

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION
JUDGE KOCORAS
MAGISTRATE JUDGE COX

13 CR 731

UNITED STATES OF AMERICA)
)
v.)
)
H. TY WARNER)

Violation: Title 26, United States Code,
Section 7201

FILED

SEP 18 2013

The UNITED STATES ATTORNEY charges:

THOMAS G BRUTON
CLERK, U S DISTRICT COURT

1. At times material to this information:

a. TY Inc. was in the business of selling plush animal toys, including Beanie Babies, and its headquarters were located in Westmont, Illinois.

b. Defendant H. TY WARNER was the 100% owner of TY Inc. and had other business interests.

c. A taxpayer who, at any time during a calendar year, had an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account, was required to check the "Yes" box and disclose the name of the foreign country on Part III Foreign Accounts and Trusts on the Schedule B attached to the U.S. Individual Income Tax Return (Form 1040) for that calendar year.

d. Individuals were also required to report to the Treasury Department any foreign financial accounts that the individual had a financial interest in, or signature

authority over, the name in which each such account was maintained, the number or any other designation of such account, the name and address of the foreign bank or other person with whom such account was maintained, the type of such account, and the maximum value of each such account during each specified year. The Treasury Department required individuals to report the information on an annual basis on a Form TD F 09-22.1- Report of Foreign Bank and Financial Accounts ("FBAR").

e. At all times, WARNER retained the services of Certified Public Accountants to prepare his tax returns and filings which he signed and verified.

2. Beginning in approximately January 1996 and continuing until at least November 2007, in the Northern District of Illinois, Eastern Division, and elsewhere,

H. TY WARNER,

defendant herein, a resident of Oak Brook, Illinois, willfully did attempt to evade and defeat approximately \$885,300 in income tax due and owing by him to the United States of America, and the payment thereof, for calendar year 2002, by committing the following affirmative acts, among others:

a. On or about January 31, 1996, WARNER traveled to Zurich, Switzerland to open a secret offshore financial account with the Union Bank of Switzerland ("UBS"). The account held funds of WARNER's with profits or losses credited or debited to the account;

b. On or about January 31, 1996, WARNER agreed that any correspondence pertaining to his UBS account be held by the bank as opposed to being mailed elsewhere;

c. In December of 2002, WARNER confirmed with UBS representatives his intention to close his UBS account and transfer those assets to Zürcher Kantonalbank (“ZKB”) in Zurich, Switzerland. As a result, in and around December 2002 and January 2003, WARNER agreed to have UBS transfer the assets in his UBS financial account, which had a balance of approximately \$93,630,083 as of December 19, 2002, to ZKB;

d. Beginning in and around December 2002, WARNER concealed his name from being listed on the ZKB account by holding the account in the name of a purported “Molani Foundation;”

e. In calendar year 2002, WARNER earned gross income through investments in the UBS account in the approximate amount of \$3,161,788. WARNER failed to report that income to his outside accountants;

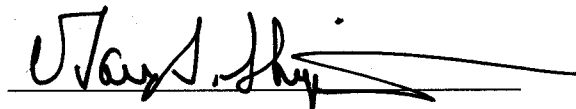
f. On or by June 30, 2003, WARNER failed to file an FBAR for calendar year 2002 and failed to disclose the required information about his UBS account;

g. On or about October 15, 2003, WARNER caused the preparation and caused the filing of a false and fraudulent United States Individual Income Tax Return (Form 1040) for calendar year 2002, which tax return was verified by written declaration that it was made under penalties of perjury, and which was filed with the Internal Revenue Service on behalf of himself. On that return, WARNER falsely claimed his total income was \$49,124,095 in that he failed to report additional income in the approximate amount of \$3,161,788 earned through investments in his UBS account, he falsely checked the “No” box and failed to disclose he had a financial account in

Switzerland on his Schedule B, and he failed to report and pay over an additional \$1,257,064 in taxes; and

h. On or about November 5, 2007, WARNER filed an Amended U.S. Individual Income Tax Return (Form 1040X) for calendar year 2002 with the Internal Revenue Service and claimed a tax refund based on a net operating loss carryback in excess of \$39,000,000 related to his 2004 tax year. WARNER failed to include his 2002 UBS income of \$3,161,788 and falsely understated the "Correct amount" of his adjusted gross income and taxable income on that form. WARNER additionally understated the "Correct amount" of his total tax by approximately \$885,300;

In violation of Title 26, United States Code, Section 7201.

A handwritten signature in black ink, appearing to read "U.S. Attorney", is written over a horizontal line. The signature is stylized and includes a long, sweeping flourish extending to the right.

UNITED STATES ATTORNEY