

NYC's 'Madoff of Landlords' Defaults On \$170M Loans, Faces Foreclosure On 35 Manhattan Properties

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A sweeping financial crisis is closing in on Steven Croman, the landlord long branded “the Bernie Madoff of landlords,” as newly filed cases reveal he has stopped paying nearly \$170 million in debts and is now staring down foreclosure on dozens of Manhattan buildings, the NY Post reports.

The notorious real estate operator — infamous for his Rikers Island jail term and his long trail of legal troubles — is now caught in a fresh storm, this time in civil court, where a fast-growing stack of lawsuits claims he stopped paying an enormous slate of loans.

According to filings in Manhattan Supreme Court, Croman has allegedly fallen behind on a staggering \$168 million in property loans, a sum spread across about 35 buildings scattered throughout the city.

Flagstar Bank, which inherited Croman's mortgages after acquiring New York Community Bank in 2022, says the landlord has gone months without making required payments on multiple assets. In several cases, the bank claims the arrears have ballooned into the millions.

Before this latest mess, Croman already had a reputation for aggressive and dishonest tactics. Prosecutors noted that he controlled a vast portfolio of 140 buildings when he was charged in 2016 with submitting falsified documents to secure tens of millions in illegal loans.

It was then—Attorney General Eric Schneiderman who famously labeled him “the Bernie Madoff of landlords,” alleging that Croman even relied on an ex-NYPD officer to intimidate tenants into vacating their apartments so rents could be hiked for unsuspecting newcomers.

Croman admitted guilt in a mortgage fraud case the following year and ultimately spent a year incarcerated on Rikers Island.

Only last week, Crain's revealed that Flagstar had taken him to court over what was then described as \$71.5 million in unpaid loans attached to five buildings.

But the situation has deteriorated sharply since then. Court records now show approximately \$100 million more in alleged defaults, bringing the total to about \$168 million across 20 separate foreclosure suits filed in recent weeks.

Among the properties in trouble is 209 E. 25th St., a Kips Bay building with 44 apartments where rent can approach \$5,500 a month. On that loan alone — \$12.4 million — the bank says Croman is two months behind, owing \$493,845, much of it late fees and penalties.

Flagstar is also seeking repayment of the full \$10.37 million loan attached to 346 E. 18th St. in Gramercy Park, where units fetch between \$7,500 and \$10,000 monthly. Records say the October payment wasn't made, leaving him owing \$362,332 with fees.

The biggest chunk of the alleged defaults involves two buildings on Christopher Street in the West Village, where the outstanding debt totals \$21.4 million. In that case, filings say payments stopped in August, leaving \$1.2 million overdue by the end of October.

Crain's also noted earlier this year that Croman was already fighting several other foreclosure efforts, representing another \$45.5 million in alleged unpaid loans.

Attorneys for Croman and for Flagstar — which is pursuing these actions through an LLC known as Orange Owner — did not return requests for comment.

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