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  - [London](#)
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# Reviled Apartment-Flipping Landlord Arrested For Alleged Fraud Spree

by [Nathan Tempey](#) in [News](#) on May 9, 2016 1:10 pm

683

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*Steve Croman (Attorney General's Office)*

Notorious Manhattan landlord [Steve Croman](#) was arrested this morning along with his mortgage broker on felony fraud charges for allegedly inflating rents on loan applications.

Croman and broker Barry Swartz both face as many as 25 years in prison.

Croman, so loathed by tenants that his tactics of noxious renovations and aggressively evicting and seeking buyouts from rent-stabilized tenants sparked [the formation of the first landlord-specific tenant union since the 1980s](#), is also about to be sued for alleged tenant harassment by state Attorney General Eric Schneiderman. Schneiderman's office has been investigating Croman for two years.

The lawsuit is supposed to cite threats and intimidation by Croman's hired gun, ex-cop and "tenant relocation specialist" Anthony Falconite, and serial dangerous construction in violation of city health and buildings department orders, including repeated instances of work that exposed tenants to lead dust.

"My message to unscrupulous landlords is simple: if you put your own profits over your tenants' legal protections, we will investigate you and prosecute you to the fullest extent of the law," Schneiderman said in a statement. "My office will not tolerate anyone who attempts to line their own pockets by gaming the system. No one is above the law—no matter how rich or powerful."

Croman and Swartz turned themselves in to police this morning. Croman is facing 20 felony counts, including grand larceny, falsifying business records, tax fraud, conspiring to defraud, and offering a false instrument. Swartz, of the high-powered real estate finance firm [Pergolis Swartz Associates](#), is facing 15 felonies, including grand larceny, falsifying records, and conspiring to defraud. The two are accused of jacking up rents on rent rolls, by listing as market-rate apartments that were actually rent-stabilized, and high-balling commercial rents, in order to get seven refinancing loans worth over a million dollars each between 2012 and 2014. Croman is also accused of filing false permits with the Department of Buildings, and failing to pay payroll taxes in 2011.



*Barry Swartz (Attorney General's Office)*

Croman owns 140 buildings throughout Manhattan, according to the Attorney General's Office, and has been accused of harassing rent-stabilized tenants since the mid-1990s. He first acquired buildings downtown, in Chinatown and the East Village, but now also has holdings in East Harlem and elsewhere. The civil suit that the state is planning to file outlines the kind of alleged high-pressure apartment-flipping tactics Croman is better known for. The allegations include:

- Harassing rent-stabilized tenants to take buyouts, often consisting of a few months free rent or a few thousand dollars.
- Incentivizing said harassment by calling rent-stabilized tenants "targets" in communication with employees, and having the workers compete to obtain the most buyouts, with bonuses of as much as \$10,000. (Falconite, the hired goon who in 2014 Schneiderman hit with a cease-and-desist letter for his aggressive tactics, allegedly wrote to a property manager that obtaining buyouts was a "team sport," to which the property manager purportedly responded, "I know that!! Who's our next target? We have to start lining them up!!!")
- Filing repeated baseless lawsuits against tenants to pressure them out, and creating grounds for the cases by refusing to acknowledge receipt of rent, then suing for back rent.
- Directing Falconite, whom Croman allegedly called his "secret weapon," to pose as a repairman or building inspector to gain access to tenants' apartments.
- Having Falconite improperly accuse tenants of violating their leases.
- Performing construction jobs at least 175 times without permits.
- Directing workers to ignore stop-work orders and hide illegal construction from building inspectors.
- Filing dozens of false documents with the Buildings Department.
- Exposing tenants to lead dust on more than 20 occasions, including once at 65 times the legal threshold, and defying Health Department orders to address the spread of the poison.
- Failing to correct hundreds of building code violations deemed hazardous or imminently hazardous to human life.

An organizer with the group Movement for Justice in El Barrio, which has been organizing 360 tenants of 13 Croman-owned buildings in East Harlem, praised the attorney generals' moves.

