

Chip Akridge explains why his name was in the Panama Papers

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Chip Akridge confirmed he established a foundation through controversial Panamanian law firm Mossack Fonseca, which sits at the center of the international Panama Papers scandal, but the local developer said he was not trying to launder money, hide his wealth or skirt U.S. tax law.

The founder and chairman of D.C.-based development firm Akridge said he was as shocked as anyone when allegations first surfaced that Mossack Fonseca played a major role in helping the world's wealthiest citizens conceal their funds in shielded, overseas corporations. The so-called Panama Papers issue continues to reverberate, affecting powerful politicians, business leaders and sports stars alike, and its full extent has yet to come to light.

Akridge was also prominently mentioned in a New York Times article published June 5 linking him to the global scandal, though the article did not suggest wrongdoing. The Times reported that Akridge traveled to Panama to meet with Mossack Fonseca lawyers who, in 2011, created the Cyclops Family Foundation and a related bank account.

In an exclusive interview with the Washington Business Journal, Akridge said he only established Cyclops as an estate planning tool. He never actually transacted business through it, he said, and his involvement with Mossack Fonseca was aboveboard. He said his interactions with the law firm totaled \$15,000.

“I had no idea who all else was using this operation and for what until I read about it in the newspapers,” said Akridge, who also chairs the Trust for the National Mall. “I was pretty astounded. I can’t speak for other people, I can only speak for myself, but I did not intend to use this to avoid paying taxes.”

The Times article noted the documents on which it based its reporting “contain little information on the purpose of the offshore accounts, or how they were used after they were set up, making it impossible, based on the records available, to assess whether they were used legitimately.”

The newspaper based its reporting on documents shared with it by German newspaper Süddeutsche Zeitung and the International Consortium of Investigative Journalists, the two parties that first exposed the Panama Papers scandal. Gerard Ryle, who leads the ICIJ’s

headquarters staff in D.C., said the consortium provides caches of information to media outlets that are part of its network, and it is left to those outlets to parse through that information for potential news stories. He said he was not familiar with the specific information provided to the Times about Akridge and declined to either make that information available to the Washington Business Journal or to personally review it to determine if it contained evidence around the legitimacy of Akridge's actions.

In a statement, the Times said its article focused on two types of clients: well-known business leaders and lesser-known families that had extensive and detailed interaction with Mossack Fonseca. Akridge was included given his high profile in D.C.'s multibillion-dollar real estate industry.

"The Times, for a two-week period, repeatedly sought his comment — reaching out to him and a spokeswoman for his company — to ask him to help us understand his use of an offshore account," the newspaper said in a statement. "The records maintained by Mossack Fonseca do not provide a great deal of visibility into the purpose of this account, as we stated in the piece. Mr. Akridge and his firm did not respond to our requests for comment, so we could not include his perspective in the piece."

Akridge said he doesn't dispute the New York Times article's contents but said it's incomplete and that his circumstances do not support its premise or headline, "Panama Papers Show How Rich United States Clients Hid Millions Abroad." Akridge has record of a single email from one of the article's reporters on May 31, five days before publication, and is not aware of any repeated requests for comment. He said he would have commented had The Times given him enough time to respond to their inquiries.

Akridge added that he talked with me about the situation out of fear that "people could get the wrong impression because my name's with a bunch of shady characters."

Akridge's story goes back to 2010, when he said a periodic review of his estate plans revealed a potential weakness. His advisers suggested he might want to establish an offshore banking relationship "to better protect and diversify your assets and allow you to do some international business outside the country, if you felt you wanted to," he said.

Cyclops was the result, along with a bank account into which he said he made a single deposit of \$10,000 for potential future business. All of Cyclops' listed agents were identifiable, real people, he said, and he disclosed the foundation itself on annual tax returns. But since Cyclops came into existence, he added, the only change to the account's balance came from interest payments and an annual maintenance fee of around \$300 or \$400.

"It's an arrow in our estate planning quiver that I may never need," Akridge said.

As a company, Akridge has been behind a wide range of projects, including Gallery Place, developed in partnership with Western Development Corp.; a major expansion of the Cato Institute's Massachusetts Avenue NW headquarters; and the redevelopment of the historic Victor Building at 750 Ninth St. NW. It's also in the midst of a major development called Burnham Place at Union Station that, when fully built out, will deliver roughly 3 million square feet of mixed-use projects to the Northeast D.C. neighborhood.

