

ORDER SUMMARY – Case Number: C-18-2364

Name: K Thomas & Company

Order Number: C-18-2364-19-FO01

Effective Date: 7/29/19

NMLS Identifier: Unlicensed NMLS ID: 1886989

License Effect: Permanently prohibited from licensure as escrow agent

Not Apply Until: Permanent prohibition

Not Eligible Until: Permanent prohibition

Prohibition/Ban Until: Permanent prohibition

Investigation Costs	\$23,353.12	Due 7/29/19	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$90,000	Due 7/29/19	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Restitution	\$377,000	Due 7/29/19	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:	5		

Comments:

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Escrow Agent Registration Act of Washington by:

No.: C-18-2364-19-FO01

7 K THOMAS & COMPANY, LLC, NICHOLAS
8 B. VAUGHEY, and ANDREW B. BLOOM a/k/a
9 DREW BLOOM f/k/a ANDREW B. VAUGHEY,
10 NMLS #1404190,

FINAL ORDER RE:

K THOMAS & COMPANY, LLC

11 Respondents.

12 I. DIRECTOR'S CONSIDERATION

13 A. Default. This matter has come before the Director of the Department of Financial
14 Institutions of the State of Washington (Director), through his designee, Consumer Services Division
15 Acting Director Richard St. Onge (Director's designee), pursuant to RCW 34.05.440(1). On March
16 21, 2019, the Director, through the Director's designee, issued a Statement of Charges and Notice of
17 Intention to Enter an Order to Cease and Desist, Prohibit from Industry, Impose Fine, Order
18 Restitution, Collect Investigation Fee, and Maintain Records (Statement of Charges) against K
19 Thomas & Company, LLC (Respondent). A copy of the Statement of Charges is attached and
20 incorporated into this order by this reference. The Statement of Charges was accompanied by a cover
21 letter dated March 22, 2019, a Notice of Opportunity to Defend and Opportunity for Hearing, and a
22 blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

23 On March 22, 2019, the Department served Respondent with the Statement of Charges and
24 accompanying documents by First-Class mail at the address of Nicholas B. Vaughey, who is
Respondent's control person. The documents sent by First-Class mail were not returned to the
Department by the United States Postal Service. On March 29, 2019, the Department received

1 confirmation from the Eldon, Missouri Branch Office of the United States Post Office that mail to
2 Nicholas B. Vaughey was being delivered to the address at which the Statement of Charges and
3 accompanying documents were served.

4 Respondent did not request an adjudicative hearing within twenty calendar days after the
5 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
6 in WAC 208-08-050(2).

7 B. Record Presented. The record presented to the Director's designee for his review and
8 for entry of a final decision included the following:

- 9 1. Statement of Charges, cover letter dated March 22, 2019, Notice of Opportunity to
10 Defend and Opportunity for Hearing, and blank Application for Adjudicative
Hearing for Respondent, with documentation for service.
- 11 2. Post Office Address Verification Request form completed by Eldon, Missouri
12 Branch Office of the United States Post Office received by the Department of
March 29, 2019.

13 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
14 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

15 II. FINAL ORDER

16 Based upon the foregoing, and the Director's designee having considered the record and being
17 otherwise fully advised, NOW, THEREFORE:

18 A. IT IS HEREBY ORDERED, That:

- 19 1. Respondent K Thomas & Company, LLC cease and desist from performing
20 escrow services in the state of Washington until such time as it obtains a license
from the Department or meets an exclusion from licensing as delineated in the Act.
- 21 2. Respondent K Thomas & Company, LLC is prohibited from participation of the
22 conduct of the affairs of any licensed escrow agent to be licensed by the Director.
- 23 3. Respondent K Thomas & Company, LLC and Nicholas B. Vaughey pay a
\$90,000.00 fine jointly and severally with any other person ordered to pay a fine in
24 connection with this matter.

- 1 4. Respondent K Thomas & Company, LLC pay restitution to the five consumers
2 identified in Appendix A to this Statement of Charges in the amount set forth
3 therein, and to each consumer with whom it entered into a contractual relationship
4 for escrow services equal to the amount collected from that consumer for those
5 services jointly and severally with any other person ordered to pay restitution in
6 connection with this matter.
- 7 5. Respondent K Thomas & Company, LLC pay an investigation fee of \$23,353.12
8 jointly and severally with any other person ordered to pay an investigation fee in
9 connection with this matter.
- 10 6. Respondent K Thomas & Company, LLC and its officers, employees, and agents
11 maintain all records involving Washington State escrow transactions within the
12 state of Washington for a period of six years from completion of the escrow
13 transactions.

14 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
15 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
16 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
17 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
18 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
19 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
20 Reconsideration a prerequisite for seeking judicial review in this matter.

21 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the
22 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a
23 written notice specifying the date by which it will act on a petition.

