasing digitization of accounting and regulatory processes has redefined how information is produced, audited, and disclosed, expanding both the possibilities for control and the risks of sophisticated manipulation (IEEE, 2021; Bismuth, 2022; Christensen & Seabrooke, 2022). Intelligent systems, pre-processing algorithms, and automated reporting tools (such as XBRL) are often promoted as mechanisms to enhance transparency. However, in low-governance environments, these very instruments can be used to reinforce opacity and shield controversial corporate practices (CVM, 2024a; Cortês & Walton, 2018; Hopwood, 1994).

A critical aspect of this process is the excessive standardization of technical procedures, which tends to reduce the margin for interpreting accounting facts and overlooks the complexity of organizational contexts (Bismuth, 2022; CPC, 2023; Palazzo & Rethel, 2008). While technical standards are necessary to ensure comparability, there is a risk that they become instruments of normative formalism, legitimizing inadequate practices under the guise of compliance. Critical literature has warned that such technocratization of accounting can obscure relevant issues, such as the measurement of environmental, social, or legal risks (Christensen & Skærbæk, 2007; Crockett et al., 2003).

Moreover, several studies point to the occurrence of institutional capture, in which private groups or economically powerful firms exert influence over standard-setting and regulatory bodies, shaping rules to serve their own interests (Christensen & Seabrooke, 2022; Cortês & Walton, 2018; Bismuth, 2022). This capture can occur at the technical level—through participation in standard-setting committees—or at the political level, via lobbying or campaign financing. The result is the adoption of standards that benefit specific business models and hinder the detection of irregular practices, especially in markets with high information asymmetry (Chen et al., 2018; Ishaque et al., 2021).

In the Brazilian context, digitization still coexists with serious challenges such as the lack of integration among regulatory platforms, data fragmentation, and the absence of interoperability between the CVM, B3,

the Federal Revenue Service, and sectoral agencies (CVM, 2024a; GOV.BR, 2024; ANEEL, 2023). These technical weaknesses reduce the system's ability to generate automated alerts, thereby hindering enforcement based on big data and artificial intelligence. Additionally, the low institutional capacity to audit algorithms and models used by large corporations prevents accountability for automated decision-making (IEEE, 2021; Dana, 2011; Christensen & Seabrooke, 2022).

The debate on standardization and technology must go beyond the innovation discourse and consider the asymmetric effects of digitization on accounting and regulation (Bismuth, 2022; CPC, 2023; Crockett et al., 2003). Regulatory agencies must develop critical and autonomous technical capacities, with a focus on algorithmic transparency, auditing of digital processes, and the prevention of institutional capture. This requires public investment, international coordination, and the strengthening of governance in standard-setting bodies, so that technological advancement becomes not a vector of new opacity, but rather a mechanism of democratic accountability and reinforcement of the public interest.

2.7 Proposed Hypotheses

The theoretical and regulatory review presented throughout this chapter has identified structural elements that contribute to the fragility of Brazil's accounting-regulatory environment in the face of corporate crises. By considering accounting as an institutional practice, factors such as ineffective enforcement, symbolic governance, poor integration among regulators, and institutional capture emerge as critical determinants in the construction of financial statements that conceal significant risks. In this context, we propose hypotheses that seek to explain the underlying mechanisms behind the informational deterioration of listed companies that filed for judicial reorganization, based on both national and international literature.

The first hypothesis (H1) posits that ineffective accounting enforcement contributes to risk concealment and distortions in financial statements. Studies indicate that low-enforcement environments favor opportunistic accounting practices and hinder accountability for informational failures (Chen, Hribar, & Melessa, 2018). In such contexts, standards are applied only formally, without ensuring their economic substance, as evidenced in the Americanas crisis (Palazzo & Rethel, 2008; CVM, 2024b). The lack of effective monitoring allows systemic risks to accumulate over time, making crises inevitable.

The second hypothesis (H2) suggests that symbolic governance structures are associated with recurring underreporting practices in companies under financial distress. The literature shows that inactive boards, the absence of effective committees, and permissive relationships with external auditors result in low-quality disclosures (Ishaque et al., 2021; Crockett et al., 2003). Cases like Light and Oi reveal how the lack of effective internal oversight enabled the deferral of loss recognition and the accumulation of hidden liabilities (Infomoney, 2023; ANEEL, 2023).

