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to report income in a secret offshore bank account.

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Ty Warner, the creator of Beanie Babies, has been charged with tax evasion for failing to report income in a secret offshore bank account. The 69-year-old Chicago-area billionaire has agreed to plead guilty and pay a \$53.6 million civil penalty for withholding investment earnings from a Swiss bank account.

Warner was charged Wednesday morning in U.S. District Court but his arraignment date has not been set yet, according to a court statement. Warner is the sole owner of TY Inc., a Westmont-based company that designs and sells plush toy animals including the popular Beanie Babies.

Prosecutors allege that Warner held a secret offshore account with Union Bank of

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In early 2009, UBS entered into an agreement with the United States, allowing company officials to defer prosecution by admitting that bank officials helped U.S. taxpayers hide accounts and funds from the IRS. As part of the agreement, UBS provided the identities and account information of certain U.S. customers, prosecutors said.

“Regardless of wealth, everyone must pay taxes on all of their income, not just the amount they choose to report. The charge alleges that Warner went to great lengths to hide from his accountants and the IRS more than \$3.1 million in foreign income generated in a secret Swiss account,” said Gary S. Shapiro, United States Attorney for the Northern District of Illinois.

According to Forbes magazine, Warner’s net worth is estimated at \$2.6 billion, making him the 209th wealthiest American and 589th wealthiest person in the world.

“This is an unfortunate situation that Mr. Warner has been trying to resolve for several years now,” Warner’s attorney Gregory Scandaglia said in a statement released by his law firm. “Mr. Warner accepts full responsibility for his actions with this plea agreement.”

If convicted, Warner could face a maximum sentence of five years in prison and a \$250,000 fine. In addition, he could also be found liable for all back taxes with interest.

*From staff and wire reports.*

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