"We feel that it's a long time coming. We are very happy that this has occurred," organizer Juan Haro said. "We believe that this is the result of tireless efforts of the tenants that live in these buildings themselves."

Haro said that tenants aren't sure what comes next, but they're planning a party in the neighborhood this weekend.

At a press conference this afternoon, Schneiderman said he hopes that through the civil case he can get Croman's buildings put in receivership.

"No one can visit any one of these buildings and come away with anything than anger and disgust at this situation," Schneiderman said. "We're seeking to get a receiver appointed to take over to remediate the conditions, to follow the laws that all responsible landlords follow...This case is bad enough that these guys should not continue to be allowed to manage these buildings."

Haro said that the fact that it took the attorney general to act, despite numerous alleged (and not-so-alleged) instances of harassment and violations of the building and health codes, shows the weakness of existing anti-harassment laws and of code enforcement by city agencies. Receivership, he said, would be ideal.

"Hopefully this isn't just him being put on notice," Haro said. "New York City needs to see him lose control of these properties."

Schneiderman acknowledged the difficulty of building tenant harassment cases against the landlord himself, saying, "It's hard to make a criminal case of harassment, which is why our team really dug in on this bank fraud issue, which is not something that's not been pursued in the past."

Croman's son Jake recently [made headlines](#) after video surfaced of him calling an Uber driver a "minimum-wage faggot," and saying, "You're working all night! Guess what? I'm gonna sit on my ass and watch TV. Fuck you!"

Croman is being represented by Ben Brafman, the big-shot lawyer representing Mayor [Bill de Blasio](#) and former NYPD chief of department [Philip Banks](#) in the FBI investigation into possible corruption in the police department and the Mayor's Office, as well as hated pharmaceutical executive [Martin Shkreli](#), accused of [securities fraud](#).

In a statement, Brafman said, "Mr. Croman has entered a plea of not guilty. The charges in this case are defensible and Mr. Croman intends to address all issues in a responsible fashion. The criminal charges have nothing whatsoever to do with allegations relating to tenant harassment."

Swartz's lawyer Laura Brevetti [said](#), "We will vigorously defend these charges and we're very confident that he will be ultimately vindicated."

A woman who answered the phone at Croman Real Estate said, "We have no comment for anything." The voicemail at a second number she suggested calling was full.

A woman who answered the phone at Pergolis Swartz Associates, when told a reporter was seeking comment about Swartz's arrest, said, "No, no thank you," and hung up.

Falconite did not immediately return a voice message left at a home number listed for him.

Croman and Swartz both posted bail, set at \$500,000 for Croman and \$250,000 for Swartz.

Contact the [author](#) of this article or email [tips@gothamist.com](mailto:tips@gothamist.com) with further questions, comments or tips.

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**Jules1** • 5 months ago

Good to see the AG's office going after law breaking landlords. One down, many to go..

11 ^ | ▾ • Reply • Share ›

**Atomic Man** ➔ Jules1 • 5 months ago

Knock, knock. Mr. Kushner?

3 ^ | ▾ • Reply • Share ›

**fipper** ➔ Jules1 • 5 months ago

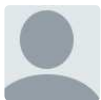
More like: Finally! Took them long enough!

2 ^ | ▾ • Reply • Share ›

**ValCherish** ➔ Jules1 • 5 months ago

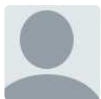
Only because they wouldn't donate to him.

^ | ▾ • Reply • Share ›

**ktinnyc** • 5 months ago

Bwahahaha, good luck finding a jury of your peers you blood sucking leech.

15 ^ | ▾ • Reply • Share ›

**Bernie\_Geotz\_Squirrel\_Luv** • 5 months ago

What took them so long? I suppose it had to be the State AG or Fed AG because you know damn sure the City won't do anything.

10 ^ | ▾ • Reply • Share ›





**Lisanne!** → Bernie\_Geotz\_Squirrel\_Luv • 5 months ago

These guys were so over the top they should have been arrested and tried for their behavior a long time ago.