The third hypothesis (H3) argues that the mere formal adoption of IFRS and CPC standards does not guarantee transparency, making active and sanctioning supervision necessary. Although convergence with international standards represents institutional progress, several authors warn that companies may exploit regulatory complexity to mask risks, particularly in the absence of substantive oversight (Chen et al., 2018; IFRS Foundation, 2023; Cortês & Walton, 2018). This suggests that the commitment to faithful representation depends less on the standard itself and more on its critical and effective enforcement.

The fourth hypothesis (H4) highlights that the lack of coordination between sectoral regulators and the CVM increases accounting risks in regulated sectors. Companies like Light and Oi, which operate under public concessions, are subject to complex obligations before ANEEL, ANATEL, and ANP, in addition to capital market requirements (Abadie & Chamorro, 2013; Christensen & Seabrooke, 2022). The absence of integration among these entities creates regulatory gaps and allows for material omissions in financial disclosures (Cortês & Walton, 2018; GOV.BR, 2024).

The fifth hypothesis (H5) states that the digitization of accounting processes without algorithmic transparency may reinforce opacity rather than enhance accountability. The incorporation of automated reporting and risk analysis systems, while promising, requires independent technical auditing and clear governance over the algorithms employed (IEEE, 2021; Bismuth, 2022). In Brazil, the fragmentation

of data platforms among the CVM, B3, the Federal Revenue Service, and sectoral agencies reduces the effectiveness of digital supervision and increases the risk of technological manipulation of information (CVM, 2024a; Dana, 2011).

Finally, the sixth hypothesis (H6) argues that institutional capture of regulatory bodies contributes to maintaining permissive structures and reduces the effectiveness of accounting oversight. This phenomenon occurs when companies influence the formulation or application of rules in their favor, whether through lobbying, political financing, or technical presence in standard-setting committees (Christensen & Seabrooke, 2022; Palazzo & Rethel, 2008). In countries with low regulatory independence, such as Brazil, capture compromises enforcement and renders the corporate environment vulnerable to repeated practices of accounting opacity (Cortês & Walton, 2018; Chen et al., 2018).

The hypotheses presented here aim to deepen the understanding of the factors that contributed to the accounting-institutional deterioration of Brazilian companies undergoing judicial reorganization. Each proposition will be analyzed based on empirical data and the specialized literature, with the goal of identifying recurring patterns and proposing alternatives for regulatory reform. By integrating theoretical foundations with documentary evidence, this study seeks to offer a critical contribution to the debate on the role of accounting, governance, and institutional oversight in preventing corporate crises.

3. Applied Methodology

This chapter presents the methodological foundations of the research, aiming to clarify the theoretical and operational choices that guide the analysis of publicly traded Brazilian companies that filed for judicial reorganization. The investigation is anchored in a qualitative approach, exploratory and explanatory in nature, seeking to understand the accounting, institutional, and regulatory factors that contribute to the deterioration of the informational and governance environment that precedes corporate crises.

The qualitative approach is justified by the complex and multidimensional nature of the object of study, which requires interpretative understanding of data and the articulation of variables that cannot be quantified

in isolation (Gil, 2017; Yin, 2015). The research is exploratory as it investigates a contemporary phenomenon that remains underexplored in Brazilian literature—the recurrence of accounting crises in listed firms despite IFRS adoption—and explanatory in its attempt to identify causal relationships between regulatory weaknesses, governance failures, and entry into judicial reorganization (Gil, 2017; Godoy, 2006).

The methodological design adopted is the multiple-case study with embedded units, as proposed by Yin (2015) and Baxter and Jack (2008). The use of multiple cases aims to enhance the robustness of analytical inferences through theoretical, rather than statistical, replication. Each company analyzed—Americanas S.A., Light S.A., Oi S.A., and AgroGalaxy Participações S.A.—constitutes a unit of analysis. Within each case, embedded sub-units include: (i) quality of financial disclosure; (ii) corporate governance structure; (iii) performance of regulatory enforcement; and (iv) specificities of the regulated sector in which the company operates.

