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Unshackled and sprung on a $10-million bond, Castroneves flew immediately to race a Penske car at Road Atlanta.

FROM DANCING SHOES TO LEG SHACKLES

AN UGLY LAWSUIT BETWEEN TWO GREAT BRAZILIAN DRIVERS ENDS WITH SERIOUS TAX-EVASION CHARGES AGAINST ONE OF THEM.

BY STEVE MAYER

On September 27, 1997, race-car driver Helio Castroneves, 22, was standing before a podium at a victory banquet at the Doubletree Hotel in Ontario, California, having just finished second in the tightest points battle in the history of Indy Lights racing. The young Brazilian thanked everyone in an emotion-charged response, finally breaking down in tears of joy and acknowledging the love of a sister.

About 11 years later, on October 3, 2008, Helio Castroneves, 33, again was at a podium, again in tears, his sister behind him. This time his legs were shackled and his hands cuffed, facing a judge to plead not guilty in Miami to charges that he, his sister, and his attorney willfully failed to pay taxes on $5.5 million in income.

Released on $10 million bond, the next day he co-drove a bright yellow Penske Racing, DHL-sponsored Porsche RS Spyder to a class victory at the 1000-mile Petit Le Mans race at Road Atlanta.

The two-time Indy 500 champion, and a 2007 winner on the smash television show *Dancing with the Stars,* Castroneves was the Indy Racing League's potent No. 2 personality behind Danica Patrick. Now he faces 35 years in the slammer, back taxes of $2.17 million, penalties, interest, fines, and, not to mention, the loss of his career. And did we mention deportation?

Breaking down the charges, Castroneves is accused of evading taxes on (a) $550,000 of a personal sponsorship deal (deposited into a Panamanian corporation, with some monies diverted to another Swiss corporation) from 1999 to 2001; (b) $5 million on a "Deferred Royalty Contract" (with a company in the Netherlands) from 2000 to 2002 from his Penske Racing retainer; and (c) underreporting his income in 2003 and 2004.

But nothing is as ever as simple as it seems. This saga embraces a world racing legend, a deceased CART team owner, a billionaire industrialist, a preeminent motorsports attorney, Miami super lawyers, and a driver in his early twenties.

On June 11, 1997, another Brazilian, ex-driver Emerson Fittipaldi, then 50, a two-time Formula 1 champion and twice Indy 500 champion, had signed a five-year contract to manage Castroneves. A little over two years later, Castroneves fired Fittipaldi, several days after his then-team owner, the late Carl Hogan, announced he was folding Hogan Racing on October 28, 1999.

Less than a week later, Castroneves signed a three-year deal with Roger Penske for $2 million per year, negotiated by the motorsports über-lawyer Alan R. Miller, to create one of the most enduring partnerships in modern racing.

Fittipaldi was not pleased, and in February 2000, he sued for $3.3 million, claiming breach of contract. The case was finally heard in 2004, fought over by some of Miami's legal super heavyweights. A jury did not award financial damages to either Brazilian. Fittipaldi appealed all the way to the Florida Supreme Court, where he lost and was ordered to pay $60,000 for Castroneves' appellate legal fees.

The federal investigation was sparked from the sordid mess of that lawsuit, and three years later, after tons of documents sought and racing people confidentially interviewed, Castroneves was rudely placed in leg irons and handcuffs at his court appearance in which he pleaded not guilty. Five of the seven counts allege the crimes continued until the last day of the Fittipaldi civil trial, while several exhibits in current filings were lifted from that case.

Will Castroneves walk? Hard to say, when the case could center upon technical tax-code nuances, involving transactions among six corporations in five countries in four languages and scores of people.

In the interim, Penske Racing anticipates that its star will be racing for them.