24 C. Stay of Order. The Director's designee has determined not to consider a Petition to
25 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
26 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

1 D. Judicial Review. Respondent has the right to petition the superior court for judicial
2 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
3 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

4 E. Non-compliance with Order. If Respondent does not comply with the terms of this
5 order, **including payment of any amounts owed within 30 days of receipt of this order**, the
6 Department may seek its enforcement by the Office of the Attorney General to include the collection
7 of the fines, fees, and restitution imposed herein. The Department also may assign the amounts owed
8 to a collection agency for collection.

9 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
10 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
11 attached hereto.

12 DATED this 29th day of July, 2019.

13 STATE OF WASHINGTON
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

15
16 /s/
17 RICHARD ST. ONGE
Acting Director
Division of Consumer Services

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **DIVISION OF CONSUMER SERVICES**

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Escrow Agent Registration Act of Washington by:

7 K THOMAS & COMPANY, LLC, NICHOLAS B.
8 VAUGHEY, and ANDREW B. BLOOM a/k/a
9 DREW BLOOM f/k/a ANDREW B. VAUGHEY,
10 NMLS #1404190,

11 Respondents.

No.: C-18-2364-19-SC01

12 STATEMENT OF CHARGES and
13 NOTICE OF INTENT TO ENTER AN
14 ORDER TO CEASE AND DESIST,
15 PROHIBIT FROM INDUSTRY, IMPOSE
16 FINE, ORDER RESTITUTION, COLLECT
17 INVESTIGATION FEE, AND MAINTAIN
18 RECORDS

19 **INTRODUCTION**

20 Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions of the
21 State of Washington (Director) is responsible for the administration of chapter 18.44 RCW, the
22 Escrow Agent Registration Act (Act). After having conducted an investigation pursuant to RCW
23 18.44.420 and WAC 208-680-620, and based upon the facts available as of the date of this Statement
24 of Charges and Notice of Intent to Enter an Order to Cease and Desist, Prohibit From Industry,
25 Impose Fine, Order Restitution, Collect Investigation Fee, and Maintain Records (Statement of
Charges), the Director, through her designee, Division of Consumer Services Director
Charles E. Clark, institutes this proceeding and finds as follows:

26 **I. FACTUAL ALLEGATIONS**

27 **1.1 Respondents.**

28 **A. K Thomas & Company, LLC (Respondent K Thomas)** is a limited liability
29 company registered with the Washington Secretary of State. Respondent K Thomas is
30 known to have conducted business using the following addresses: 6523 California
31 Avenue SW, Suite 277, Seattle, Washington 98136; 1700 Westlake Avenue N, Suite
32 200, Seattle, Washington 98109; and 936 N 34th Street, Suite 400, Seattle,

1 Washington 98103. Respondent K Thomas has never been licensed by the
2 Department of Financial Institutions of the State of Washington (Department) to
3 conduct business as an escrow agent.

4 **B. Nicholas B. Vaughey (Respondent Vaughey)** is alleged to have been a control
5 person of Respondent K Thomas at all times relevant to the conduct alleged in this
6 Statement of Charges. Respondent Vaughey has never been licensed by the
7 Department to conduct business as an escrow agent.

8 **C. Andrew B. Bloom a/k/a Drew Bloom f/k/a Andrew B. Vaughey (Respondent**
9 **Bloom)** is alleged to have been an employee and/or control person of Respondent K
10 Thomas at all times relevant to this Statement of Charges. Respondent Bloom has
11 never been licensed by the Department to conduct business as an escrow agent.

12 **1.2 Unlicensed Activity.** Between at least July 18, 2017, and November 2, 2017, Respondents
13 performed escrow functions in at least five transactions. Respondents collected at least
14 \$377,000, which was deposited into Respondent K Thomas' business checking bank account
15 located in Seattle, Washington. A list of consumers with whom Respondents conducted
16 business as an escrow agent, and the amount paid by each is appended hereto and
17 incorporated herein by reference as Appendix A.

18 **1.3 Conversion of Funds.** Respondents converted funds from Respondent K Thomas' business
19 checking bank account on at least five separate occasions, which collectively totaled at least
20 \$377,000. When the happening of the specified event or the performance of the prescribed
21 condition or conditions did not occur for the escrow transactions to proceed, Respondent K
22 Thomas failed to return the owners' funds.

23 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the
24 Act by Respondents continues to date.

1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1 Definition of Escrow.** Pursuant to RCW 18.44.011(7), “Escrow” means any transaction
3 wherein any person or persons, for the purpose of effecting and closing the sale, purchase, exchange,
4 transfer, encumbrance, or lease of real or personal property to another person or persons, delivers any
5 written instrument, money, evidence of title to real or personal property, or other thing of value to a
6 third person to be held by such third person until the happening of a specified event or the
7 performance of a prescribed condition or conditions, when it is then to be delivered by such third
8 person, in compliance with instructions under which he or she is to act, to a grantee, grantor,
9 promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof.

10 **2.2 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(8) “Escrow Agent” means any
11 person engaged in the business of performing for compensation the duties of the third person referred
12 to in RCW 18.44.011(7).

