

**SETTLEMENT AGREEMENT BETWEEN**  
**MISSOURI REAL ESTATE COMMISSION**  
**AND CHRISTOPHER H. ARNAMAN**

Christopher H. Arnaman (Arnaman) and the Missouri Real Estate Commission (MREC) enter into this Settlement Agreement for the purpose of resolving the question of whether Arnaman's license as a real estate broker, license no. 1999012024, will be subject to discipline. Pursuant to § 536.060, RSMo,<sup>1</sup> the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri and, additionally, the right to a disciplinary hearing before the MREC under § 621.110, RSMo (Cum. Supp. 2013). The MREC and Arnaman jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo (Cum. Supp. 2013).

Arnaman acknowledges that he understands the various rights and privileges afforded him by law, including the right to a hearing of the charges against him; the right to appear and be represented by legal counsel; the right to have all charges proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing against him at the hearing; the right to present evidence on his behalf at the

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<sup>1</sup> All statutory citations are to the 2000 Revised Statutes of Missouri unless otherwise noted.

hearing; the right to a decision upon the record of the hearing by a fair and impartial administrative hearing commissioner concerning the charges pending against him; the right to a ruling on questions of law by the Administrative Hearing Commission; the right to a disciplinary hearing before the MREC at which time Arnaman may present evidence in mitigation of discipline; the right to a claim for attorney fees and expenses; and the right to obtain judicial review of the decisions of the Administrative Hearing Commission and the MREC.

Being aware of these rights provided to him by law, Arnaman knowingly and voluntarily waives each and every one of these rights, freely enters into this Settlement Agreement, and agrees to abide by the terms of this document as they pertain to him.

Arnaman acknowledges that he has received a copy of documents that were the basis upon which the MREC determined there was cause for discipline, along with citations to law and/or regulations the MREC believes were violated. Arnaman stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREC that Arnaman's license as a real estate broker, license no. 1999012024, is subject to disciplinary action by the MREC in accordance with the relevant provisions of Chapter 621, RSMo, and Chapter 339, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREC and Arnaman, in Part II herein is based only on the agreement set out in Part I herein. Arnaman understands that the MREC may take further disciplinary action against him based on facts or conduct not specifically mentioned in this document that are either now known to the MREC or may be discovered.

**I.**

**Joint Stipulation of Facts and Conclusions of Law**

Based upon the foregoing, the MREC and Arnaman herein jointly stipulate to the following:

1. The MREC is an agency of the State of Missouri created and existing pursuant to § 339.120, RSMo (Cum. Supp. 2013), for the purpose of executing and enforcing the provisions of §§ 339.010 to 339.205 and §§ 339.710 to 339.855, RSMo, as amended, relating to real estate salespersons and brokers.

2. Arnaman is licensed by the MREC as a real estate broker, license no. 1999012024. Arnaman's license was current and active at all times relevant herein.

3. Arnaman conducts, and has conducted, real estate activity and provided auction services under the name Arnaman Real Estate and Auction Service.

4. On or about March 4, 2013, the MREC conducted a random audit of Arnaman's real estate records and escrow accounts ("the audit").

5. At one time, Arnaman maintained the following escrow accounts for his real estate activities, but closed the accounts prior to the audit without informing the MREC of their closure: (a) The Hamilton Bank, account no. XXXX420; (b) Bank Northwest, account no. XXXX274.

6. At the time of the audit, Arnaman also maintained the following account, which he used as the operating account for his auction business: Bank Northwest, account no. XXXX207.

7. During the audit, the MREC's examiner found the following violations of Chapter 339, RSMo, and the regulations of the MREC:

- a. On two occasions, Arnaman failed to deposit and maintain earnest money in an escrow account, and comingled funds belong to others with his own personal funds, by depositing two earnest money checks totaling \$1,000 into the operating account for his auction business (Bank Northwest, account no. XXXX207). By depositing earnest money into his auction business account,

Arnaman violated §§ 339.100.2(1) and 339.105.1, RSMo (Cum. Supp. 2013), as well as 20 CSR 2250-8.120(1) and (4).

b. On multiple occasions, Arnaman's listing agreements failed to comply with the requirements for a seller's agency agreement, in violation of 20 CSR 2250-8.090(4):

- i. Three out of the six listing agreements examined during the audit failed to include a statement permitting or prohibiting the designated broker and affiliated licensees from acting as a transaction broker, in violation of 20 CSR 2250-8.090(4)(A)(8). The contract form utilized by Arnaman contained a provision that could comply with the requirement if completed; however, the appropriate box indicating agreement or disagreement was not checked.
- ii. Three of the six listing agreements examined during the audit failed to include a statement permitting or prohibiting the designated broker and affiliated licensees from acting as a dual agent, in violation of 20 CSR 2250-8.090(4)(A)(7). The contract form utilized by Arnaman contained a provision that could comply with the requirement if completed; however, the appropriate box

indicating agreement or disagreement was not checked.

