

ALEX CUADROS

BRAZILLIONAIRES

THE GODFATHERS of MODERN BRAZIL

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THE CRASH

 ON A STRETCH OF HIGHWAY NOT FAR FROM RIO DE JANEIRO, a silver SLR McLaren idled on the shoulder, its futuristic door hinged open at the top like a wing extended toward the evening sky. The warning lights blinked yellow. In the driver's seat, a twenty-year-old kid named Thor sat spattered with blood. The windshield sagged inward, weirdly limp, spiderwebbed with cracks, half-detached from the roof, and in the car's nose, a perfect round hole gaped where the Mercedes-Benz symbol had been dislodged. Along the hood, a zig-zag of thin, dusty tread marks traced the improbable dance of a bicycle tire.

Thor and his passenger had been driving back from a steakhouse in Petrópolis, the old summer retreat of Pedro II, the Brazilian emperor. They were on a highway that winds south toward Rio from mountains blanketed in rain forest so dense the trees look heaped on one another. Coming into the lowlands, shacks of dull red cinder-block cluster along the road. Landslides during the summer rains sometimes carry these homes away; once the ground hardens, their residents rebuild them.

Wanderson Pereira dos Santos was from here. He unloaded trucks for a living. His bicycle lay in a gully by the road, the red frame bent up, back tire curled in on itself like a wilted flower. He'd been pedaling from the store, on his way home to celebrate his wife's birthday,

when Thor's car struck him. The impact tossed his body two hundred feet down the road. His left foot was torn off, his left arm too. His chest split open; police would later find his heart inside the McLaren.

As Thor and his friend sat dazed in their seats, a med student in a Ford pulled up alongside them and said, "You just killed that guy back there." He had no idea then that Thor's dad was Eike Batista, the richest man in Brazil. The McLaren's license plate read EIK-0063; sixty-three was Eike's lucky number.

Other drivers stopped at the scene. Someone called an ambulance. Thor felt steady enough to emerge from the McLaren, and his bodyguards, who'd lagged behind in their pickup truck, took him and his friend to a first aid station a couple of miles down the road. There a nurse looked at Thor and sent him on his way—apart from some nicks from broken glass, the blood on him wasn't his. But he didn't go back to the crash site just yet. Instead he went thirty miles into Rio proper and stopped at home before returning to the highway with his dad's lawyer Flávio Godinho. A bodyguard drove them now.

Two miles from the crash site, Thor stopped at a roadside police station where the lights of emergency vehicles flashed. He blew zero on a Breathalyzer and gave a written statement—he'd been rounding a curve down an unlit hill when all of a sudden in the middle of the road this cyclist appeared, dragging his left foot inexplicably on the ground; Thor braked right away, but it was too late. The officers asked him to go downtown for questioning, but Godinho wanted to avoid the circus of reporters who would show up. They relented. Though they'd spent just a couple of hours examining the McLaren, Godinho even persuaded them to let him tow it away on the condition he wouldn't alter or destroy any evidence. Wanderson's body was removed from the scene just as quickly. His widow's lawyer later said, "I've never seen the state work so fast."

That was March 17, 2012. The next day the crash was all over the Brazilian press.

THIS EVERYDAY TRAFFIC DEATH became national news because Eike Batista, Thor's father, was more than just a major businessman. When he wasn't making headlines for some new venture—and he always had new ones in those days, whether in oil and gas or microchips or gold—then you found him in the gossip pages. One day he'd host the president at his Manhattan-size port project, the next he'd be on TV talking about the thirty-five-thousand-dollar treatment that restored hair to his balding head. His ex-wife, Luma de Oliveira, was a *carnaval* queen and *Playboy* cover girl. He was so big that Brazilians knew him just by his first name: Eike. He seemed at times everywhere at once in his bright pink tie. Paparazzi would shoot him jogging, flanked by bodyguards, around Rio's Rodrigo de Freitas Lagoon—which he'd paid to depollute—not far from the mansion where, before passing it on to Thor, he'd kept that silver McLaren in one of his living rooms. One of a dozen of its kind in Brazil, the car cost him 1.2 million euros.

