

Steve Croman tried to stave off foreclosure on Kips Bay apartment buildings last year by filing for Chapter 11 bankruptcy.

But it was a ploy, a federal judge ruled.

Last month, the court tossed the case, writing that Croman had filed in “bad faith” to delay foreclosure and block Maverick Real Estate Partners from recovering the debt.

“The debtor has no reasonable probability of emerging from the bankruptcy proceeding,” Judge James Garrity Jr. determined.

The dispute dates back to August 2021 when Maverick, which specializes in distressed debt, picked up a \$25 million loan covering the formerly incarcerated landlord’s four-building, 85-unit portfolio at 208-214 East 25th Street.

Maverick later sued to foreclose, alleging that Croman had defaulted twice on the loan. The filing demanded immediate repayment of the \$22.7 million balance, plus the interest accruing at the default rate of 24 percent.

In May 2022, a state court appointed a receiver to collect rent and oversee security deposits at the Kips Bay properties. But Croman continued to demand rent from tenants and sign new leases “as if he had the authority to do so,” receiver Hayley Greenberg said in an affidavit.

In June, Greenberg asked the court to hold Croman in contempt.

The move pushed the landlord to cough up about \$330,000 over the next several months but he did not specify what the money was for, to the receiver’s dismay.

“Seven months after the receiver order was entered, it is still unclear whether the debtor has turned over to the receiver all of the tenant security deposits,” his December affidavit reported.

Meanwhile, Croman had racked up more debt — failing to pay property taxes and stiffing Con Edison for \$65,000 in electric bills. The landlord also held about \$1.5 million in an escrow account that the court had ordered him to fork over.

His debts mounting, Croman sought bankruptcy protection in November and tapped FIA Capital Partners’ David Goldwasser as his chief restructuring officer.

That paused Maverick’s foreclosure suit, bogarting its attempt to collect. Within six weeks, Maverick asked the court to toss the suit.

When a business files for bankruptcy, it has three months to propose a reorganization plan to repay its debts. Two months after Croman's filing, Maverick claimed he had yet to propose such a plan and even if he did, repayment was hopeless.

By Maverick's count, Croman owed over \$11.4 million on the loan and had been unable to refinance it for a year and a half. The firm alleged Croman had access to only about \$1.7 million — the \$900,000 in escrow after paying the back taxes and the \$820,000 collected by the receiver.

Even if he managed to cobble together those funds, when the loan matured on April 10, he would owe the full balance of \$33 million, Maverick claimed.

“In just a few weeks ... the debtor will be in the exact same position it currently is in now: unable to pay its mortgage debt on a fully matured loan and facing foreclosure,” Maverick wrote.

By February, Goldwasser had resigned, according to Maverick's second motion to dismiss, which a federal judge granted.

Croman, though, had another card to play. Last week, he appealed the court's dismissal.

Croman's lawyer did not respond to a request for comment, and Maverick's declined to comment.