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A.G. Underwood Announces Croman Tenant Restitution Fund Claims Process

Written by Long Island News & PR | 07. August 2018

New York, NY - August 7, 2018 - Today, New York Attorney General Barbara D. Underwood announced that tenants who live or formerly lived in buildings owned by New York City landlord Steven Croman will be able to apply for restitution, as part of the unprecedented settlement reached by the Office of the Attorney General (OAG) in December 2017. The settlement arose out of an investigation and lawsuit filed by the Attorney General's office against Croman for engaging in illegal conduct — including harassment, coercion, and fraud — in order to force rent-regulated tenants out of their apartments and convert their apartments into highly profitable market-rate units.

“This office has zero tolerance for predatory landlords who seek to line their pockets at the expense of their tenants’ wellbeing,” said Attorney General Underwood. “Now, Croman tenants will finally get the restitution and protections they deserve as a result of this unprecedented settlement — the largest-ever with an individual landlord. We will continue to do everything in our power to ensure landlords play by the rules, and pursue them to the fullest extent of the law when they don’t.”

The consent decree requires Croman to pay \$8 million into a Tenant Restitution Fund – the largest-ever monetary settlement with an individual landlord. Tenants are eligible for restitution if they are or were a tenant in a rent-stabilized or rent-controlled apartment owned by Croman between July 1, 2011 and the date of the agreement (December 20, 2017); they received a buyout of less than \$20,000, not including any amount that purported to cover rent or arrears; and no other tenant in their apartment received money from the restitution fund. Several hundred current and former tenants are potentially eligible to apply for these restitution funds.

This week, JND Legal Administration, the claims administrator, mailed claim notices and forms to current and former rent-stabilized and rent-controlled tenants in Croman’s buildings. Those forms and additional information are also available at www.cromanrestitutionfund.com. The \$8 million will be divided equally among eligible claimants and distributed to tenants in installments over a period of 38 to 42 months, with the first installment coming as soon as the claims administrator processes all of the first-round claim forms.

In addition to the \$8 million Tenant Restitution Fund, the settlement also requires over 100 Croman residential properties to be run by a new, independent management company with no ties to Croman, for five years – the longest-ever term for independent management in OAG history. Moreover, the settlement requires seven years of independent monitorship to oversee compliance with the terms of the consent decree and provide regular reporting to the Attorney General – the longest-ever monitorship required in any tenant harassment case.

Earlier this year, OAG approved New York City Management as the independent management company; the management company took over operations of the buildings on July 1, 2018. Pursuant to the settlement, New York City Management is instituting new policies at the Croman properties to ensure full compliance with the law and correction of all past violations. It will also post a comprehensive set of Tenants Rights in every building it manages.

The settlement was the result of a May 2016 civil lawsuit brought by the Attorney General's office against Croman and his agent Anthony Falconite for allegedly engaging in illegal, fraudulent, and deceptive conduct in connection with Croman's real-estate business. The lawsuit alleged that Croman directed an illegal operation that wielded harassment, coercion, and fraud to force rent-regulated tenants out of their apartments and convert their apartments into highly profitable market-rate units. The lawsuit further alleged that Croman deployed Falconite, a former New York City police officer, to frighten and intimidate rent-regulated tenants into surrendering their apartments.

In October 2017, Croman was sentenced to a year in jail and paid a \$5 million tax settlement following separate criminal charges brought by the Attorney General's office for fraudulent refinancing of loans and tax fraud. Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices.

"In the last decade and a half, if you asked anyone involved in housing advocacy or the tenants' bar to name Manhattan landlords known for flagrantly harassing and abusing tenants, Steve Croman's name would come up early and often," said Manhattan Borough President Gale A. Brewer. "When it comes to protecting tenants, there's quite a few laws on the books that are too rarely enforced. I thank the Attorney General's office for pursuing civil and criminal enforcement actions against Mr. Croman, winning restitution for tenants, and demonstrating that no landlord is immune to the law."

"Steven Croman built a criminal enterprise on exploiting tenants in my district and across Manhattan. While no amount of money will ever adequately compensate tenants for the abuse they endured at the hands of Croman, those who suffered will now receive at least some of the compensation they deserve," said State Senator Brad Hoylman.

"The Tenant Restitution Fund sends a clear message: no bad landlord is above the law. After securing a historic win for tenants from over 100 properties, the Attorney General's Office has now begun the process to provide tenants from Croman's properties the relief they deserve. I want to thank the Attorney General's office for their tireless advocacy on behalf of our tenants and look forward to working with them further to make sure our affected constituents are able to access the Tenant Restitution Fund. I encourage any affected tenants to reach out to the Attorney General's office for more information to begin their restitution process," said State Assemblymember Yuh-Line Niou.

"The Stop Croman Coalition is pleased to hear that the restitution from the consent decree reached by the AG will be distributed before the end of the year as set forth under the terms of the historic settlement agreement between the Attorney General and the respondent Steve Croman / 9300 Realty. After years of intimidation and harassment by Steve Croman, the tenants will be receiving compensation that they absolutely deserve. Although no monetary amount can ever make up for the abuses that Steve Croman inflicted over these many years, it is good to know that the consent decree between the Attorney General and Steve Croman will be finalized. The Stop Croman Coalition wants to thank New York State Attorney General Barbara Underwood and her staff, especially Special Counsel, Civil Rights Bureau, Jessica Attie, for bringing about this historic outcome," said Cynthia Chaffee, Croman tenant and cofounder of the Stop Croman Coalition.

"Croman tenants deserve this restitution, and then some, for what they've been through," said Brandon Kielbasa, the Director of Organizing at Cooper Square Committee. "It's impossible to put a price tag on the suffering that occurred, but every little bit of financial benefit helps and we are very glad to see the tenants being connected to this restitution fund. We are very grateful for the Attorney General's office for its work on this case against Steve Croman."