



Batista at his mansion in Rio de Janeiro, with a £1 million car he kept inside his home
PORTRAIT Eduardo Martino

THE BRAZILLIONAIRE

Eike Batista was the face of Brazil's super-rich – appearing from nowhere to bankroll the Olympic bid with his fortune of \$27 billion, and flaunting a lifestyle that included a Mercedes in his living room. But was his empire of rich oil reserves really all it seemed? By Alex Cuadros

On a stretch of highway not far from Rio de Janeiro, a silver Mercedes SLR McLaren idled on the shoulder, its futuristic door hinged open at the top like a wing extended towards the evening sky. The warning lights blinked yellow.

In the driver's seat, a 20-year-old kid named Thor sat spattered with blood. The windscreen 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 bonnet, a zigzag of thin, dusty tread marks traced the improbable dance of a bicycle tyre.

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 towards Rio from mountains blanketed in rainforest so dense the trees look heaped on one another. Coming into the lowlands, shacks of dull red cinderblock 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, the red frame bent up, back tyre curled in on itself like a wilted flower. He'd been on his way home to celebrate his wife's birthday. The impact tossed his body 200ft 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 medical student in a Ford pulled up alongside them and said, "You just killed that guy back there." He had no idea that Thor's dad was Eike Batista, the richest man in Brazil.

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-sized port project, the next he'd be on TV talking about the \$35,000 treatment that restored hair to his balding head. His ex-wife, Luma de Oliveira, was a carnival 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 clean up – 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 (£1 million). In a deposition a few days after the crash, Thor insisted he'd obeyed the 110km-an-hour speed limit – about 68 miles an hour.

Thor's lawyers touted an autopsy revealing alcohol in Wanderson's blood. But the medical student who'd been driving behind Thor told investigators the McLaren had zigzagged past him as if in a police chase. Reporters discovered that Thor had racked up 11 traffic violations in the previous 18 months, most for speeding, and enough that his licence 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 86-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.

To many people, the story 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. Less than two months after this latest crash, Thor competed in a drag race near São Paulo, driving a bright red Ferrari 458 Italia. "Thor symbolises 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 scepticism across Brazil, prosecutors indicted Thor for manslaughter. At the time of the crash, Eike Batista was a symbol of his country's dramatic transformation. He was worth \$30 billion, and this made him the eighth-richest person in the world.

I called Eike by his first name because everyone in Brazil did. Only foreigners called him Batista. Partly that's because Batista is a common last name here, but mostly it's because he was so often in the news that you felt like you knew him. At any given moment in the Bloomberg newsroom where I worked,



President Lula da Silva, Carlos Nuzman and Pele celebrate winning the bid to host the Olympics

at least one reporter would be writing about him, and often more than one, depending on how many beats he was churning that day – energy, mining, finance. His rise was all the more startling since, up until recently, few outside Brazil had ever heard of him.

When he was younger, few inside Brazil knew him as anything but the ex-husband of Luma de Oliveira, a carnival queen and *Playboy* cover girl. When Eike met her in 1990, he'd just won a speedboat championship, and she was the pretty 22-year-old handing him an oversized cheque for the prize money. He fell in love – plummeted – even though he'd just got married to a Rio high-society girl. With the civil ceremony still a few days away, he called it off and eloped with Luma. The little carioca elite was scandalised, but he didn't care. He got the wedding annulled. Four



Eike Batista with his girlfriend, Flavia Sampaio, at Oi Fashion gala in Rio in 2009



With Dilma Rousseff, Brazil's president, during a visit to his super-port project at Acu in 2012

months later he married Luma, by then pregnant with their first son, Thor.

Eike enjoyed being married to one of the most desired women in Brazil. He used to introduce himself, good-humouredly, as "the husband of Luma". In 1998, by then the mother of two children, she made her most famous carnival appearance, parading in a Catwoman-like getup and a kitty collar with rhinestones that spelled out her husband's name. "It's to show I have an owner," she explained. That was the moment when most Brazilians heard of Eike for the first time. Eike loved Luma's homage to him. But after a while he cooled to her exhibitions. In her late thirties she was still in demand, and he grew jealous of her image. Once he gave her a diamond ring to persuade her to cancel a nude shoot. He brought her Ferrero Rocher chocolates and milkshakes to throw off her diet. After a while, she got sick

of his prohibitions. Luma and Eike divorced in 2004, but the separation was friendly. Eike bought her the mansion next door to his so that their two sons would grow up nearby.

