

Landlord Steven Croman loses dispute over nonpayment of commission

Millionaire also battling accusations that he didn't pay his longtime law firm

December 09, 2014 08:00AM

By [David Jones](#)

« PREVIOUS NEXT »



From left: Steven Croman and 635 East 6th Street

Commercial brokerage Daniel T. Enterprises won a court battle against landlord Steven Croman for non-payment of a commission on a \$5.5 million off-market deal for an East Village tenement building.

The brokerage, led by its president Tamir Daniel, filed a lawsuit in which it claimed that in 2012, it entered an agreement with Croman, who owns about 75 residential and commercial buildings in Manhattan, to broker the purchase of 635 East 6th Street. The property is a five-story building with 10 units.

According to court records, Croman's initial \$3.5 million for the property was rejected by the owner. Croman then entered into direct talks with the owner and by July 2013, signed an agreement to buy the property for \$5.5 million. The deal closed in October 2013.

Daniel was owed a 3 percent commission, or \$165,000, according to the agreement. But Croman rejected the demand for payment, claiming that Daniel did not broker the final sale, according to court papers. However, New York Supreme Court judge Ellen Coin ruled this month that the broker was protected by language in the agreement that provided for commission — even though Croman did the deal directly.

Representatives for Croman released a statement saying that they disagree with the ruling and are reviewing their options on the case. They allege in court papers that Daniel made Croman sign the initial agreement without them knowing which specific property they were buying, because the broker was concerned Croman might try to enter a direct agreement.

"This case involves a broker who acted without authority from the seller and failed to uphold his obligations as a real estate professional," Croman's management firm 9300 Realty said in a statement to *The Real Deal*. "In the end, 9300 partnered with a different reputable broker who worked diligently to help us acquire this property and was paid a commission for the excellent work that was done."

According to court documents, the sale was eventually brokered by Rosewood Realty Group, which is headed by [Aaron Jungreis](#).

The case represents the latest legal entanglement for [Croman](#), who is under investigation by state Attorney General Eric Schneiderman for allegedly using [illegal tactics to force](#) rent-stabilized tenants out of their units.

TRD has learned that Croman's longtime legal counsel, Rose and Rose, filed suit in September for more than \$720,000 in unpaid legal fees. The suit, filed in Manhattan Supreme Court, claimed that Croman stopped paying them in 2012, after 15 years of working together. Rose and Rose withdrew as legal counsel from several lawsuits involving Croman earlier this year, and claimed in its suit that Croman has commingled his own personal funds with business funds over the years.

Representatives for Croman denied those allegations today.

"We steadfastly dispute the claims against us and are disappointed that a firm we had employed for almost two decades would take this path," the firm said in a statement to TRD. "This lawsuit is nothing more than an attempt to deflect attention from their own wrongdoing as will be outlined in our answer and counterclaim for an amount substantially in excess of what they are claiming."