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AG charges ‘Bernie Madoff of landlords’ with tenant harassment

BY **HOLLY DUTTON** • MAY 11, 2016

A New York City landlord was arrested and charged with 20 felonies and a civil suit by Attorney General Eric Schneiderman on Monday.

Calling him the “Bernie Madoff of landlords,” Schneiderman announced the charges against Steve Croman at a press conference where he accused the owner of 9300 Realty of harassing rent-stabilized tenants to push them out of their homes so he could then charge market-rate prices for the units.

The AG said rent-regulated tenants in Croman’s buildings were referred to by Croman and his employees as “targets,” and staffers competed with each other to get the most buyouts.



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Croman is accused of enlisting private investigator Anthony Falconite, a former New York City police officer, to intimidate and scare rent-regulated tenants into surrendering their apartments.



ATTORNEY GENERAL ERIC
SCHNEIDERMAN

In one exchange, Falconite allegedly told a property manager that getting buyouts was a “team sport,” and the property manager responded, “I know that!! Who’s our next target? We have to start lining them up!!!” according to Schneiderman’s investigation.

Croman’s company, 9300 Realty, owns 140 buildings in NYC. The charges against him include grand larceny, criminal tax fraud, and falsifying business records. His mortgage broker, Barry Swartz, was

also charged.

The charges allege that between 2012 and 2014, Croman obtained loans based on false accountings of rent-stabilized tenants in his buildings. Croman allegedly harassed the tenants into surrendering their rights under rent-stabilization laws in exchange for buyouts that were in actuality no more than a few thousand dollars or a few months of free rent.

“My message to unscrupulous landlords is simple: if you put your own profits over your tenants’ legal protections, we will investigate you and prosecute you to the fullest extent of the law,” said Schneiderman in a press release. “My office will not tolerate anyone who attempts to line their own pockets by gaming the system. No one is above the law – no matter how rich or powerful.”

Croman has been under investigation by authorities for the past two years for his business dealings.

According to Schneiderman, Croman submitted false mortgage documents to New York Community Bank and Capital One Bank, which included rent rolls that falsely reflected market-rate rents for units that were actually occupied by rent-stabilized tenants.

He also allegedly inflated the rent prices for commercial spaces in his buildings in an effort to show greater rental income. Croman allegedly received more than \$45 million in loans through the use of false information.

He was indicted by a grand jury on 20 felony counts. His mortgage broker, Barry Swartz, also faces 15 felony counts.

If convicted of all counts, Croman and Swartz could face as much as 25 years in prison.

In February 2015, Governor Andrew Cuomo, Schneiderman, and Mayor Bill de Blasio formed a task force, titled the Tenant Harassment Prevention Task Force, to investigate and actions – including criminal charges – against landlords who harass tenants.

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