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'Madoff of landlords' accused of using ex-cop to harass tenants

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May 9, 2016 | 9:33am | Updated



Steven Croman

Photo: Steven Hirsch

Calling him the Bernie Madoff of real estate, the state Attorney General hit a notorious Manhattan landlord with criminal charges and a civil suit Monday for mortgage fraud and strong-arming tenants out of rent-stabilized apartments using an ex-cop to intimidate them.

Steven Croman — whose portfolio includes 140 buildings — was busted for filing fraudulent paperwork to obtain tens of millions of dollars in bank loans, said the AG's office, which has been investigating him for two years.

He was also sued by AG Eric Schneiderman, who accused Croman of unlawfully deploying an NYPD officer-turned-private investigator to harass and coerce tenants into vacating their apartments so he could jack up the rent.

"This guy is essentially the Bernie Madoff of landlords," said Schneiderman at a press conference announcing the bust. "These are the most serious set of criminal charges brought against a bad landlord in anyone's living memory."

Croman, 49, and his mortgage broker-pal Barry Swartz, 53, were hauled into Manhattan Supreme Court, where they pleaded not guilty to more than a dozen counts of grand larceny, scheme to defraud and other charges.

Croman allegedly inflated his rental income on mortgage documents to score more than \$45 million in loans, according to the AG's office.

The reviled landlord built his real estate empire by buying up buildings filled with rent-regulated tenants. He then embarked on an aggressive campaign to convert the low-income apartments into expensive market-rate units through buyouts and harassment, Schneiderman said.

Croman — whose son was caught on video [belittling an Uber driver in March](#) — allegedly used P.I. Anthony Falconite, who he called his “secret weapon” to frighten and intimidate residents, the civil suit alleges.

Falconite dangled paltry cash buyouts — sometimes no more than a few thousand dollars — to manipulate confused and panicked tenants into leaving their pads, the suit charges.

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The ex-cop frequently posed as a construction worker, UPS deliveryman or building manager to illegally enter apartments and menace residents. He even told tenants who refused to move that they'd be arrested by his friends in the police department, Schneiderman said.

Croman's employees routinely referred to the vulnerable, low-income tenants as “targets” and Falconite called pressuring tenants into buyouts a “team sport,” court papers allege.

The reviled landlord would walk through the office chanting “Buyouts! Buyouts!” and paid employees bonuses of as much as \$10,000 for getting tenants to vacate, the AG said.

Croman also pressured desperate tenants by burying them in baseless lawsuits.

In some cases, Croman's employees refused to acknowledge receipt of tenants' rent checks and then sued them for unpaid rent.

In his fever to quickly create high-rent units, Croman also routinely ignored construction laws and performed work without permits more than 175 times, authorities said.

The landlord even ignored orders to address dangerously high lead levels. One woman was forced to vacate her apartment along with her two disabled grandsons because of hazardous lead dust.

In the past, Croman has been issued hundreds of “hazardous” and “immediately hazardous” violations and refused to correct them.

The AG's suit wants Croman to pay tenants' millions in restitution and give up his lucrative real estate business.

Tenant Cynthia Chaffee who lives in one of Croman's Gramercy properties called him a “tyrant.”

“From the day he bought the buildings, he was like a tyrant: All of a sudden we get no heat, no hot water, chronically, he started harassing us,” she said. “He tried to break us emotionally and financially.”

High-powered defense lawyer Ben Brafman represents Croman on the criminal case. “Mr. Croman intends to address these issues in a responsible fashion,” the attorney said.

Justice Jill Konviser set bond at \$1 million for Croman and \$500,000 for Swartz.

Croman's son Jake was recorded in March berating an Uber driver at the University of Michigan, which he attends.

“You're an Uber driver!” he spewed. “Go f—— drive you little f——! Minimum wage f——! Go f—— yourself!”

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