In a deposition a few days after the crash, Thor insisted he'd obeyed the 110-kilometer-an-hour speed limit—about 68 miles an hour. Thor's lawyers touted an autopsy revealing alcohol in Wanderson's blood. But the med student who'd been driving behind Thor told investigators the McLaren had zigzagged past him like in a police chase. Reporters discovered that Thor had racked up eleven traffic violations in the previous eighteen months, most for speeding, and enough that his license should have been taken away, if not for Brazil's sluggish bureaucracy. Even more damning, it turned out that Thor had driven his Audi into an eighty-six-year-old cyclist on a Rio street a year earlier, breaking his hip. Eike had paid the medical bills and the family had kept quiet until now. One of the old man's children said, "We were just worried about saving our father, who didn't want any *confusão*." In Portuguese the word means "confusion," also "trouble."

Eike paid four thousand dollars for Wanderson's funeral. The

burial took place on a gray day in the cemetery in the village of Xerém, not far from the length of asphalt where Wanderson had died. A half-dozen friends, none wearing suits, some in shorts and flip-flops, carried the lacquered casket up a concrete walkway, past proper stone tombs, to an empty grave on a muddy slope. A throng of reporters followed them snapping pictures. Wanderson's aunt gave interviews. She'd raised him. He'd never met his dad, and his mom, a drunk, had abandoned him when he was a kid. A mortician, the aunt said, had reconstructed his face for the funeral. News stories often ran two photos together: Thor, with fair skin and a highlighted flop of hair, and Wanderson, skinny and black, his shaved head sometimes covered by a baseball cap.

To many people, the way things went down embodied some of Brazil's deepest problems: not just the gulf between rich and poor but also the special treatment reserved for the powerful and the well connected. Why did police let Eike's lawyer tow away the McLaren? One TV presenter shouted, "Just because he's a billionaire doesn't mean you don't need a proper examination! Just because he's a billionaire doesn't mean justice shouldn't work the same way!" But Thor was soon back on the road. Less than two months after the crash, he competed in a drag race near São Paulo, driving a bright red Ferrari 458 Italia.

"Thor symbolizes the new rich Brazil," a blogger wrote. "Wanderson made me think: poor, old Brazil."

Two months after the crash, the police came out with a forensic report calculating the McLaren's speed at the moment of impact: 83 miles an hour, well above the legal limit on that twisty mountain road. That same day, inspiring a mix of surprise and skepticism across Brazil, prosecutors indicted Thor for manslaughter.

AT THE TIME OF THE CRASH, Eike Batista was worth thirty billion dollars, and this made him the eighth-richest person in the world. He was a symbol of his country's dramatic transformation. Just a gen-

eration ago, Brazil was an impoverished dictatorship mostly famous for samba, poetic soccer, and the violence of its slums. It had since become a stable democracy with the world's seventh-largest economy. Though its rise would soon screech to a halt, Brazil remains the top exporter of coffee and sugar, soybeans and beef; it also produces more oil than Norway. Four icons of American consumer culture—Budweiser, Burger King, Heinz, and Kraft—now belong to a trio of billionaires from Rio. And in a country of two hundred million people, forty million have risen from extreme poverty since the turn of the twenty-first century.

I moved to Brazil in 2010, at the peak of its rise. Like many foreigners, I was drawn at first by an aura of romance and adventure, but I ended up discovering a place with many more layers to it. And when Bloomberg News invited me to cover billionaires as a full time job, I found myself in the middle of two great stories. One was about the Brazilian boom, a story of national ambition. The other was about the accumulation of wealth, and this story went well beyond Brazil.

