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DEPARTMENT OF COMMERCE ANNOUNCES SANCTIONS AGAINST BROKER FOR UNAUTHORIZED USE OF CLIENT TRUST MONEY

[Salt Lake City] — The Utah Department of Commerce today announced a settlement involving disciplinary action against Bruce Armstrong, a licensed real estate principal broker, for taking tens of thousands of dollars from trust funds he held on behalf of his clients. “Mr. Armstrong’s mismanagement of his brokerage trust accounts violated the most basic statutes and rules for licensed principal brokers,” said Chris Parker, Executive Director of the Department. As a result of this settlement, Mr. Armstrong’s license was revoked and he is barred from holding a real estate license in Utah for 5 years. Mr. Armstrong must also pay a civil penalty of \$405,357.72, which can be reduced dollar for dollar up to \$280,000 if restitution is paid to property owners.

Bruce Armstrong operated two companies, Armstrong Property Management, Inc., and 1031 Property Care, LLC., (hereafter “APM” and “1031) under a principal broker’s license issued by the State of Utah. APM managed 200-250 residential properties in Utah, and 1031 managed 50-60 commercial properties throughout the United States. “Principal brokers routinely manage funds in a trust account for their clients,” said Jonathan Stewart, Director of the Division of Real Estate, which oversees licensing of real estate professionals. “In this role, the principal broker becomes a ‘fiduciary’, or a representative, bound to act in the manner most beneficial to their client’s financial interest.”

Since 2012, Mr. Armstrong’s companies engaged in illegal behavior in managing trust funds, including:

- Comingling trust funds between APM and 1031.
- Unauthorized payment of personal and business expenses from trust funds.
- Unauthorized payment of leasing commissions from trust funds that had not been contractually earned by the broker.
- Misrepresenting finances to property owners and failing to disclose payment of leasing commissions taken from property reserve accounts.

The violations came to light as a result of multiple complaints from Mr. Armstrong’s clients, resulting in an investigation by the Division of Real Estate. “Our staff did a remarkable job in following the trail of transactions in this case,” noted Mr. Stewart.

The Department of Commerce oversees licensure of multiple professions throughout the economy who often have some fiduciary role. “A good rule of thumb when hiring someone to handle your financial affairs is ‘trust but verify’,” said Director Parker. “Read your financial statements. Ask questions. These people work for you.” To verify a real estate license, visit <https://secure.utah.gov/rer/relv/search.html>.

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