



## Major NYC Landlord Steven Croman Sent to Rikers

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Attorney General Eric T. Schneiderman wants to send a strong message to landlords that he will pursue anyone who engages in these types of practices to the fullest extent of the law.

the process of displacing rent-stabilized tenants while simultaneously attempting to refinance the initial mortgage.

Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices. The jail time and multi-million settlement send a strong message to landlords that the Attorney General will pursue anyone who engages in these types of practices to the fullest extent of the law.

AG Schneiderman said, "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. The measures Mr. Croman took to boost his own bottom line - while blatantly disregarding the wellbeing

On the morning of Tuesday, October 3, Steven Croman, a major New York City landlord who owns more than 140 apartment buildings across Manhattan, was officially sentenced to one year in jail for fraudulently refinancing loans and committing tax fraud.

Croman was taken into custody on Tuesday and will serve out his sentence on Rikers Island. As part of his guilty plea, he is also paying a \$5 million tax settlement to the State; Croman paid the first \$3 million of that settlement last month.

A year-long investigation by the Attorney General Eric T. Schneiderman's office found that Croman purchased buildings with rent-stabilized units and, immediately after purchase, began

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.”

In June, Croman pleaded guilty to Grand Larceny in the Third Degree (a class D felony), and Falsifying Business Records in the First Degree and Criminal Tax Fraud in the Fourth Degree (both class E felonies). Croman fraudulently obtained several multi-million-dollar refinancing loans between 2012 and 2014, and committed tax fraud in 2011 by failing to withhold appropriate NY State payroll tax from certain Croman Real Estate employee paychecks.

The criminal referral in the Croman investigation was provided to the Attorney General's office by the New York State Department of Housing and Community Renewal's Tenant Protection Unit (TPU).

Pursuant to the plea agreement and the defendant's allocution, Croman submitted false documents to banks, including rent rolls that falsely reflected market rate rents for units that were actually occupied by rent-stabilized tenants. Croman also inflated the amount of rent charged for certain commercial spaces in his buildings in an effort to show greater rental income. Croman falsified these rent rolls in order to inflate the annual rental income of his buildings, upon which his refinancing terms are partially based. All told, over a three-year period, Croman received more than \$45 million in loans under these false pretenses.

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.

The Attorney General also has a separate 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. That case remains ongoing.

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