

## Schneiderman Announces Sentencing of Harassing Manhattan Landlord

NY Attorney General • Tenant Harassment • Manhattan

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New York Attorney General Eric Schneiderman speaking at New York Law School. Image credit: CityLaw

**Schneiderman announces one-year jail sentence and \$5 million settlement with major New York City landlord who fraudulently refinanced loans and committed tax fraud.** On October 3, 2017, New York State Attorney General Eric T. Schneiderman announced the sentencing of landlord Steven Croman who owns more than 140 apartment buildings across Manhattan. In June 2017, Croman pleaded guilty to Grand Larceny in the Third, Falsifying Business Records in the First Degree and Criminal

Tax Fraud in the Fourth Degree. Croman was sentenced to serve one year at Rikers Island. As part of his guilty plea, Croman also agreed to a \$5 million tax settlement with the State.

A year-long investigation by Schneiderman's office found that Croman had purchased buildings with rent-stabilized units and, immediately after purchase, began displacing rent-stabilized tenants while simultaneously attempting to refinance the initial mortgage.

From 2012 to 2014, Croman obtained several multi-million-dollar refinancing loans. As part of the refinancing, Croman submitted false documents to banks, including rent rolls that falsely reflected market rate rents for units that were in fact rent-stabilized and inflating the rent charged in commercial spaces to show greater rental income.

In 2011, Croman also intentionally failed to withhold New York State payroll taxes from bonus payments made to a former Croman Real Estate property manager, who was paid bonuses to get rent stabilized and rent controlled tenants out of Croman apartment buildings.

"Steven Croman thought he was above the law. But today, he begins a sentence in Rikers Island for perpetrating an elaborate scheme that was intended to push out rent-stabilized tenants," said Attorney General Schneiderman. "The measures Mr. Croman took to boost his own bottom line – while blatantly disregarding the wellbeing of his tenants – are shocking. A booming real estate market is no excuse for criminal activity aimed at displacing New Yorkers already struggling with high rents. My office will continue to ensure that all landlords play by the rules – and pursue anyone who doesn't to the fullest extent of the law."

Schneiderman also has a current civil lawsuit against Croman for allegedly engaging in harassment of rent-regulated tenants and other illegal, fraudulent, and deceptive conduct in connection with his real-estate business.

By: **Jonathon Sizemore** (Jonathon is the CityLaw Fellow and a New York Law School Graduate, Class of 2016).