The case selection followed a purposive sampling strategy (Gil, 2017), based on three conditions: (i) being publicly traded companies listed on B3; (ii) having filed for judicial reorganization between 2020 and 2024; and (iii) operating in different sectors of the economy (retail, energy, telecommunications, and agribusiness), allowing for a cross-sectoral analysis of patterns and divergences between regulated and unregulated sectors. This configuration enables meaningful comparisons and identification of common variables related to the hypotheses formulated in the previous chapter.

Data collection will be documentary, with emphasis on primary and public sources, following the methodological orientation of Cellard (2008). The following types of documents will be used: (i) financial statements and explanatory notes disclosed through CVM and B3 (DFP, ITR, and IAN forms); (ii) initial petitions and judicial decisions from reorganization proceedings, retrieved from court websites and the JusBrasil platform; (iii) reports by court-appointed trustees and statements from creditors; (iv) legal and technical standards (IFRS, CPC, resolutions from CVM, ANEEL, ANATEL, and ANP); and (v) news articles and interviews from reliable sources such as Valor Econômico, InfoMoney, JOTA, and Revista

Exame. Collection will follow a standardized protocol for documentation, coding, and digital archiving.

Data analysis will be conducted using document analysis guided by theoretical categories, in accordance with Bardin (2011) and Yin (2015). The analytical categories are derived directly from the research hypotheses and theoretical framework and include: (1) accounting enforcement; (2) disclosure and information quality; (3) corporate governance and conflicts of interest; (4) institutional capture and regulatory failures; (5) accounting standardization and IFRS; and (6) sectoral risks. Evidence will be organized into case-by-case analysis matrices, allowing for the verification of the presence, absence, or intensity of each factor. When applicable, the analysis will be complemented by critical readings of independent auditors' statements, credit rating reports, and public statements by executives.

The research validation strategy will follow the four criteria proposed by Yin (2015). Construct validity will be ensured through rigorous definition of the concepts used and alignment among hypotheses, observed variables, and analytical categories. Internal validity will be reinforced by triangulation of data from accounting, judicial, and regulatory sources. External validity will be supported by the logic of replication among the analyzed cases, which enables theoretical inference about shared institutional patterns. Reliability will be ensured through documentation of the methodological protocol and the chain of evidence used.

As a methodological limitation, it is acknowledged that statistical generalization of findings is not possible due to the small number of cases and the qualitative nature of the approach. However, the goal of the study is to promote analytical generalization—that is, to offer plausible explanations regarding the structural factors that facilitate the emergence of accounting and financial crises in Brazilian companies, thereby contributing to the formulation of more effective regulatory policies.

4. Analysis and Discussion of Results

Based on the hypotheses developed in the previous chapter, this section aims to conduct an in-depth analysis of the cases of Americanas S.A., Light S.A., Oi S.A., and AgroGalaxy Participações S.A.—all listed on the B3 exchange and recently undergoing judicial

reorganization proceedings. The analysis follows the logic of theoretical replication, in line with the embedded multiple-case study model (Yin, 2015), focusing on variables associated with accounting enforcement, disclosure, corporate governance, institutional capture, and the role of regulatory bodies. The choice of these companies reflects the sectoral diversity of the Brazilian market and the recurring accounting and institutional weaknesses even in publicly traded and ostensibly regulated environments.

Document analysis is based on financial statements, judicial reports, technical standards, resolutions from CVM, ANEEL, ANATEL, and official communications from B3. These sources are compared with specialized literature in institutional accounting, economic regulation, and corporate governance, enabling the identification of patterns such as accounting opacity, loss deferral, underreporting practices, and lack of timely oversight. The cases analyzed are not treated as isolated events but as empirical expressions of systemic fragility within the Brazilian regulatory framework, as diagnosed by scholars such as Christensen & Seabrooke (2022), Chen et al. (2018), and Palazzo & Rethel (2008).

