

**ORDER SUMMARY – Case Number: C-18-2364**

**Name:** Nicholas B. Vaughey  
\_\_\_\_\_  
\_\_\_\_\_

**Order Number:** C-18-2364-19-FO02  
\_\_\_\_\_

**Effective Date:** 7/29/19  
\_\_\_\_\_

**NMLS Identifier:** Unlicensed NMLS ID: 1886987  
\_\_\_\_\_

**License Effect:** Permanently prohibited from licensure as escrow agent  
\_\_\_\_\_

**Not Apply Until:** Permanent prohibition  
\_\_\_\_\_

**Not Eligible Until:** Permanent prohibition  
\_\_\_\_\_

**Prohibition/Ban Until:** Permanent prohibition  
\_\_\_\_\_

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

**Comments:**  
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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

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

No.: C-18-2364-19-FO02

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

FINAL ORDER RE:  
NICHOLAS B. VAUGHEY

Respondents.

I. DIRECTOR'S CONSIDERATION

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

On March 22, 2019, the Department served Respondent with the Statement of Charges and accompanying documents by First-Class mail at Respondent's address. 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 confirmation from the Eldon, Missouri Branch Office of

1 the United States Post Office that mail to Respondent was being delivered to the address at which the  
2 Statement of Charges and accompanying documents were served.

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

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

- 8 1. Statement of Charges, cover letter dated March 22, 2019, Notice of Opportunity to  
9 Defend and Opportunity for Hearing, and blank Application for Adjudicative  
10 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  
13 March 29, 2019.

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

## 16 II. FINAL ORDER

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

19 A. IT IS HEREBY ORDERED, That:

- 20 1. Respondent Nicholas B. Vaughey cease and desist from performing escrow  
21 services in the state of Washington until such time as he obtains a license from the  
22 Department or meets an exclusion from licensing as delineated in the Act.
- 23 2. Respondent Nicholas B. Vaughey is prohibited from participation of the conduct  
24 of the affairs of any licensed escrow agent to be licensed by the Director.
3. Respondent Nicholas B. Vaughey pay a \$90,000.00 fine jointly and severally with  
any other person ordered to pay a fine in connection with this matter.
4. Respondent Nicholas B. Vaughey pay restitution to the five consumers identified  
in Appendix A to this Statement of Charges in the amount set forth therein, and to

1 each consumer with whom they entered into a contractual relationship for escrow  
2 services equal to the amount collected from that consumer for those services  
3 jointly and severally with any other person ordered to pay restitution in connection  
4 with this matter.

5 5. Respondent Nicholas B. Vaughey pay an investigation fee of \$23,353.12 jointly  
6 and severally with any other person ordered to pay an investigation fee in  
7 connection with this matter.

8 6. Respondent Nicholas B. Vaughey and his employees and agents maintain all  
9 records involving Washington State escrow transactions within the state of  
10 Washington for a period of six years from completion of the escrow transactions.

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

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

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

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

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

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

9  
10 DATED this 29th day of July, 2019.

11 STATE OF WASHINGTON  
12 DEPARTMENT OF FINANCIAL INSTITUTIONS

13 /s/ \_\_\_\_\_  
14 RICHARD ST. ONGE  
15 Acting Director  
16 Division of Consumer Services  
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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

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**APPENDIX A**

<b>Consumer</b>	<b>Amount</b>	<b>Date</b>
K.R.	\$40,000	07/18/2017
	\$30,000	08/11/2017
H.R./G.F.	\$50,000	08/29/2017
	\$37,000	09/13/2017
J.W./T.W.	\$220,000	11/02/2017