



Croman partner sues to prevent landlord's dad from managing LES properties

Guy Jacobson says Croman breached fiduciary duty by stepping on the wrong side of the law

By [Rich Bockmann](#) | July 05, 2017 05:59PM



From left: 204 East 13th Street, Steven Croman and 99-105 Third Avenue

The fallout from Steven Croman's legal troubles continues to grow, as one of his partners has asked the courts to stop the landlord's father from taking over as manager of two Lower East Side properties before Croman heads off to jail.

Guy Jacobson, who owns a pair of buildings with Croman at the corner of Third Avenue and East 13th Street, filed a lawsuit in Manhattan State Supreme Court Wednesday claiming his partner's dubious practices harmed the company, and asked a judge to appoint a receiver to manage the business.

"Croman has a conflict of interest, since he has placed his personal interests ahead of the best interests of [the partnership] and its members," the complaint read.

A spokesperson for Croman called the arguments "false" and said Jacobson had a history of filing frivolous lawsuits. "We have followed through on all terms of our agreement with Mr. Jacobson, including saving him from foreclosure, clearing hundreds of violations and completing the renovation of these properties," the spokesperson said. "The reality is that Mr. Jacobson has a terrible business record and has consistently failed to pay rent for space at many other buildings."

Since 2007, the two partners have been tied up in court over the partnership, with Jacobson claiming that Croman violated their agreement by stalling on development plans in order to squeeze his partner out of the deal.

Jacobson's attorney, Mark Weissman at the firm Herzfeld & Rubin, said the case is anything but frivolous, and said he was surprised Croman was "casting my client as the villain."

"[Jacobson] would have wanted to resolve this case in 2007. Unfortunately, he hasn't been able to," Weissman told The Real Deal.

The partnership is named as a defendant in the ongoing civil tenant-harassment case, and Jacobson claims his partner breached his fiduciary duty by [violating](#)

[the city's construction codes.](#)



According to the lawsuit, Jacobson became a minority partner in the entity controlling 99-105 Third Avenue and 204 East 13th Street when he sold the buildings to Croman in 2000. Jacobson retains a 15 percent of the partnership, and Croman owns 85 percent.

Croman is the sole manager of the properties, according to the operating agreement, and should he cease being manager for any reason, his father, Edward, will take over as the manager.

Croman pleaded guilty last month to fraud and larceny charges, agreeing to serve [a year in jail](#) on Rikers Island. Sentencing is scheduled for September. A civil case pertaining to his tenant harassment tactics is still ongoing.

Jacobson says the court should immediately appoint a “disinterested temporary receiver” to secure the financial health of the buildings. The lawsuit also seeks unnamed damages to be determined at a later date.

In this month's cover story, *The Real Deal* [examined Croman's case](#) amid a push by lawmakers to crack down landlords who harass tenants.