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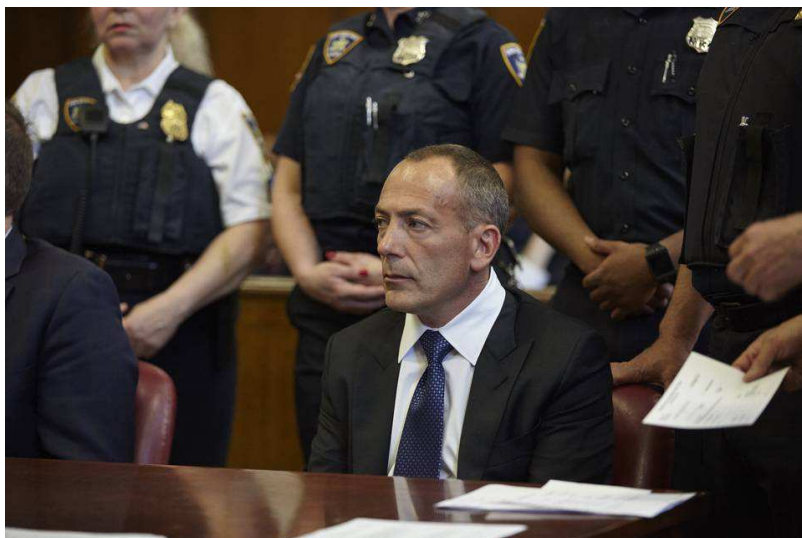
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<http://www.wsj.com/articles/prominent-manhattan-landlord-arrested-on-criminal-charges-1462810021>

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## Prominent Manhattan Landlord Arrested

Steven Croman inflated income to get over \$45 million in loans, officials allege; defense denies charges



Landlord Steven Croman, who owns more than 140 residential buildings in Manhattan, was arraigned on Monday.

*PHOTO: STEVE REMICH FOR THE WALL STREET JOURNAL*

By **CORINNE RAMEY** and **HENRICK KAROLISZYN**

Updated May 9, 2016 8:47 p.m. ET

A Manhattan landlord long accused of harassing tenants to force them from their apartments was arrested Monday for an alleged scheme that officials said helped him secure more than \$45 million in loans.

Prosecutors said Steven Croman, 49 years old, committed the fraud by inflating rental and other income from his buildings for three years. Mr. Croman, who owns more than 140 residential buildings in Manhattan, submitted fraudulent mortgage documents to

banks, according to a grand-jury indictment unsealed in State Supreme Court in Manhattan.

“This guy was essentially the Bernie Madoff of landlords,” said New York State Attorney General Eric Schneiderman, who added that the scope of Mr. Croman’s operation was larger than any his office had seen.

— ADVERTISEMENT —



The attorney general’s office charged Mr. Croman with 20 felony counts, including grand larceny, falsifying business records, fraud and false filing. He faces up to 25 years in prison if convicted.

Also named in the indictment is Barry Swartz, 53, a mortgage broker who worked with Mr. Croman. Mr. Swartz faces 15 felony counts, the attorney general’s office said.

Mr. Croman and Mr. Swartz both pleaded not guilty.

“The charges in this case are defensible and Mr. Croman intends to address these issues in a responsible fashion,” Mr. Croman’s lawyer, Benjamin Brafman, said after an arraignment Monday.

Laura Brevetti, an attorney for Mr. Swartz, denied the charges and said they were “very confident that he will be ultimately vindicated.”

Some tenants, housing advocates and elected officials say Mr. Croman uses harassment and intimidation to force rent-regulated tenants from their apartments so he can renovate and charge more for the units.

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Mr. Schneiderman’s office on Monday filed a separate civil suit related to Mr. Croman’s alleged practices.

That suit describes a coordinated scheme by Mr. Croman and his staff at 9300 Realty to harass tenants and drive them from what in most cases are rent-regulated apartments. Prosecutors said Mr. Croman tried to get tenants to accept payments, often of several thousand dollars, in exchange for leaving their apartments. Property managers would allegedly get bonuses of up to \$10,000 when tenants accepted these so-called buyouts.

Mr. Croman walked through the office chanting “Buyouts! Buyouts!” according to court filings. He also held workplace competitions in which managers who got the most buyouts won awards or bonuses, the filings said.

Mr. Croman also tried to push tenants to take buyouts through threats, frivolous lawsuits, and by creating dangerous and sometimes unlivable conditions, according to court filings.

“Croman implements this model so successfully that he is able to deregulate the majority of the rent-stabilized apartments in many of his buildings within just a few years of purchase,” prosecutors wrote.

STEVEN CROMAN

- Owns over 140 residential buildings in Manhattan’s East Village, Lower East Side, Hell’s Kitchen, Greenwich Village and Upper East Side
- Charged with 20 felony counts
- Faces up to 25 years in prison if convicted.

An attorney representing Mr.

Croman in the civil suit didn’t respond to requests for comment.

Also named in the civil lawsuit is former New York Police Department Officer Anthony Falconite, whom Mr. Croman employed and referred to as his “secret weapon.” Mr. Falconite threatened, intimidated and stalked tenants to get them to vacate their apartments, prosecutors said. He also pretended to be a repairman, deliveryman, or building manager to get into apartments, they said.

In one exchange, according to court filings, Mr. Falconite texted a property manager that getting buyouts was a “team sport.” The property manager replied, “I know that!! Who’s our next target? We have to start lining them up!!!”

Mr. Falconite denies the allegations, said his attorney, Edward Spiro. “Mr. Falconite is professional in his actions and undertakes his role in compliance with the law,” Mr. Spiro said.

City and state officials have said harassment intended to push out tenants is a significant problem.

“What we’re seeing pretty much everywhere in the city is landlords swooping in and buying up residential buildings at prices that can’t be sustained by the existing rent roll, or anything remotely close to it,” said Edward Josephson, litigation and housing director at Legal Services NYC.

Some tenants who have lived in buildings owned by Mr. Croman described frequent construction, eviction letters and workers who seemed ill-equipped to perform their jobs.

Robin Tzannes, 65, who lives on Sixth Street, said Mr. Croman had taken her to court three times, costing her \$30,000 in legal fees, and her gas was turned off for 15 months. “The whole building is covered in noxious dust,” she said.

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Others said that while the attorney general’s civil suit focused only on residential tenants, commercial tenants, particularly on the Lower East Side, had their own negative experiences with the landlord.

Demian Repucci, owner of Bruno Pizza on East 13th Street, said Mr. Croman’s company had tried to evict him. On Monday, he was giving out free glasses of rosé to any customer who came in and said “Croman.”

“It’s good to see the process of justice to work,” he said.

Both Mr. Croman and Mr. Swartz posted bail on Monday afternoon and are scheduled to return to court on June 21.

**Write to** Corinne Ramey at [Corinne.Ramey@wsj.com](mailto:Corinne.Ramey@wsj.com)

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