

# Silva's congressional liaison to resign

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SAO PAULO, Brazil --

Brazilian President Luiz Inacio Lula da Silva's top congressional liaison is resigning because of a federal probe into a campaign finance scheme, the president's office said Thursday.

Walfrido dos Mares Guia decided to submit his resignation after federal prosecutors announced they had asked the Supreme Court to charge Mares Guia and other 14 people with embezzlement and money laundering in connection with a 1998 gubernatorial election campaign in Minas Gerais state.

Mares Guia and the candidate, Eduardo Azeredo, have denied participation in any illegal fundraising activity.

"Because I understand his personal and political reasons, I accepted the request," Silva said in a statement. "I maintain full confidence in the minister who, I am sure, will be cleared of all accusations."

Mares Guia will be replaced by Jose Mucio Monteiro, the government's leader in the lower house of Congress, known as the Chamber of Deputies.

Cabinet ministers said they regretted the exit of Mares Guia.

"It's a loss for the government," Finance Minister Guido Mantega told Globo TV. He said Mares Guia "performs a fundamental role" in political coordination.

Federal prosecutors say Mares Guia - Silva's minister of institutional relations - participated in a scheme to raise more than \$56 million for Azeredo's campaign.

Azeredo, now a senator, lost the election to former Brazilian President Itamar Franco.

The scheme was uncovered alongside a similar operation allegedly used to collect funds for Silva's 2002 presidential election campaign.

That operation allegedly diverted millions from public coffers to finance political activities and the Supreme Court is hearing charges against 40 individuals, including former high-ranking government allies.

The president has not been personally implicated in any wrongdoing, but his former Chief of Staff Jose Dirceu and other top officials of his Workers Party have resigned.