I hadn't given billionaires much thought before, but as I immersed myself in their world, they took up more and more space in my head, and I found myself obsessed with them. Of course I had practical questions: how they put their fortunes together, how they shaped the economy, how they influenced the government, and how all that changed life for everyone else. I also had squishier questions about how their minds worked and how they justified their wealth to themselves and the world. I was fascinated too by the general fascination with billionaires. They're celebrities who change the world: symbols of meritocracy and progress for some, a cabal of monopolists to others. At times I admired what they built; at other times I wondered whether it was just plain wrong to be so rich in a country this poor—or in any country. I wondered which extreme was closer to the truth: Did the ultrarich take a society forward or hold it back? Could billionaires create progress at all, or did progress simply create billionaires?

Eike fascinated me most of all, and I came to see him as a bridge between two traditions that define the billionaires of Brazil and the world. In the American style, he was a salesman with a nose for a trend and vast ambition. He got rich by selling the new Brazil. His goal was to be the world's richest man by 2015, and his startups raised billions of dollars from private investors all over the world. At the same time he followed a script common in emerging economies under heavy state influence: He won the favor of people in government to secure massive transfers of public money.

And yet Eike didn't want just to get rich. With his plan to build the greatest industrial empire Brazil had ever seen—from scratch—he hoped to remake his country as a modern power. He was self-conscious in his symbolism, and he eagerly played role model to ordinary Brazilians aspiring for a better life. But things didn't go as planned. He failed to deliver what he'd promised. Before it ever got off the ground, Eike's empire collapsed under the weight of its debts, and he went broke. His net worth of thirty billion dollars evaporated in just a year and a half. Of the few people ever to amass a fortune that size, no one had ever lost it all in such a short span. Plenty of Brazilians lost their savings too.

This book is about Brazil and about billionaires—but more than that, it's about how wealth is accumulated in the modern world and the stories we tell ourselves to explain this process. The first part, "Roots of Wealth," is at once a panorama of Brazil—a vast, vibrant country perennially on the cusp of a brilliant future—and of a new world of billionaires that transcends national borders. I show how Brazil's billionaires get rich and stay rich, how they shape Brazil and reflect it. I also show how ordinary Brazilians interact with the empires built by their richest citizens and how more American ideas of wealth reverberate throughout.

Part Two, "The Brazilian Dream," mostly follows the epic rise and fall of Eike—and with him, the changing fortunes of Brazil, whose dreams of prosperity approached and then grew distant just as Eike's empire began to crumble. First the economy began to sput-

ter; then came a corruption scandal of unprecedented proportions. On the eve of the 2016 Olympic Games in Rio, the country sank into crisis—a familiar predicament, but one that many, including Eike, had believed to be a thing of the past.

What I found in Eike wasn't just a story of fantastic wealth creation and destruction and a man of almost pathological charisma. Eike also seemed to embody all the tensions and contradictions in the way we think about the role of wealth in society. Like people in a lot of countries, Brazilians are trying to figure out the right balance between economic growth and equality, between government action and private initiative. They're grappling with ideas about prosperity, how to achieve it, and what to do with it. I saw these ideas come into conflict in the lives of the billionaires I trailed. Between the lines of their stories, a drama about a country's dreams for itself played out.

GOD IS BRAZILIAN

THE NEW BRAZIL, MIAMI,
AND HIDDEN WEALTH

“I follow the rules that I built for myself.”

—ABILIO DINIZ (\$4 BILLION)

A HELICOPTER DESCENDED FROM THE SKY, ITS GLOSSY BODY catching the oblique winter light. As it drew closer to me, a machine hiss overwhelmed that familiar deep faraway chop. Its little wheels perched gingerly on the roof of the São Paulo Sheraton. A pilot wearing wraparound sunglasses and pilot’s headphones hopped out, slid open the back door, and set up a three-step ladder for us to board. He clasped his hands in front of him, waiting for us to get in, a chunky metallic watch on his right hand. It was 4:25 P.M. His punctuality was English, as Brazilians like to say.

The helicopter wasn’t for me. It was for a top editor visiting from New York, whose time Bloomberg News judged more valuable than the fifteen hundred dollars an hour it cost to hire a chopper to ferry him around. I was a twenty-nine-year-old reporter tagging along to meet a big newsmaker. I climbed aboard with three other colleagues, my knees touching theirs in the backseat. Everyone put on a pair of those headphones.