- iii. One listing agreement examined during the audit did not contain language permitting or prohibiting the broker from offering sub-agency, in violation of 20 CSR 2250-8.090(4)(A)(6). The contract form utilized by Arnaman contained a language that could comply with the requirement if completed; however, the blank on the form was not completed.
- iv. All six listing agreements examined during the audit were missing terms and conditions under which the property could be sold, in violation of 20 CSR 2250-8.090(4)(A)(14).

8. On or about October 9, 2013 and November 21, 2013, the MREC sent letters to Arnaman regarding the findings of the audit. The MREC's letters requested a written response from Arnaman within 30 days.

9. Arnaman did not respond to the October 9, 2013 and November 21, 2013 letters from the MREC, in violation of 20 CSR 2250-8.170. Arnaman did not provide any response to the MREC until January 7, 2014, after a third letter was sent to him regarding the audit findings.

10. On April 14, 2014, the MREC sent a letter to Arnaman regarding his failure to complete a 48 hour broker pre-examination course as requested

by the MREC. The MREC's April 14, 2014 letter requested a written response within 30 days. Arnaman did not respond in writing to the MREC's letter by May 14, 2014.

11. Section 339.105.1, RSMo (Cum. Supp. 2013), regarding escrow accounts, states in pertinent part:

1. Each broker who holds funds belonging to another shall maintain such funds in a separate bank account in a financial institution which shall be designated an escrow or trust account. This requirement includes funds in which he or she may have some future interest or claim. Such funds shall be deposited promptly unless all parties having an interest in the funds have agreed otherwise in writing. No broker shall commingle his or her personal funds or other funds in this account with the exception that a broker may deposit and keep a sum not to exceed one thousand dollars in the account from his or her personal funds, which sum shall be specifically identified and deposited to cover service charges related to the account.

12. Regulation 20 CSR 2250-8.120, regarding the management of escrow and trust accounts, states in pertinent part:

(1) All money received by a licensee as set out in section 339.100.2(1), RSMo shall be deposited in the escrow or trust account maintained by the broker no later than ten (10) banking days following the last date on which the signatures or initials, or both, of all the parties to the contract are obtained, unless otherwise provided in the contract. Earnest money received prior to acceptance of a written contract may be deposited into the escrow account by the broker

with the written authorization of the party(ies) providing the funds.

(4) Each broker shall deposit into the escrow or trust account all funds coming into the broker's possession as set out in section 339.100.2(1), RSMo, including funds in which the broker may have some future interest or claim and including, but not limited to, earnest money deposits, prepaid rents, security deposits, loan proceeds, and funds paid by or for the parties upon closing of the transaction. No broker shall commingle personal funds or other funds in the broker's escrow account except to the extent provided by section 339.105.1, RSMo. Commissions payable must be removed from the escrow account at the time the transaction is completed. After the transaction is completed, interest payable shall be disbursed to the appropriate party(ies) from the escrow account no later than ten (10) banking days following the receipt of the next statement of the escrow account. When the licensee receives all interest earned, interest payable to a licensee must be removed from the escrow account within ten (10) banking days following the receipt of the next statement of the escrow account.

13. Regulation 20 CSR 2250-8.090 states in pertinent part:

4) Seller's/Lessor's Agency (Sale/Lease Listing) Agreement.

(A) Every written listing agreement or other written agreement for brokerage services shall contain all of the following:

6. A statement which permits or prohibits the designated broker from offering subagency;

7. A statement which permits or prohibits the designated broker and/or affiliated licensee from acting as a disclosed dual agent and if permitted, the duties and responsibilities of a dual agent;

8. A statement which permits or prohibits the designated broker and/or affiliated licensee from acting as a transaction broker and if permitted, the duties and responsibilities of a transaction broker;

...

14. All other terms and conditions under which the property is to be sold, leased, or exchanged.

14. Regulation 20 CSR 2250-8.170, regarding correspondence with the MREC, states:

(1) Failure of a licensee to respond in writing, within thirty (30) days from the date of the commission's written request or inquiry, mailed to the licensee's address currently registered with the commission, will be sufficient grounds for taking disciplinary action against that licensee.

15. Section 339.100.2, RSMo (Cum. Supp. 2013), which provides the reasons the MREC may discipline a licensee, states in pertinent part:

2. The commission may cause a complaint to be filed with the administrative hearing commission as provided by the provisions of chapter 621 against any person or entity licensed under this chapter or any licensee who has failed to renew or has surrendered

his or her individual or entity license for any one or any combination of the following acts:

(1) Failure to maintain and deposit in a special account, separate and apart from his or her personal or other business accounts, all moneys belonging to others entrusted to him or her while acting as a real estate broker or as the temporary custodian of the funds of others, until the transaction involved is consummated or terminated, unless all parties having an interest in the funds have agreed otherwise in writing;

...