13 **2.3 Requirement to Obtain and Maintain License.** Based on Factual Allegations set forth in
14 Section I above, Respondents are in apparent violation of RCW 18.44.021 for engaging in the
15 business of an escrow agent by performing escrows or any of the functions of an escrow agent within
16 the state of Washington or with respect to transactions that involve personal property or real property
17 located in the state of Washington without first obtaining a license.

18 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
19 are in apparent violation of RCW 18.44.301(1), (2), (3), (4), and (5) for directly or indirectly
20 employing any scheme, device, or artifice to defraud or mislead any person; directly or indirectly
21 engaging in an unfair or deceptive practice toward any person; directly or indirectly obtaining
22 property by fraud or misrepresentation; knowingly making, publishing, or disseminating any false,
23 deceptive, or misleading information in the conduct of the business of escrow, or relative to the
24 business of escrow or relative to any person engaged therein; and knowingly receiving or taking

1 possession for personal use of any property of any escrow business, other than in payment
2 authorized by this chapter, and with intent to defraud, omit to make, or cause or direct to be made, a
3 full and true entry thereof in the books and accounts of the business.

4 **III. AUTHORITY TO IMPOSE SANCTIONS**

5 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 18.44.440 and WAC
6 208-680-630(1), if the Director determines after notice and hearing that a person has violated any
7 provision of the Act; or directly, or through an agent or employee, engaged in any false, unfair and
8 deceptive, or misleading business practices; the Director may issue an order requiring the person to
9 cease and desist from the unlawful practice and to take such affirmative action as in the judgment of
10 the Director will carry out the purposes of the Act.

11 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 18.44.430(3) and WAC 208-680-
12 640, the Director may issue orders removing from office or prohibiting from participation in the
13 conduct of the affairs of any licensed escrow agent, any officer, controlling person, director,
14 employee, licensed escrow officer, or any person subject to licensing under the Act for violating any
15 provisions of the Act or any lawful rules made by the Director pursuant thereto.

16 **3.3 Authority to Impose Fine.** Pursuant to RCW 18.44.430(3) and WAC 18.44.440, the
17 Director may impose a fine up to \$100 per day for each day's violation of the Act.

18 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.44.430(4), the Director may order
19 restitution against any person subject to the Act for any violation of the Act.

20 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410, WAC 208-680-620,
21 and WAC 208-680-650, any person investigated by the Director shall pay for the cost of the
22 investigation, calculated at the rate of \$62.50 per hour devoted to the investigation.

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1 **IV. NOTICE OF INTENT TO ENTER ORDER**

2 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above
3 Factual Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under
4 RCW 18.44.400, RCW 18.44.410, RCW 18.44.430, RCW 18.44.440 and WAC 208-680-630, which
5 authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow
6 agents and licensing of escrow officers. Therefore, it is the Director's intent to ORDER that:

- 7 **4.1** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
8 Bloom cease and desist from performing escrow services in the state of Washington
9 until such time as Respondents K Thomas & Company, Nicholas B. Vaughey, and
10 Andrew B. Bloom obtain a license from the Department or meets an exclusion from
11 licensing as delineated in the Act.
- 12 **4.2** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
13 Bloom be prohibited from participation in the conduct of the affairs of any licensed
14 escrow agent to be licensed by the Director.
- 15 **4.3** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
16 Bloom jointly and severally pay a fine. As of the date of this Statement of Charges,
17 the fine totals \$90,000.
- 18 **4.4** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
19 Bloom jointly and severally pay restitution to the five consumers identified in
20 Appendix A to this Statement of Charges in the amount set forth therein, and to each
21 consumer with whom they entered into a contractual relationship for escrow services
22 located equal to the amount collected from that consumer for those services in an
23 amount to be determined at hearing or by declaration with supporting documentation
24 in event of default by Respondents.
- 4.5** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
Bloom jointly and severally pay an investigation fee. As of the date of this Statement
of Charges, the investigation fee totals \$23,353.12.
- 4.6** Respondents K Thomas & Company, LLC, Nicholas B. Vaughey, and Andrew B.
Bloom, its officers, employees, and agents maintain all records involving Washington
State escrow transactions within the state of Washington for a period of six years from
completion of the escrow transactions.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 18.44.410, RCW
3 18.44.430, and RCW 18.44.440, and is subject to the provisions of chapter 34.05 RCW (the
4 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in
5 the NOTICE OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND
6 accompanying this Statement of Charges.

7
8 Dated this 21st day of March, 2019.

9
10 /s/
11 CHARLES E. CLARK
12 Director
13 Division of Consumer Services Department
14 of Financial Institutions

15 Presented by:

16 /s/
17 RACHELLE VILLALOBOS
18 Financial Legal Examiner

19 Approved by:

20 /s/
21 STEVEN C. SHERMAN
22 Enforcement Chief

1 **APPENDIX A**

2 **Consumer**

Amount

Date

3 K.R.

\$40,000

07/18/2017

4 \$30,000

08/11/2017

5 H.R./G.F.

\$50,000

08/29/2017

6 \$37,000

09/13/2017

7 J.W./T.W.

\$220,000

11/02/2017