

## Real estate's top cop, Eric Schneiderman, is out. Here's how he changed the industry

*Before his stunning downfall, he was the most aggressive prosecutor of landlords in decades*

By [Rich Bockmann and Will Parker](#) | May 09, 2018 07:00AM



*Raphael Toledano, Steve Croman and Eric Schneiderman (Credit: Getty Images)*

Before accusations that he physically abused four women abruptly ended his career as New York's attorney general, Eric Schneiderman's tenure policing the real estate industry was a work in progress.

While he oversaw [regulatory changes](#) seen as beneficial – such as allowing developers to more easily market out-of-state projects in New York and streamlining the condominium development process at the real estate finance bureau – Schneiderman will mostly be remembered as an antagonist to the city's multifamily owners.

“It's hard to imagine there could be someone more aggressive than Eliot Spitzer or Andrew Cuomo, but Eric fit that bill,” said Kenneth Fisher, a real estate attorney at Cozen O'Connor.

“I think like Cuomo, he liked to go for visibility cases that could send a message to landlords,” added Fisher. “Whether that's a successful strategy I think remains to be seen.”

Schneiderman spent seven years as AG before the [New Yorker's report Monday](#) that four of his former romantic partners claimed he slapped, choked and verbally abused them. Schneiderman, who portrayed

himself as a champion of the #MeToo movement, denied the allegations, but announced his resignation just three hours after the article was published. On Tuesday, state Solicitor General Barbara Underwood was appointed acting AG.

A former Manhattan state senator, Schneiderman was an ambitious politician who scored headlines by going after boldface names. Most [notable](#) was his battle with President Trump over his Trump University real estate school, which resulted in a \$25 million settlement. But he also opened investigations into the Donald J. Trump Foundation, the Eric Trump Foundation and was seen as potentially leading a prosecution should the special counsel's investigation into Russia be quashed.

More locally, Schneiderman's most aggressive stances were reserved for multifamily landlords who were accused of harassing rent-regulated tenants in gentrifying neighborhoods and replacing them with tenants willing to pay market rates.

He went after notorious landlords like [Samy Mahfar](#), [Daniel Melamed](#) and [Raphael Toledano](#), aligning himself with tenant-advocacy groups that pushed for tougher crackdowns on landlords who abused the system. Schneiderman also wasn't afraid to call out those who financed some of these landlords, once referring to lender Madison Realty Capital in [court papers](#) as "predatory."

His most dramatic showdown came with [Steve Croman](#), whom he branded the "Bernie Madoff of landlords." Croman eventually pleaded guilty to tax and mortgage fraud charges, and is scheduled to be released from Rikers after a one-year sentence on June 3, according to jail records.

Croman, one of the biggest property owners in the East Village, developed a reputation as one of the city's most unscrupulous landlords. Even some of his colleagues in the industry saw him as a real bad actor. But there were others who felt he was targeted to fulfill Schneiderman's political goals.

"Schneiderman, in my opinion, sometimes targeted landlords unfairly, believing that the tenants had the real votes and that tenant activists had enormous power," said Benjamin Brafman, the attorney who represented Croman.

Tenant activists, however, saw Schneiderman's focus on real estate enforcement as a welcome change from the Cuomo and Spitzer tenures. Schneiderman even installed one of their own, the Urban Homesteading Assistance Board's Dina Levy, as a key adviser on rent-regulation issues, and pursued wide-ranging landlord investigations in tandem with Cuomo's Tenant Protection Unit.

Advocates who spoke to *The Real Deal* expressed their disappointment with the revelations about Schneiderman's domestic violence allegations.

"I feel shock and I feel sadness," said Mike McKee, whose Tenants PAC group honored Schneiderman last year. "Eric did some great stuff and was very tenacious in pursuing bad landlords."

"Replace the elected, maintain the mission," said [Aaron Carr](#), whose nonprofit Housing Rights Initiative helps organize civil suits against landlords. Carr called the Croman conviction an unprecedented action and hoped Schneiderman's replacement would build on the successes of the office.

Schneiderman's brand of real estate enforcement wasn't limited just to rent-regulated tenants. In 2014, he slapped a two-year ban on Shaya Boymelgreen [preventing](#) the developer from transacting co-op and condo sales amid an investigation into fraudulent sales practices at 15 Broad Street.

He negotiated a \$2 million [settlement](#) with Joel Landau's Allure Group over the controversial sale of the Rivington House on the Lower East Side, and reached a \$6.5 million settlement with Ian Bruce Eichner [over sales of timeshares](#) at his Midtown Manhattan Club.

Still, some feel that his bread-and-butter was tenant-harassment actions.

"Schneiderman decided that working on new construction, badly-built building cases took too long and were complicated cases," said Adam Leitman Bailey, a real estate attorney. "Landlord-tenant law already has enough agencies and groups already working on that that they didn't need to [focus on it]."

Schneiderman did push policies that were largely lauded by the industry, however. He relaxed regulations that allowed [out-of-state](#) condo projects to be more easily marketed in New York, and encouraged brokers to take advantage of new laws allowing them to [rebate](#) a portion of their commissions to clients. And he brought the condo-plan filing process [into the 21st century](#), creating a system for plans to be filed electronically.

Several names known to the real estate industry have emerged as potential replacements, including Bill de Blasio's housing czar [Deputy Mayor Alicia Glen](#), former U.S. Attorney Preet Bharara and [Public Advocate Letitia James](#), whose office has been sued for publishing the "worst landlords of New York City" list.

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