



U.S. Department of Justice

United States Attorney
Western District of Washington

Jenny A. Durkan
United States Attorney

U.S. Courthouse
700 Stewart Street, Suite 5220
Seattle, Washington 98101
206-553-7970

FOR IMMEDIATE RELEASE
January 5, 2012

PRESS CONTACT:
Emily Langlie 206-553-4110

**KITSAP COUNTY WOMAN PLEADS GUILTY TO THEFT FROM HOME FOR
DEVELOPMENTALLY DISABLED**

Fiscal Analyst Stole More Than \$300,000 Over Seven Years

A long-time employee of a residential facility for the developmentally disabled in Bremerton, Washington, pleaded guilty today to theft of government funds, announced U.S. Attorney Jenny A. Durkan. KRISTI OSBORNE, 66, who served as a Fiscal Analyst at the Frances Hadden Morgan Center admits to stealing \$304,755 from three bank accounts she oversaw that held money belonging to the disabled residents and to the center. When sentenced by U.S. District Judge Robert J. Bryan on March 30, 2012, OSBORNE faces up to ten years in prison.

“At a time when our state facilities are struggling to stretch every dollar, this type of sophisticated long-term embezzlement is a horrible breach of trust,” said U.S. Attorney Jenny A. Durkan. “This defendant took money from developmentally disabled people who relied on her, and also stole community funds intended to better their lives.”

According to the plea agreement, OSBORNE repeatedly forged documents and submitted false requests for funds under the guise that they had been requested for the benefit of center residents. OSBORNE inflated the amounts that had been requested and kept the additional cash. OSBORNE’s scheme used unwitting third parties to cash the checks and return the funds to her. The embezzlement occurred between 2003 and November 2010, when her scheme was discovered by an audit team from the Department of Social and Health Services. OSBORNE took money from three different accounts – one account held funds belonging to the residents, another contained state and federal funds and the third was a fund made up of gifts and contributions the public had made to benefit the disabled residents at the Frances Hadden Morgan Center.

Washington State closed the Frances Hadden Morgan Center in December 2011, with residents moving to community based group homes or other residential institutions.

The case was investigated by the Social Security Administration Office of the Inspector General, the Washington Department of Social and Health Services, and the Bremerton Police Department.

The case is being prosecuted by Special Assistant United States Attorney Seth Wilkinson. Mr. Wilkinson is an attorney with the Social Security Administration, specially designated to prosecute Social Security related cases in federal court.

For additional information please contact Emily Langlie, Public Affairs Officer for the United States Attorney's Office, at (206) 553-4110 or Emily.Langlie@USDOJ.Gov.