As we rose into the air, the helipad retreated, São Paulo shrank. The Pinheiros River dwindled to a dark stripe, tiny cars filling up six

lanes of freeway on either side. We left behind the Octávio Frias de Oliveira Bridge, a concrete X intersected by yellow cables supporting two crescents of road. We passed over office towers of gleaming dark blue glass, luxury condos of imitation granite, new buildings copying many architectural styles at once. I took photos on my BlackBerry, craning to see a city whose chaos seemed from this height to reorder itself in neat rows. The Bloomberg editor also sneaked a shot or two. Then, almost as soon as it had begun, the trip was over.

From the helipad we tromped downstairs into an office of many beiges—the carpets, the desks, the filing cabinets. We were in the headquarters of a company known as Brasil Foods, BRF for short. It was surprisingly quiet given that BRF was Brazil's biggest producer of packaged foods and the world's biggest exporter of poultry, feeding millions of Russians and Arabs and Chinese. We settled into a conference room to wait for the company's new chairman, Abilio Diniz, one of Brazil's richest men. He owed his four-billion-dollar fortune to his family's supermarket chain, Brazil's largest—another superlative. It was called Pão de Açúcar, Sugarloaf, after the iconic mountain in Rio.

Abilio Diniz famously worked out several hours a day, running, lifting weights, boxing, and playing squash, even at seventy-six years old. He ate like a stereotypical Californian, avoiding the Brazilian staples of rice and beans and red meat. I'd seen a picture of him in a tank top doing the pectoral fly, and his face, lined and tan as a leather shoe, looked Photoshopped onto the body of a much younger man. Now here he was, bounding over to shake our hands, wearing khakis and a simple white button-up shirt, no tie. He sat down, and the Bloomberg editor jumped straight into the interview. This was a mistake. In Brazil, you can't cut straight to the chase. You need to ease into business, glide through some small talk, something about soccer, the weather, traffic. The other mistake was hitting him with the most obvious and least comfortable question first: How can you possibly be chairman of two public companies that do business with each other? Pão de Açúcar bought BRF's TV dinners and yogurts

and smoked turkey. “In all my time as a journalist, I don’t think I’ve ever seen such a thing,” the editor told Abilio.

Abilio wasn’t just chairman of both companies, he owned stock in them. This had led to a clash between him and his French partner at Pão de Açúcar, Jean-Charles Naouri. Alleging that Abilio’s dual roles made for a glaring conflict of interest, Naouri had filed for international arbitration. The dispute permeated the business press. For Abilio, though, it was just his latest messy public battle. In the early eighties, his father had decided to hand out shares in Pão de Açúcar based on his children’s performance in the company. Abilio got a sixteen percent stake while each of his two brothers got eight percent and their three sisters got just two percent each. Fights ensued, and as the alliances shifted, the siblings spilled their woes to a series of delighted journalists. In 1993 Abilio finally persuaded most of his family to sell their shares to him, cementing his control.

Abilio spoke halting English as he explained to us that the legal issues existed exclusively in Naouri’s head. There was no conflict of interest because Abilio *felt* there was none. “I follow the rules that I built for myself,” he said. He bounced in his chair, looking from one to another of us as though being interrogated. Now and then he squinted at his PR people with a look of pained incomprehension, and they helped him explain what his English couldn’t. Pressed on his dual roles, he snapped at last, in Portuguese: “Did you come to interview me, or did you come to provoke me?”

The conversation kept on like this for twenty minutes, until Abilio glanced around and asked, “Okay?”—indicating our time was up. This was a man with a hierarchy of attentions. Journalists ranked low, though possibly above his press people. These he addressed without ever quite meeting their eyes, making offhand orders—“I’ll take a water”; “You’ll send me that article later?”—in the way of someone who rarely repeats himself.

But there was more to Abilio than conflict. In recent years he’d become a champion of healthy living. He wrote a best-selling self-help book, translated into English as *Smart Choices for a Successful*