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# Steve Croman, 'Bernie Madoff Of Landlords,' Will Spend 1 Year At Rikers Under Plea Deal

Notorious NYC landlord Steven Croman must also pay the state \$5M under his plea deal. But he has yet to be punished for tenant harassment.

By Ciara McCarthy (Patch Staff) - (<https://patch.com/users/ciara-mccarthy-0>) June 6, 2017 5:15 pm ET

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MANHATTAN, NY — Steve Croman, one of New York City's most notorious landlords, will serve a year in jail and pay a \$5 million settlement as part of a plea deal, state prosecutors announced Tuesday morning.

This wraps up the state's sweeping criminal case against Croman, [announced \(https://ag.ny.gov/press-release/ag-schneiderman-announces-20-felony-charges-and-civil-suit-against-major-new-york-city\)](https://ag.ny.gov/press-release/ag-schneiderman-announces-20-felony-charges-and-civil-suit-against-major-new-york-city) last year by New York State Attorney General Eric Schneiderman. The landlord was charged with 20 felony counts of white-collar financial

crimes like tax fraud, falsifying business records and grand larceny — all stemming from an alleged scheme in which he falsely reported his Manhattan tenants' monthly rent as higher than it was to banks and lenders. He did this to "fraudulently obtain several multi-million dollar refinancing loans" totaling \$45 million," prosecutors say.

Croman then, according to a separate civil lawsuit still playing out in court, tried to bump up rents at many of his 140-plus buildings in Manhattan to the market rates he'd falsely reported.

And he did this, prosecutors say, by pushing out rent-stabilized tenants using a pattern of "disturbing" tactics. (For more local news that affects you, [subscribe to Patch's free email newsletters and breaking alerts \(https://patch.com/new-york/new-york-city/stay-top-local-news-your-nyc-neighborhood-patches-morning-newsletter\)](https://patch.com/new-york/new-york-city/stay-top-local-news-your-nyc-neighborhood-patches-morning-newsletter) for your NYC neighborhood.)

Activists with the Croman Tenants' Alliance have [compiled a list \(http://www.cromantenants.org/properties\)](http://www.cromantenants.org/properties) of all the Croman-owned properties they could find using online city records. His largest cluster is in the East Village, but he also owns buildings in many other parts of Manhattan — Chinatown, the Financial District, the Lower East Side, SoHo, the West Village, Chelsea, Midtown, Hell's Kitchen, the Upper West Side, the Upper East Side, Harlem and beyond.



**Tom Robbins**  
@tommy\_robb

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Over the past decade, according to the civil suit against Croman, he's hired henchmen to "intimidate, stalk, and threaten" rent-regulated tenants, file frivolous lawsuits against them, turn their homes into "hazardous construction zones" filled with "constant and pervasive lead-contaminated dust."

Croman's tenants reported, among other horrors, "ceilings collapsing in their children's bedrooms, sewage backflowing through their pipes and rain pouring through holes in the roof," according to the attorney general's office.

However: Because tenant harassment is not a criminal charge in New York (unless physical injury is involved), there's no possibility Cronan will get additional jail time for his tactics.

Read more about the city and state policies that protect landlords like him in Patch's recent investigation, "[The Flipper's Playbook: How NYC Slumlords Terrorize Tenants And Get Away With It.](https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it)" (<https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it>)

## A.G. SCHNEIDERMAN ANNOUNCES GUILTY PLEA OF MAJOR NYC LANDLORD STEVEN CROMAN

*Croman To Serve One Year In Rikers, Pay \$5 Million Tax Settlement – Marking Significant Precedent In Effort To Combat Landlords Who Base Their Business Model On Displacement Of Rent-Stabilized Tenants*

*Criminal Case Revolves Around Croman's Efforts To Obtain Loans Based On False Accountings Of Rent-Stabilized Tenants In His Buildings*

*Schneiderman: Now Croman Will Serve A Year In Rikers – And Unscrupulous Landlords Are On Notice*

NEW YORK—Attorney General Eric T. Schneiderman today announced the guilty plea of Steven Croman, a major New York City landlord with more than 140 apartment buildings across Manhattan, for fraudulently refinancing loans and committing tax fraud. Under the terms of his plea, Croman would serve one year of jail time on Rikers Island and pay a \$5 million tax settlement – marking a significant precedent in the effort to combat landlords who base their business model on the displacement of rent-stabilized tenants.

Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices. The jail time and multi-million settlement announced today send a strong message to landlords that the Attorney General will pursue anyone who engages in these types of practices to the fullest extent of the law.

"Steven Croman is a fraudster and a criminal who engaged in a deliberate and illegal scheme to fraudulently obtain bank loans," Attorney General Schneiderman said. "He went to outrageous lengths to boost his bottom line – including falsely listing rent-stabilized units at market rates when his efforts to displace those renters had failed. Now Mr. Croman faces a year in Rikers and a \$5 million settlement – and unscrupulous landlords are on notice that we'll pursue them to the fullest extent of the law."



**Eric Schneiderman**

@AGSchneiderman

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NYC landlord Steve Croman went to outrageous lengths to enrich himself at the expense of tenants. He'll serve a year in Rikers & pay \$5M.

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As part of Croman's new plea deal, the landlord admitted to three of his 20 alleged finance crimes, Schneiderman said. He also agreed to pay a \$5 million tax settlement to the State Department of Taxation and Finance.

Croman has earned a reputation over the years as one of the most unscrupulous landlords in a city infamous for them. Among the scores of NYC building owners accused of shady business practices and tenant harassment — often [without repercussions \(https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it\)](https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it) — Croman has been routinely singled out by renter advocates and public officials as particularly prolific and brazen.

Schneiderman referred to the Upper East Side resident as the "Bernie Madoff of landlords" when he unveiled the indictment against him last year.

And on Tuesday, the attorney general touted Croman's plea deal as a "rare" victory against bad landlords.

"Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices," Schneiderman said in a statement.

Although Croman isn't being directly punished for his alleged crimes against the renting public, Schneiderman said the landlord's year of jail time and \$5 million fine — which at least stem from a financial scheme that relied on tenant harassment — are "a significant precedent in the effort to combat landlords who base their business model on the displacement of rent-stabilized tenants."

Going forward, New York's attorney general has also proposed legislation that would make it possible to prosecute tenant harassment in criminal court.

In a statement sent to Patch, Schneiderman said he hopes landlords can one day be tried for “more commonplace and insidious tactics, such as turning off heat and hot water, exposing young children to lead dust and making rent-stabilized buildings deliberately uninhabitable for current tenants and their families.”

But the state's head attorney may have trouble getting his proposal past real estate-funded lawmakers in Albany. [Read more about that here. \(https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it\)](https://patch.com/new-york/prospectheights/flippers-playbook-how-nyc-slumlords-terrorize-tenants-get-away-it)

*This story has been updated. With reporting by Simone Wilson. Lead image by Astrid Stawiarz/Getty Images*

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