



Written by [Bob Adelman](#) on March 7, 2016

Investigators Circling Brazil's President; "Sudden" Regime Change Likely

On March 4, more than 200 police officers and 30 tax auditors [raided the homes and offices](#) of numerous Brazilian officials involved in the Petrobras money-laundering scandal in an investigation dubbed "Operation Car Wash." The biggest fish caught in their net was none other than Brazil's former President Luiz Inácio Lula da Silva, known as "Lula." If he is charged and convicted, it will represent a serious breach in the wall of innocence surrounding Brazil's current President Dilma Rousseff (shown), who has declared from the beginning that she knew nothing about the pay-to-play scheme.



Brian Winter, vice president of Americas Society/Council for the Americas, said this of Lula's arrest: "It is obviously a historic moment for Brazilian politics. [Lula's detention] signals a completely new moment for the Petrobras probe, for [Lula's] Workers' Party and for Brazil generally."

Jimena Blanco, head of the Latin American department for the political risk advisory firm Maplecroft, was even more forthright: "Brazil's perfect storm has reached its climax and the likelihood of a sudden change in government, either through judicial or legislative means, has skyrocketed. [Lula's] involvement ... [increases the] social and political pressure for Rousseff to leave office."

When Petrobras, Brazil's enormous state-controlled oil company, announced the discovery of two new immense oil fields — the Tupi in the Santos Basin and the Juniper just off the coast of Rio de Janeiro — it set in motion the pay-to-play scheme that is now being exposed. The company needed to raise \$25 billion to develop the fields and corrupt politicians and businessmen flocked to the opportunity for graft and payoffs like flies to rotten fish.

After a phone call to police from the owner of a currency exchange (and car wash) telling them that some of those politicians were laundering money through his company, "Operation Car Wash" was launched. The first arrest took place in March of 2014, taking into custody Paulo Roberto Costa, the former head of the refining and supply department of Petrobras. The police used "plea and pressure" tactics as described by Kenneth Rapoza, a *Forbes* contributor:

One name has led to another, which has led to another, which has led to ... some of the closest men to Dilma Rousseff and Lula. [Those arrested] will not want to spend the rest of their lives in jail. They ... will sing, sing loud and clear.... If they have anything that implicates Dilma and/or Lula in this mess, it will not only destroy the Workers' Party ... but it will surely lead to an impeachment [of Rousseff].

Costa sang like a bird, leading to the arrest of 18 people later that year. In March of 2015, the Supreme Court empowered the police to investigate another 50 people, including Senate President Renan



Written by [Bob Adelman](#) on March 7, 2016

Calheiros and House Speaker Eduardo Cunha.

Investigators widened their nets by setting up Operation Zealots, which looked into Brazilian officials who solicited bribes from major companies in exchange for reducing their tax liabilities.

In April, police arrested the treasurer of the Rousseff's Workers' Party, João Vaccari, as the noose tightened. In June they arrested the CEOs of the country's largest construction conglomerates, Odebrecht and OAS, putting the CEO of the former in jail and the of the latter in a holding tank awaiting his trial. In August they arrested Lula's chief of staff who served him while Lula was Brazil's president from 2003 to 2005.

Also in August, Cunha, who remains House speaker thanks to Brazil's "relaxed" rules concerning misconduct of elected officials, was charged with pocketing upwards of \$5 million in bribes in connection with the Petrobras scandal.

In November, the richest man in Brazil, Andre Esteves (who, appropriately, is head of Brazil's largest independent investment bank, PTC Pactual), was arrested along with Senator Delcidia do Amaral, the Senate Whip and a member of the Workers' Party. Both were charged with paying millions in bribes to a key witness in the Petrobras investigation and then spiriting him out of Brazil on a private jet to keep him from testifying.

Last week, what may be the final nail in both Rousseff's and Lula's political coffins, occurred when Amaral decided to sing, claiming that Rousseff had maneuvered to appoint a political hack to one of Brazil's highest courts in an attempt to release some of those executives jailed in the scandal. Naturally, Rousseff knows nothing about any of this, protesting repeatedly that she was completely unaware of the scandal taking place right under her nose *while she was minister of energy under Lula for five years*.

In addition to predictions about an imminent regime change is the Brazilian stock market's reaction to the tightening noose around the necks of Dilma and her mentor. In the last five trading days, Brazil's Bovespa Index has jumped from 37,046 to 49,085, a 32-percent vote of "no confidence" in Rousseff and Lula and a celebration of better times to come once they are removed from the levers of government.

Photo: AP Images

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

Related articles:

[Brazil's Troubles Go From Bad to Worse](#)

[Fitch Downgrades Brazilian Debt to "Junk"](#)

[Brazil's Petrobras Scandal Widens, Threatens President Rousseff](#)



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

[Subscribe](#)