Each subsection dedicated to a company includes: (i) economic-sectoral context and crisis history; (ii) critical examination of financial statements and governance actions; (iii) analysis of the connections with the proposed hypotheses; and (iv) theoretical and regulatory grounding of the observed failures. Additionally, practical examples and institutional decisions are presented to illustrate the disconnect between the formal nature of the accounting-regulatory framework and its real effectiveness in corporate risk control. The analysis is based on the assumption that accounting is not merely a technical instrument of measurement but a situated social practice, permeated by conflicting interests, conformity simulations, and power asymmetries (Hopwood, 1994; Christensen & Skærbæk, 2007).

At the end of the chapter, the analysis aims to determine to what extent the hypotheses were verified, either fully or partially, in each case, highlighting the factors that enabled or prevented early detection of the crises. The findings show that even under the aegis of IFRS, corporate governance, and external auditing, critical gaps persist in supervision, accountability,

and the transparency of information provided to the market. These insights support the need for broader institutional reform, as will be discussed in the study's final considerations.

4.1 Case of Americanas S.A.

The crisis of Americanas S.A., triggered in January 2023, became the largest corporate collapse in the Brazilian market since Oi S.A.'s judicial reorganization. In a material fact disclosed to the market, the company reported the existence of "accounting inconsistencies" amounting to R$ 20 billion, associated with unreported liabilities from reverse factoring operations structured with major banks (Bradesco, Santander, BTG Pactual). These operations were not recognized as debt, in violation of CPC 08 (Leasing Operations) and the IFRS Conceptual Framework, which require accounting recognition when a present obligation arises from past events (CPC, 2023; IFRS Foundation, 2023). The company filed for judicial reorganization with the Rio de Janeiro State Court (TJ-RJ), declaring total liabilities of R$ 42.5 billion, including R$ 19.3 billion owed to suppliers and R$ 12.8 billion to financial institutions (TJ-RJ, 2023; CVM, 2024b).

The case reveals multiple failures in disclosure and governance. Despite having issued unqualified audited statements for over a decade, the company maintained a hidden debt structure through receivables anticipation contracts with co-obligation clauses, which were not classified as financial liabilities. Economic literature—especially agency theory and studies on informational asymmetry (Stiglitz, 2000; Bushman & Smith, 2001)—emphasizes that accounting opacity is one of the main obstacles to efficient markets. The audit committee and board of directors were negligent, even after internal warnings, and PwC—responsible for auditing the statements—did not demand detailed explanatory notes for such operations, reflecting symbolic governance (Ishaque et al., 2021; Crockett et al., 2003).

On the regulatory front, the CVM initiated 19 administrative sanctioning proceedings, of which 7 investigate breaches of fiduciary duty and 4 address insider trading (CVM, 2024b). The Corporate Relations Superintendency (SEP/CVM) indicated that the 2021 and 2022 financial statements contained material distortions compromising the reliability of the information disclosed (CVM, 2024a). A concrete example is the absence of explanatory notes regarding supplier obligations that, under CVM Resolution 44/2021, should have been disclosed as "material facts" potentially impacting investor decisions. Americanas was removed from indices such as the IBrX-50 and the B3 Corporate Governance Index, and its shares were temporarily suspended by BTG Pactual, which accused the company of deliberate accounting fraud (Valor Econômico, 2023; B3, 2023).

The case clearly confirms hypotheses H1, H2, and H3. The lack of effective enforcement (H1) allowed the company to conceal debt for years under a façade of compliance. Corporate governance was captured by internal loyalty dynamics between management and controlling shareholders (Jorge Paulo Lemann, Marcel Telles, and Carlos Sicupira), representing a model of symbolic governance (H2), as argued by Ishaque et al. (2021) and Christensen & Seabrooke (2022). Adherence to IFRS was insufficient to prevent manipulation of the financial statements (H3), revealing the disconnect between regulation and oversight—a recurring critique in the institutional literature (Palazzo & Rethel, 2008; Cortês & Walton, 2018). Furthermore, the case suggests signs of regulatory capture (H6), given the CVM's years-long silence and reaction only after the public exposure of the crisis, aligning with La Porta et al.'s (1998) notion of "weak enforcement by institutional design."