To dispel the impression he'd beamed into the Brazilian boom from nowhere, Eike began to talk about how he got his start. The second of seven children, he was born in 1957 in Governador Valadares, a town in the state of Minas Gerais, the heart of the 18th-century gold rush. In the Sixties his father served as minister of mines and energy and then president of Vale, the state mining concern, in Rio. Eike liked to live well, even in college. His allowance would run short halfway through the month, so he began peddling insurance policies door to door. Friends introduced him to diamond miners who wanted to sell their product in Europe. He mediated the deals, carrying diamonds to Antwerp and Portugal.



Top left and above: ex wife Luma de Oliveira. Top centre: OGX vessel off Itacoatiara beach in 2013

Then he happened on a magazine article about a gold rush in the Amazon, and in 1979, at 22 years old, he dropped out of college and joined the rush. He convinced two jewellers to front him \$500,000 (£385,000) to buy gold out there and resell it in the big city. The gold rush photos coming out of the Amazon showed a chaos of muddy half-clothed men scrambling up and down steep paths into open-pit mines. For any normal kid of privilege, this scene would hardly be inviting, but Eike was different. He compared himself to Indiana Jones. "What most drew me to mining was adventure," he wrote, "running after something that everyone was chasing, the conquest of the unseen." Buying and selling gold, Eike made \$6 million (£4,600,000) by the time he was 23. One of the first things he bought was a black Porsche 928.

He could have just chucked it all in and relaxed on the beach, he said, but he wanted

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more. So he reinvested the profits in a mine of his own. He ordered proper studies and bought modern equipment to set up what he claimed to be Brazil's first mechanised alluvial mine, which used water to separate gold from worthless earth and gravel. To transport tractors and bulldozers to the remote site, he had to disassemble them in a city some 60 miles away, load them onto a DC-3 aeroplane, and reassemble them on location. "This is not to say I was always brilliant," he said. "I underestimated the weather, technical conditions, diseases, logistics, but ultimately the mine was so rich it was idiot-proof, because it survived all my mistakes."

Eike held this up as his great talent: to locate assets so rich, even an idiot could turn a profit on them. Eike came off as a swashbuckler, a playboy with a gift for sniffing out profit. He said he planned to make his company, MMX, into the next Vale, the mining giant his father used to run. He just didn't want to take a half-century to do it. That's why he needed your money. Eike laid out the future in PowerPoint slides. Swooping arrows showed output ramping up to 38 million tons annually in just a few years – enough to supply the iron ore needs of China for a month. The venture had no track record to pick apart, only promise, and the money managers ate it up. In July 2006, MMX raised \$400 million (£300 million), valuing Eike's stake in the company at nearly \$1 billion. At the time it was the largest IPO Brazil had ever seen.

It took a while, still, for Eike's reputation in business to eclipse his reputation in gossip columns. But in those days of fantastic wealth creation, Eike became the gold standard for Brazil's *novos ricos*. *Veja* magazine ran a cover with his face on Deng Xiaoping's body and the tagline, "To Get Rich Is Glorious" – as if Eike had brought capitalism to a communist country. Eike got the cover blown up and framed for his office.

There was more to Eike's fame than his penchant for peacocking. Would-be tycoons also looked up to him because, in a country where many billionaires are heirs to dynastic fortunes, he'd got very rich very fast. In 2007, he didn't even show up on the *Forbes* list. A year later he debuted with a fortune of \$6.6 billion, and by 2010 he was worth a whopping \$27 billion (£20 billion). He started announcing that he aimed to be the richest man in the world within a few years.

More than any businessman before him in Brazil, Eike exposed his life to the world. He invited reporters to his 37,000sq ft mansion in Jardim Botânico. The mansion sits a couple of hundred yards behind high, vine-covered walls on 15 acres of land abutting the mountain atop which Christ the Redeemer stands, spreading his white stone arms to the people of Rio.

✎ In the entrance of his home, Eike kept a

With his son Thor in September 2012



1,600-horsepower speedboat engine of the sort that burns out after a single race. It cost \$700,000 (£540,000). A glass door allowed Eike to drive a car straight into one of his six living rooms. In those days he displayed his Mercedes-Benz SLR McLaren, its silver paint job looking spit polished. He had 14 other cars in the garage, Porsches and Beemers and his preferred day-to-day ride, an armoured Toyota pick-up truck. A staff of 17 tended to his needs.

Eike's secret was to offer up the best of the Brazilian boom. Under the wildly popular President Luiz Inácio Lula da Silva, the economy had just about doubled in size, and as foreign capital streamed in, Eike seemed to

EIKE SAID HE AIMED TO BE THE RICHEST MAN IN THE WORLD

have the answer for whatever investors wished for. He was credited with helping to bankroll Brazil's Olympic bid. By 2010, he had taken five companies public in as many years. I spoke to a few who witnessed the Eike Batista pitch. He was nothing like the staid Brazilian billionaires who came before him. He would burst into the air-conditioned quiet of your conference room, fit, pink-tied and bright-green-eyed, talking big, in five languages – he punctuated his English with "Voilà!" – as he pitched an ideal version of his country and its natural resources.

