

# Beanie Baby Founder Pleads Guilty to \$53-Million Tax Evasion

by Frank L. Brunetti on October 7, 2013

Ty Warner, founder of the iconic Beanie Baby empire, has agreed to plead guilty to federal tax evasion charges. His admission comes only days after being listed by Forbes as one of the richest people in the world.

Warner was formally charged last week in a U.S. District Court for hiding more than \$3.1 million in offshore Swiss bank accounts. His net worth is estimated to be roughly \$2.6 billion. Following his guilty plea, Warner will be subject to a 53.5 million civil penalty, which he has already agreed to pay. Warner is now the the second person charged in federal court in connection with an ongoing investigation involving Union Bank of Switzerland (UBS) and other overseas banks charged with assisting Americans in committing tax evasion violations. A representative for Warner called the situation "unfortunate" and noted that the businessman and philanthropist has been attempting to resolve these tax issues for years, and even tried to enroll in the IRS's Offshore Voluntary Disclosure Program in 2009.

The U.S. is ramping up efforts to uncover offshore account holders who have attempted to shield income from the government, as any recovered funds may help the IRS to close the multibillion-dollar tax gap.

"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 Shapiro, United States Attorney for the Northern District of Illinois.

Despite Warner's admission of guilt and agreement to pay civil fines and penalties, he may still be subject to jail time. A federal-tax-evasion conviction of this magnitude could mean up to five years in prison for the business mogul.