Therefore, the Americanas case reveals not only individual governance failures but a systemic arrangement in which accounting standards, auditing mechanisms, and formal regulation coexist with opaque practices and concentrated power structures. It is an emblematic example of how accounting can be mobilized to simulate transparency while concealing systemic risks. The crisis reinforces the need for regulatory reforms focused on managerial accountability, integrated oversight (CVM-B3-Revenue Service), and auditing of complex financial practices. The case also supports recommendations from organizations such as the Financial Stability Board (2022) regarding the urgent need to improve the institutional framework for disclosure and governance in emerging markets.

4.2 Case of Light S.A.

Light S.A., one of Brazil's largest electricity distribution companies operating in the metropolitan region of Rio de Janeiro, filed for judicial reorganization in May

2023, citing excessive indebtedness and deteriorating operating conditions. The request, filed with the 3rd Business Court of the Rio de Janeiro State Court (TJ-RJ), revealed total liabilities of R$ 11 billion, including R$ 3.2 billion owed to banks and R$ 5.9 billion to debenture holders (TJ-RJ, 2023). The company is a federal public service concessionaire and is therefore regulated by ANEEL, which imposes specific rules regarding accounting, mandatory investment, and asset return to the granting authority, as outlined in ANEEL Normative Resolution No. 846/2019.

Despite these obligations, the company had been reporting regulatory assets in its balance sheets tied to expected revenues and recoverable credits without the corresponding provisions for decommissioning or impairment of concession assets. A practical example can be found in the 2022 Financial Statements, where Light recognized over R$ 1.3 billion in regulatory assets without providing evidence of the feasibility of future economic recovery, in contradiction with CPC 25 (Provisions, Contingent Liabilities and Contingent Assets) and CPC 01 (Impairment of Assets) (CPC, 2023; CVM, 2024a; ANEEL, 2023). The external auditor issued an emphasis paragraph but no qualifications, allowing the continuation of the adopted accounting model.

Light's crisis must be analyzed through the lens of the interaction between sectoral regulation and accounting oversight. Although ANEEL had monthly access to the distributor's performance data, it failed to alert the market to the insolvency risks. The CVM, in turn, did not demand reclassifications or enforce accounting adjustments related to debt restructuring or the probable impairment of recoverable assets. This highlights the lack of coordination between the two regulatory spheres—technical and financial—as argued by Cortês & Walton (2018) and Christensen & Seabrooke (2022). From an economic standpoint, La Porta et al. (1998) and Allen & Gale (2000) argue that enforcement failures in regulated sectors distort information flows, affecting capital allocation and risk pricing.

The case also illustrates a failure of accounting enforcement (H1), as it allowed the company to maintain optimistic accounting projections despite evident default risks. The formal adoption of IFRS and CPC standards was not matched by substantive oversight, confirming hypothesis H3. Furthermore, fragmentation among supervisory bodies reinforces hypothesis H4, showing that inter-institutional communication failures contribute to the omission of significant liabilities and operational risks. The case also supports hypothesis H6, considering that both ANEEL and the CVM adopted a lenient stance despite warnings from market analysts and creditors (InfoMoney, 2023; XP Research, 2023).

As an illustrative example, in 2022, Light issued debentures with contractual clauses requiring the maintenance of certain financial covenants (interest coverage, leverage ratios). Non-compliance with these indicators was ignored in the explanatory notes, and the potential financial effects were not provisioned as required by CPC 25. The result was a loss of institutional investor confidence and the subsequent downgrade of corporate debt ratings by Fitch and Moody's.

Therefore, Light's collapse transcends operational issues and exposes the weakness of the institutional oversight apparatus in strategic sectors. Accounting was used to soften perceptions of risk, while regulators failed to act in defense of public or market interests. The case reinforces the argument that, without coordinated enforcement, neither technical regulation nor international standards are sufficient to ensure transparency, prudence, and accountability.

4.3 Case of Oi S.A.

Oi S.A., a telecommunications operator with nationwide presence in Brazil, underwent two judicial reorganization proceedings in less than a decade: the first in 2016, with R$ 65 billion in debt, and the second in 2023, with a declared liability of R$ 29 billion (TJ-RJ, 2023). This recurrence reveals not only an operational crisis but also structural failures in the governance model, financial disclosure, and regulatory oversight, including the National Telecommunications Agency (ANATEL) and the Brazilian Securities and Exchange Commission (CVM). Oi operated under a public concession regime, with obligations regarding service universalization and network maintenance, which required enhanced disclosure, asset control, and sector-specific provisions—requirements that were frequently ignored in its financial statements (ANATEL, 2022; CVM, 2024a).