Of all Brazil's natural wealth, it was oil that excited investors most. So Eike decided to create OGX Petróleo & Gas, a kind of private version of Petrobras, Brazil's state oil giant. The government planned to auction exploration rights off Brazil's southeastern coast, in the pre-salt area, so named because its deposits lay deep below the sea under a mile-thick layer of salty crust. No one outside Petrobras knew that these fields held great uninterrupted reservoirs of sweet, light crude. Except Eike – who had hired away dozens of Petrobras engineers.

The richness of the pre-salt reserves became public knowledge only on the eve of the

auction, when Petrobras announced that it had discovered a "province of oil" that contained as many as 100 billion barrels. But Lula and future president Dilma Rousseff, then the cabinet chief, feared that by selling the fields they would be handing over a "winning lottery ticket" to former government insiders. They wanted Petrobras to control the bonanza. So they withdrew the pre-salt blocks from the auction, replacing them with fields in shallow waters that Petrobras had discarded years earlier.

The last-minute shake-up threw the auction into disarray. Chevron and Exxon backed out. But Eike framed the switch as a blessing in disguise. Extracting the pre-salt oil would be expensive and time-consuming; drilling in shallow waters was cheap and easy. So at the auction, he bid big. For some fields he offered ten times what anyone else did. Many analysts thought Eike had overpaid. Others looked at his team of insiders and saw the aggressive bids as a sign of informed confidence. What did they know that the rest of the market didn't?

Eike scheduled the IPO for June 2008, as oil approached a record \$145 (£111) a barrel. He called his poached Petrobras veterans his "dream team". Though they had yet to examine OGX's fields in situ, they claimed to be sitting on close to 5 billion barrels of oil. As Eike pitched it, OGX would pump more than the entire nation of Oman by 2015. By 2019, it would pump 1.9 million barrels a day, about as much as Petrobras now. Eike worked always in superlatives. The IPO raised \$4 billion (£3 billion), making it the largest ever in Brazil. Whatever the doubts in the market, the fear of missing out proved stronger. Investors wanted in so bad that they placed orders for ten times the number of shares on offer.

Eike said the X in his company names stood for wealth multiplication. And indeed, as his share prices rose, each offering added billions of dollars to his fortune. He knew that some people thought he was a megalomaniac. "That doesn't bother me," he wrote once, in a bestselling self-help book. "In the right proportion, a bit of megalomania or daring is recommended. No successful entrepreneur doesn't have at least a little. When the business proves viable, its creator is no longer a megalomaniac. He becomes a visionary."

For every investor who said Eike had "the Midas touch", there was another who compared him to Donald Trump, more talk than substance. Stock prices could swing dramatically. Since Eike's companies were start-ups, you couldn't measure their progress in hard numbers like profits, and all faced repeated delays in getting their projects up and running. What you had were expectations, mainly. To stoke the optimism for OGX, the centrepiece of his empire, Eike's people released celebratory press releases every time a drill

rig struck oil, an otherwise banal event in an exploration campaign. Part of the reason he did so much press was that his products were invisible to the public eye, and he could stand in for them – becoming, in a way, the product himself. “I think I have a pact with nature,” Eike said, “because when I drill, I find things.”

All this helps explain why Eike cared so much about his position on rich lists. His credibility in the marketplace fed off the size of his fortune, which in turn fed off his credibility in the marketplace. When Bloomberg prepared to launch its list of the world’s billionaires in early 2012, he became convinced that we were underballing a gold venture that had yet to go public – one of countless such ventures – and called me personally to set the record straight. “Listen, Alex, I’m going to make you look very foolish,” he said. “I’m going to say you’re giving out wrong information. I’m going to tweet it, actually!” I interrupted him to ask whether, given the delays, he regretted saying he would be the world’s richest man by 2015. He replied, “Jesus, Alex, you’re very primitive.” And he explained that his empire would earn \$1 billion by the end of the year.

Eike looked vindicated when OGX’s first well at last started pumping – the first time a private Brazilian company had ever produced oil. But the triumph would be short-lived. Almost immediately, his dream team ran into problems. Pressure began falling in the well, and to keep up the flow of oil, they might have to inject water into the reservoir – unusual at this stage. Hoping this was a fluke, Eike decided against making it public until the second well started pumping. But this one didn’t work any better, and it dawned on his engineers that they’d misread the geology in OGX’s main field. It didn’t contain one uninterrupted reservoir but many separate pockets of oil. This meant the company would need more wells to slurp it all up, drastically increasing costs.

