

Indy Driver Castroneves Acquitted In Tax Case

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MIAMI (AP) — Brazilian race car driver and "Dancing With The Stars" champ Helio Castroneves was acquitted Friday of most charges that he worked with his sister and lawyer to evade more than \$2.3 million in U.S. income taxes.

A federal jury acquitted Castroneves on six counts of tax evasion but hung on one count of conspiracy. The jury also acquitted Katiucia Castroneves, 35, who is her 33-year-old brother's business manager, on the tax evasion counts but also hung on the conspiracy. Michigan motorsports attorney Alan Miller, 71, was acquitted on all three counts of tax evasion and one count of conspiracy. The jury deliberated six days after a six-week trial.

All three faced more than six years in prison if convicted of conspiracy and tax evasion between 1999 and 2004. The case mainly revolved around income from a \$2 million sponsorship deal Castroneves had with the Brazilian firm Coimex and his \$5 million licensing deal he reached with Penske Racing in late 1999.

Castroneves, a two-time Indianapolis 500 winner and one of the Indy racing circuit's most popular drivers, was temporarily replaced on Team Penske by Australian Will Power pending the outcome of the case. Castroneves won the TV dance competition in 2007.

Central to the case was the ownership of a Panamanian company called Seven Promotions. Prosecutors called it a shell corporation set up primarily so Castroneves could dodge U.S. income taxes, but Castroneves' father testified he created Seven to boost his son's image in Brazil. The elder Castroneves said his son never owned it.

Prosecutors called that a lie, showing jurors numerous documents in which Castroneves claimed Seven as his own. If it was, an Internal Revenue Service agent testified that Castroneves owed U.S. taxes on the full \$5 million from Penske even though he has never actually received the money.

Instead, the Penske payments were eventually invested in a deferred compensation deal with the Dutch firm Fintage Licensing B.V. Castroneves attorney Roy Black told jurors in closing arguments that such deals are common — and perfectly legal — for athletes who have relatively short careers and face injury or worse at any moment.

Black also said Castroneves had only a slight understanding of his financial affairs and relied on professionals to deal with them.

"Does anybody really think Helio Castroneves really made a financial decision. All he did was drive — and drive he did," Black said.

Prosecutor Matt Axelrod, however, said it made little sense for Castroneves to sign away \$5 million to Seven if he had no control.

"You don't send millions of dollars to a company you don't own or control," Axelrod said.

Besides the Penske and Coimex money, Castroneves was charged with claiming thousands of dollars in improper tax deductions and failing to disclose as income Hugo Boss clothing and airline tickets he received.



Helio Castroneves, driver of the No.5 Penske Racing Porsche RS Spyder, celebrates after winning the LMP2 Class at the American Le Mans Series Petit Le Mans on Oct. 4, 2008, at Road Atlanta in Braselton, Ga.