

# AG Indicts Manhattan Landlord Steve Croman Over \$45M in Faulty Loan Apps

BY TERENCE CULLEN (/AUTHOR/TERRENCE-CULLEN/) MAY 9, 2016, 1:17 P.M.



ERIC SCHNEIDERMAN (PHOTO: NEW YORK ATTORNEY GENERAL'S OFFICE).

**Steve Croman**, a Manhattan landlord with a history of poor relations with his tenants, was slapped with a civil suit and indicted this morning on charges that he tried to muscle rent-stabilized tenants out of his buildings to make the units market rate. The attorney general's office estimated that Mr. Croman and his company, **9300 Realty**, received roughly \$45 million in debt through the scheme over a three-year period.

Attorney General **Eric Schneiderman** announced the indictment of Mr. Croman at a press conference following the landlord's appearance in Manhattan Supreme Court. The much maligned landlord and his debt broker, **Barry Swartz**, are accused of lying on mortgage applications to obtain financing from **Capital One** and **New York Community Bank** by saying that rent-regulated tenants in buildings were gone and the landlord was now getting market rates for apartments. But, Mr. Schneiderman said, the units were still protected and Mr. Croman went on a campaign to forcibly push out those tenants to upgrade the apartments and get a higher rent.

The company's portfolio include a slew of properties on the Lower East Side, along Third Avenue and in Upper Manhattan.



Mr. Croman was able to keep \$1 million

([http://www.crainsnewyork.com/article/20160509/REAL\\_ESTATE/160509870/east-village-landlord-arrested-on-criminal-charges-also-sued-over](http://www.crainsnewyork.com/article/20160509/REAL_ESTATE/160509870/east-village-landlord-arrested-on-criminal-charges-also-sued-over)) he would have been forced to pay to lenders if not for the favorable terms granted as a result of the falsified documents, according to *Crain's New York Business* citing the complaint.

Mr. Croman, who was hit with a 20-count indictment on charges including grand larceny and filing false documents, has been the subject of a probe by the attorney general for nearly two years. He came under investigation in July 2014 over allegations that he was using illegal tactics to force out rent stabilized tenants. Mr. Swartz was charged with 15 counts of grand larceny, falsifying business records and scheme to defraud.

Each executive faces up to 25 years in prison if convicted, Mr. Schneiderman said. Mr. Croman surrendered himself to authorities and was arraigned this morning. He was released on \$500,000 in cash bail (<http://www.nydailynews.com/new-york/manhattan/nyc-landlord-steve-croman-arrested-threatening-tenants-article-1.2629980>), according to the New York *Daily News*. It wasn't

In today's announcement, Mr. Schneiderman took several shots at "Mr. Croman and his cronies" and said, "This guy was essentially the Bernie Madoff of landlords." He said the arrest was one of the largest take downs of a landlord in recent memory.

**Laura Brevetti**, the attorney for Mr. Swartz, declined to comment.

Mr. Schneiderman's office also filed a civil lawsuit today in New York State Supreme Court against Mr. Croman over allegations of tenant harassment throughout his portfolio. In that case, he's accused of trying to buy out rent-stabilized tenants, incentivizing his employees to push out those tenants and firing lawsuits against those residents. Mr. Schneiderman said the accused would walk around his office chanting "buyouts, buyouts" and gave bonuses of up to \$10,000 to property managers who were successful in getting tenants to leave. Mr. Swartz was not directly named in the civil suit.



**Anthony Falconite**, a **New York Police Department** retiree who became a private investigator for the landlord, was also named in the suit for allegedly stalking renters as part of Mr. Croman's effort. Mr. Schneiderman's office had served the ex-cop with a cease and desist order two years ago, which the attorney general said today Mr. Falconite had ignored. The lawsuit also indicates that Mr. Falconite would stalk tenants and follow them as far as New Jersey to make threats.

"Our civil action alleges he continued to willfully and flagrantly defy the law," Mr. Schneiderman said.

**Benjamin Brafman**, the attorney for Mr. Croman, said via a statement that his client pleaded not guilty, and intends to "address all issues in a responsible fashion." Mr. Brafman also that today's charges don't have anything to do with the long-standing allegations of harassing tenants.

Manhattan Borough President **Gale Brewer** issued a statement applauding both cases against Mr. Croman.

“Harassing and threatening tenants is a widespread crime, but its perpetrators are too rarely investigated and prosecuted,” she said in prepared remarks. “Attorney General Schneiderman’s investigation, indictment and civil suit against Mr. Croman are all good news for tenants, and together they send a clear message to abusive landlords.”

*With additional reporting provided by Liam La Guerre (<https://commercialobserver.com/author/liam-la-guerre/>).*

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