On the accounting front, the company adopted

aggressive practices in recognizing tax assets and deferring the recognition of losses, based on optimistic assumptions about judicial recovery and debt restructuring. In its 2022 statements, for instance, Oi reported a deferred tax asset of over R$ 7 billion related to accumulated losses, without material evidence of future taxable income. Additionally, capital expenditures were frequently recorded as intangible investments, inflating the company's total assets and concealing its low operational productivity. These practices violate the principles of prudence and materiality established by the Conceptual Framework for Financial Reporting (IFRS Foundation, 2023) and by CPC 32 (Income Taxes) (CPC, 2023).

ANATEL's role throughout the crisis was marked by ambiguity. Although the agency had authority to demand detailed disclosures about infrastructure investments and regulatory costs of the concession, it failed to activate any warning or preventive sanction mechanisms. The CVM similarly limited itself to issuing occasional information requests, without enforcing restrictions on the capitalization of future revenues or the corporate restructuring carried out without adequate market communication. This pattern of leniency and institutional inaction suggests regulatory disarticulation and potential institutional capture, as pointed out by Christensen & Seabrooke (2022) and corroborated by Crockett et al. (2003). From an economic standpoint, the absence of enforcement in regulated sectors weakens investor confidence and undermines the capital market's allocative function (La Porta et al., 1998; Rajan & Zingales, 2003).

Hypotheses H1 (ineffective accounting enforcement), H3 (ineffectiveness of formal IFRS adoption), H4 (lack of regulatory coordination), and H6 (institutional capture) are clearly confirmed in the Oi case. The persistence of accounting inconsistencies even after the closure of the first judicial reorganization indicates that the failures are systemic rather than circumstantial. A concrete example is the omission of provisions related to the fixed-line telephone concession, even after the publication of the General Universalization Targets Plan (PGMU III), which significantly altered the company's obligations and directly impacted the value of its concession assets (ANATEL, 2021).

In addition, Oi's corporate reorganizations—including asset spin-offs, the sale of the mobile network, and the transfer of infrastructure to separate entities—were conducted with low accounting transparency and without prior independent evaluation. This violates the principles of CPC 15 (Business Combinations) and CPC 36 (Consolidated Financial Statements). Extraordinary general meetings were called with minimal notice and lacked financial impact details for minority shareholders, prompting reactions from investor associations and subsequent lawsuits. ANATEL's leniency and CVM's failure to act reinforce the argument that existing rules are applied selectively, as discussed by Palazzo & Rethel (2008) and Bismuth (2022).

Thus, the Oi case reveals an institutional ecosystem where incentives for opacity outweigh accountability mechanisms. In this environment, accounting assumes a performative role: it constructs the appearance of solvency and continuity while concealing an unviable business model subsidized by regulatory leniency. The recurrence of judicial reorganization is not an accidental market failure but the result of a permissive, uncoordinated, and regulator-influenced institutional arrangement.

4.4 Case of AgroGalaxy Participações S.A.
AgroGalaxy Participações S.A., a holding company in the agribusiness sector focused on distributing agricultural inputs, fertilizers, and pesticides, filed for judicial reorganization in April 2024 with consolidated debt of approximately R$ 1.6 billion. Founded in 2016, the company grew rapidly through acquisitions (more than 10 regional firms between 2017 and 2022) and went public on B3 in 2021, carrying high leverage and a fragile capital structure. Its consolidation-driven growth model, capital-intensive and reliant on rural credit and short-term financing, proved unsustainable amidst rising interest rates (Selic), declining demand for inputs, and reduced bank lending from 2022 onward (Central Bank of Brazil, 2023; CVM, 2024a).

In its 2022 financial statements, AgroGalaxy reported over R$ 1.1 billion in intangible assets, mostly consisting of goodwill arising from acquisitions. Despite escalating debt and rising capital costs, the company maintained these intangibles without conducting impairment tests or reclassification, in violation of CPC 01 (Impairment of Assets) and ignoring the prudence principle. In the explanatory notes, management upheld the going concern

assumption, despite supplier arrears, maturing debentures, and breaches of contractual covenants—commonly referred to as financial covenants (CVM, 2024a; InfoMoney, 2024; CPC, 2023).