Eike stalled as long as he could, but finally he had no choice but to release news of the problems to the public. And so after the markets closed, the company announced that its first two oil wells were each pumping just 5,000 barrels a day – a quarter of what Eike had aimed for. This was a massive disappointment. But the problem was not just that Eike had pitched the next Petrobras. It was that he had borrowed money accordingly.

There was a deeper problem for the spokesman of Brazil: Brazil fever had begun to wane. China’s economy was slowing, and commodity prices were coming down. Previously willing to forgive his delays for the prospect of fat profit margins, investors now lost their patience. Even if you were sceptical about Eike, it was harder still to believe how swift the reaction was. When markets opened the next morning, OGX’s shares plunged by 25 per cent, wiping out a quarter of the

Construction at the Olympic Park, 2015



company’s market value in a single day. His other companies’ shares tumbled like dominoes. After hitting a peak of \$34.5 billion (£26 billion) just a few months earlier, his net worth soon fell to \$20 billion (£15 billion). Still, he rejected the idea he was down at all. “My fortune is in my assets,” he tweeted. “Since I haven’t sold a single share, I haven’t lost anything!”

But as Eike’s net worth sank below \$10 billion, he got desperate. Though he framed himself as a free-market hero, he wasn’t shy about seeking government help. He met with Lula, who remained a power broker after stepping down as president, and Lula’s

AS HE WENT UNDER, ORDINARY PEOPLE LOST THEIR SAVINGS

handpicked successor, Dilma, in hopes of a lifeline. He had donated generously to their presidential campaigns, and he shared their nationalist vision of the economy. But his timing now couldn’t have been worse. In June 2013 – in the aftermath of Thor’s controversial trial in which he was convicted of involuntary manslaughter and fined less than the cost of a new McLaren – mass protests erupted. Brazilians were upset about the slowing economy, police violence, and excessive spending on the upcoming World Cup – but also about government favours for the well-connected. Lula and Dilma and her ministers had little choice but to distance themselves.

Eike kept trumpeting his empire’s potential even as he readied a devastating disclosure. On July 1, OGX announced a complete halt to production. After spending \$5 billion to drill more than 100 wells off the coast of Brazil, Eike’s dream team had determined there was no way to turn a profit from the reserves he had announced as some of the richest in the world. Bankruptcy was not far off, and it turned out that Eike was personally liable for much of

his companies’ debt. He was rushing to sell off what he could, unloading his assets at bargain prices to foreign investors, but by the end of the month, as his liabilities became public, he would cease to be a billionaire. He had lost a \$34.5 billion fortune in just 16 months.

Just when it seemed Eike’s life couldn’t get any worse, the accusations came. He would soon face three separate indictments that charged him with manipulating the market, false representation, misleading investors, conspiracy and three counts of insider trading. Prosecutors believed he had inflated his companies’ prospects and then, when they were about to go under, sold shares before the rest of the market knew what he knew. In his defence, Eike said he had sold only at the request of creditors, and had held on to the vast majority of his stake in OGX. But it was probably impossible to sell much more than he had. OGX’s promise had always depended on Eike’s personal backing – his “skin in the game”. If he had attempted to unload his shares earlier, demand in the market would have vanished.

As Eike’s empire went under, plenty of ordinary Brazilians lost their savings too. This was his message to them, in an op-ed he wrote around that time: “The one who lost the most with the destruction of OGX’s value was one shareholder: Eike Batista.”

Two years after prosecutors filed their charges, Eike has yet to face trial. In a surreal twist, the judge initially on the case was removed after he was caught driving around in a Porsche he had ordered to be seized from Eike’s mansion. Perhaps even more surreal, Eike never stopped trying to make money. He’s already planning his comeback. One project is a lab to clone cattle and rare animals. Another is a venture to make generic Viagra that dissolves under your tongue. But he’s got more mundane ideas too, like a biofuels venture and a wind park in Rio. Also, he’s been trying to sell solar panels to a chain of Brazilian churches.

It had always seemed that the problem of Eike Batista was his excessive self-belief – and talent for selling it. And yet, while he framed himself as a new kind of businessman in Brazil, he would end up implicated in the country’s oldest problem: corruption. In the investigation that has lately tainted Lula and much of congress, lobbyists have offered plea-bargain testimony claiming that Eike paid bribes in hopes of winning government contracts. Eike denies the claims. But investigators may have just scratched the surface. ■

Brazillionaires: the Godfathers of Modern Brazil by Alex Cuadros is published by Profile, £10.99

In February 2015, Thor Batista’s conviction was overturned