(15) Violation of, or attempting to violate, directly or indirectly, or assisting or enabling any person to violate, any provision of sections 339.010 to 339.180 and sections 339.710 to 339.860, or of any lawful rule adopted pursuant to sections 339.010 to 339.180 and sections 339.710 to 339.860;

(16) Committing any act which would otherwise be grounds for the commission to refuse to issue a license under section 339.040;

...

(19) Any other conduct which constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence[.]

16. Based on the conduct and violations described above, cause exists to discipline Arnaman's real estate broker license pursuant to § 339.100.2(1), (15), (16), and (19), RSMo (Cum. Supp. 2013).

## II.

### Joint Agreed Disciplinary Order

Based on the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the MREC in this matter under the authority of § 536.060, RSMo, and §§ 621.045.4 and 621.110, RSMo (Cum. Supp. 2013).

1. Arnaman agrees to pay a civil penalty of \$500.00. Said penalty is authorized under § 339.205, RSMo (Cum. Supp. 2013).

2. Arnaman agrees to pay the \$500.00 civil penalty by certified check made payable to the "Missouri Real Estate Commission, State of Missouri" and mailed to Missouri Real Estate Commission, P.O. Box 1339, Jefferson City, MO 65102-1339. Arnaman shall postmark and mail or hand deliver said check within 60 days of the date when this Settlement Agreement becomes effective.

3. Funds received pursuant to this agreement shall be handled in accordance with Section 7 of Article IX of the Missouri Constitution. Section 339.205.8, RSMo. (Cum. Supp. 2013).

4. In the event the MREC determines that Arnaman has failed to pay any portion of the \$500.00 agreed upon herein or has violated any other term or condition of this Settlement Agreement, the MREC may, in its

discretion: (1) notify the Attorney General who “may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs and a surcharge of fifteen percent of the penalty plus ten percent per annum on any amounts owed” under § 339.205.4, RSMo (Cum. Supp. 2013); (2) after an evidentiary hearing, vacate and set aside the penalty imposed herein and may probate, suspend, revoke, or otherwise lawfully discipline Arnaman’s license under § 324.042, RSMo. (Cum. Supp. 2013); and (3) deny, discipline, or refuse to renew or reinstate Arnaman’s license under § 339.205.7, RSMo (Cum. Supp. 2013).

5. This Settlement Agreement does not bind the MREC or restrict the remedies available to it concerning any future violations by Arnaman of Chapter 339, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Settlement Agreement.

6. This Settlement Agreement does not bind the MREC or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Settlement Agreement that are either now known to the MREC or may be discovered.

7. Each party agrees to pay all their own fees and expenses incurred as a result of this case, its litigation, and/or its settlement.

8. The terms of this Settlement Agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained herein, neither this Settlement Agreement nor any of its provisions may be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.

9. The parties to this Settlement Agreement understand that the MREC will maintain this Settlement Agreement as an open record of the MREC as required by Chapters 324, 339, and 610, RSMo, as amended.

10. Arnaman, together with his partners, heirs, assigns, agents, employees, representatives, and attorneys, does hereby waive, release, acquit and forever discharge the MREC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo, as amended, or any claim arising under 42 U.S.C. § 1983, which now or in the future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation or from the negotiation or execution of this Settlement

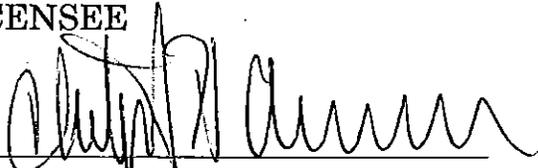
Agreement. The parties acknowledge that this paragraph is severable from the remaining portions of the Settlement Agreement in that it survives in perpetuity even in the event that any court or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

11. Arnaman understands that he may, either at the time the Settlement Agreement is signed by all parties, or within fifteen days thereafter, submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties constitute grounds for disciplining Arnaman's license. If Arnaman desires the Administrative Hearing Commission to review this Settlement Agreement, Arnaman may submit his request to: Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65102.

12. If Arnaman request review, this Settlement Agreement shall become effective on the date the Administrative Hearing Commission issues its order finding that the Settlement Agreement sets forth cause for disciplining Arnaman's license. If the Administrative Hearing Commission issues an order stating that the Settlement Agreement does not set forth cause for discipline, then the MREC may proceed to seek discipline against Arnaman as allowed by law. If Arnaman does not request review by the

Administrative Hearing Commission, the Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREC.

LICENSEE



Christopher H. Arnaman

Date: 10-23-2015

MISSOURI REAL ESTATE  
COMMISSION



Joseph Denkler, Executive Director

Date: 10/4/2015

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