Unlike Light and Oi, AgroGalaxy does not operate in a sector regulated by a specific agency (such as ANEEL or ANATEL), exposing the fragility of enforcement in publicly traded companies outside critical infrastructure. Although the CVM did issue official requests for clarification, it did not act preventively regarding asset reclassification or provisioning for financial and legal risks tied to failed acquisitions. The absence of sector-specific technical regulation allowed the company to sustain aggressive accounting practices without substantive challenge—illustrating the limits of self-reported accounting enforcement (Chen et al., 2018; Christensen & Seabrooke, 2022; Cortês & Walton, 2018).

From a governance perspective, AgroGalaxy's power structure was concentrated in the controlling shareholder, with a board of directors largely connected to the Pátria Investimentos group. The independence of board members was limited, and the audit committee acted reactively. Strategic decisions—such as mergers, indebtedness, and debenture issuance—lacked robust economic and financial feasibility analysis, and management reports conveyed an optimistic tone misaligned with the company's actual financial position. These traits illustrate hypothesis H2 (symbolic governance), frequently cited in the literature as conducive to disclosure manipulation and deferral of impairments (Ishaque et al., 2021; Palazzo & Rethel, 2008).

Another relevant aspect was the increasing use of automated financial reporting systems, implemented by AgroGalaxy beginning in 2021. The company adopted integrated ERP solutions with analytical intelligence for inventory and cash flow management, but without specialized audit validation of the algorithms used in asset pricing and future cash flow projections. The absence of governance over computational models contributed to overly optimistic, unauditable projections—exemplifying hypothesis H5 (digitization without algorithmic transparency), as discussed by Bismuth (2022) and IEEE (2021).

The case analysis shows how the combination of disorganized growth, weak governance, and strategic use of accounting can create an illusion of solvency that is economically unsustainable. AgroGalaxy operated at the limits of accounting legality while disregarding the spirit of IFRS, particularly regarding transparency and timeliness of market-relevant information (IFRS Foundation, 2023). Its crisis reinforces Hopwood's (1994) critique of accounting as a ritualistic rather than substantive practice when disconnected from robust institutional oversight structures.

4.5 Analytical Considerations on the Cases

The analysis of the four cases reveals that the crises faced by Americanas, Light, Oi, and AgroGalaxy cannot be explained solely by short-term economic variables or isolated managerial errors. In every case, accounting was used as a tool for risk deferral, earnings smoothing, and the obfuscation of the companies' actual financial and asset positions. Such manipulation operated under apparent regulatory compliance, reinforcing the critique that, in weak enforcement environments, accounting standards serve more as instruments of formal legitimacy than as tools for genuine transparency (Chen et al., 2018; Hopwood, 1994; Christensen & Skærbæk, 2007). In this context, accounting fails to fulfill its informational role and instead becomes performative—it constructs realities rather than merely representing them.

The hypotheses formulated in Chapter 2 were largely confirmed: the absence of substantive enforcement (H1) and the presence of symbolic governance (H2) were recurrent in all four cases; the mere adoption of IFRS standards did not result in informational quality (H3); the lack of coordination between sectoral regulators and the CVM (H4) proved decisive in the supervisory failures observed in the Light and Oi cases; unaudited and unregulated digitalization amplified accounting opacity in the case of AgroGalaxy (H5); and institutional capture—both regulatory and symbolic—was evident in the cases of Americanas and Oi, pointing to institutional tolerance of practices that degraded the informational structure of the market (Christensen & Seabrooke, 2022; Palazzo & Rethel, 2008; Cortês & Walton, 2018).

These empirical findings support the central hypothesis of this study: the fragility of the Brazilian accounting-regulatory environment is structural and goes beyond the individual misconduct of corporate agents. There is a permissive institutional system that

operates in the gray area between formal legality and the absence of substantive accountability. This chapter therefore reinforces the need for a reform agenda that goes beyond the mere technical updating of accounting standards and seeks to strengthen enforcement mechanisms, independent auditing, interinstitutional supervision, and algorithmic transparency. Such an agenda will be developed in detail in Chapter 5, which presents the study's main conclusions, its practical implications, and proposals for regulatory and academic advancement.

5. Final Considerations

This study analyzed the financial, regulatory, and governance-related fragilities of publicly traded Brazilian companies that filed for judicial reorganization between 2020 and 2024. Through a multiple case study approach—focusing on Americanas, Light, Oi, and AgroGalaxy—the research identified recurring failures in accounting enforcement, disclosure practices, and regulatory coordination. The evidence demonstrated that these crises were not isolated incidents but symptomatic of systemic institutional permissiveness, where formal compliance often masks informational deterioration and growing insolvency risks.

One of the central findings is that the effectiveness of IFRS adoption is limited when not accompanied by active and sanctioning enforcement. Although all companies studied formally complied with international accounting standards, their financial statements failed to reflect underlying economic realities. This discrepancy reveals that formal convergence is not synonymous with transparency and reinforces the argument that substance-over-form principles must be central to financial supervision in emerging markets.

The study also emphasized the presence of symbolic governance practices. Boards of directors, audit committees, and supervisory structures often functioned as ceremonial entities, lacking autonomy or critical oversight. These findings align with Ishaque et al. (2021) and Palazzo & Rethel (2008), who argue that governance without enforcement becomes a mechanism for legitimizing discretionary decisions. In the Brazilian context, governance structures frequently serve to simulate control rather than ensure it, particularly when concentrated shareholder power is involved.

Another key contribution concerns the fragmentation and low interoperability of Brazilian regulatory institutions. The lack of coordination between the CVM and sectoral agencies such as ANEEL and ANATEL proved critical in delaying responses to accounting irregularities. This disjointed oversight allows companies to operate in regulatory blind spots, where complex operations are insufficiently monitored. The cases of Light and Oi clearly illustrate the consequences of this institutional disconnect on investor protection and systemic risk.

The research also highlighted the strategic use of accounting to defer recognition of losses, inflate assets, and obscure liabilities. This instrumentalization of accounting aligns with Hopwood's (1994) view of accounting as a socially constructed practice used to build acceptable narratives. The cases studied show that accounting is often manipulated to construct solvency "fictions," enabling companies to maintain market confidence while deepening financial instability. Such dynamics are particularly dangerous in environments lacking audit independence and effective regulatory sanctions.

The phenomenon of institutional capture emerged as another critical determinant of accounting opacity and weak enforcement. The presence of corporate representatives on technical standard-setting bodies, coupled with lobbying and selective oversight, facilitates regulatory tolerance of aggressive accounting practices. The cases of Americanas and Oi illustrate how regulators may delay intervention despite obvious inconsistencies. As Christensen & Seabrooke (2022) emphasize, captured institutions tend to favor the interests of the regulated, undermining transparency and public accountability.

Digitalization was also analyzed from a critical perspective. While innovations such as XBRL and automated reporting systems are presented as tools for improving transparency, in practice, they may exacerbate opacity when not subject to algorithmic audit and governance. AgroGalaxy's use of unaudited predictive models illustrates how technology can be used to support speculative projections. Therefore, technological progress must be accompanied by institutional investment in supervisory capacity and algorithmic accountability.

Based on these findings, the study recommends strengthening the Brazilian regulatory framework through four priority actions: (i) reinforcing the autonomy and investigative capacity of the CVM; (ii) improving coordination between financial and sectoral regulators; (iii) mandating the audit of algorithmic models used in financial reporting; and (iv) reviewing the criteria for independence and effectiveness of corporate governance bodies. These measures are essential to transform accounting from a ritualized formality into a credible tool for market discipline.

In sum, this study contributes to the debate on the quality of accounting information in emerging economies and its relationship with institutional design. It demonstrates that the production of reliable financial information depends not only on technical standards but also on political, regulatory, and governance conditions. Judicial reorganization cases thus become critical empirical windows to observe the functioning—or dysfunction—of financial supervision in Brazil. Future research could explore comparative approaches across countries or sectors to assess whether the patterns identified here are replicated in similar institutional contexts.

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