5 ^ | v • Reply • Share ›



**Bernie\_Geotz\_Squirrel\_Luv** → Lisanne! • 5 months ago

Maybe Preet should look into their financial matters. They've run afoul of almost every agency. Finance, housing, construction.

3 ^ | v • Reply • Share ›



**Lisanne!** → Bernie\_Geotz\_Squirrel\_Luv • 5 months ago

This indictment opens up numerous opportunities for further investigation.

1 ^ | v • Reply • Share ›



**TheTeenageOldman** → Lisanne! • 5 months ago

I can't tell you how freakin' excited I am about it to! Giddy like a schoolgirl over here.

^ | v • Reply • Share ›



**Mack Argument** → Bernie\_Geotz\_Squirrel\_Luv • 5 months ago

He'd have to have violated Federal law for Preet to get involved.

^ | v • Reply • Share ›



**Atomic Man** → Bernie\_Geotz\_Squirrel\_Luv • 5 months ago

I'm sure Croman's calling "his people" in the Cuomo administration right now, saying "What the hell's going on? Get this guy off my back!"

6 ^ | v • Reply • Share ›



**comment flagged** → Atomic Man • 5 months ago

not sure if Cuomo and Croman have any connection, but Cuomo does have one very deep real estate connection <http://www.crainsnewyork.com/a...>

1 ^ | v • Reply • Share ›



**AngelN19HJ** • 5 months ago

You should ID people before referring to them by last name only on first mention. ETA: Thank you for fixing it. In my head I was calling him "Hercules," as it was as good a name as any.

1 ^ | v • Reply • Share ›



**Lisanne!** → AngelN19HJ • 5 months ago

I was thinking the same thing.

1 ^ | v • Reply • Share ›



**AngelN19HJ** → Lisanne! • 5 months ago

Editors cost money, so...

2 ^ | v • Reply • Share ›



**motaskah** • 5 months ago





140 buildings? jeez. you could probably live high of the hog on 1 building. greedy son of a bitch.

7 ^ | v • Reply • Share ›



**AngelN19HJ** • 5 months ago



I rented an apartment through Croman Real Estate in 1992. Had no problems with them whatsoever. Better broker than landlord, I guess. (The apartment building I rented in wasn't owned or managed by Croman, as far as I'm aware.)

1 ^ | v • Reply • Share ›



**maleficent** • 5 months ago



scum

^ | v • Reply • Share ›



**AngelN19HJ** • 5 months ago



I just want to add that it's landlords like this who make the "tenant blacklist" so unfair. All he has to do is open a baseless case against a tenant purely for harassment, and boom, that tenant is now in the database as having gone to housing court. Even if the case is dismissed or found to be without merit, it can take years to get that off your record, while landlords (except the ones renting out parts of their home) won't rent to you.

16 ^ | v • Reply • Share ›



**native new yorker** → AngelN19HJ • 5 months ago



Why hasn't some bright entrepreneur devised a similar 'Landlord Blacklist' database of horrible landlords?

1 ^ | v • Reply • Share ›



**jay** → native new yorker • 5 months ago



That already exists. Doesn't matter if you need an apartment.

2 ^ | v • Reply • Share ›



**Blue** → native new yorker • 5 months ago



Letitia James has done that.

2 ^ | v • Reply • Share ›



**comment flagged** → native new yorker • 5 months ago



beyond Letitia James's mostly excellent annual list (there's always some mistakes, like people who just bought a crappy building), there's these guys that are still going strong <http://www.whoseyourlandlord.c...>

2 ^ | v • Reply • Share ›



**Blue** → comment flagged • 5 months ago



The problem with the list is it only goes by housing code violations, not "how many frivolous eviction attempts", or "how many times electricity was cut" or "illegal lockouts". But it's a good indicator that if the landlord is on the list those other things are happening too.

Too bad Bashkim Celaj knows how to get rid of just enough vermin so he moves down the list but can still send goons to trash your place because hey, how you gonna prove anything?



Monster.

2 ^ | v • Reply • Share ›



**Rags4EVA** → native new yorker • 5 months ago

— | 🚩

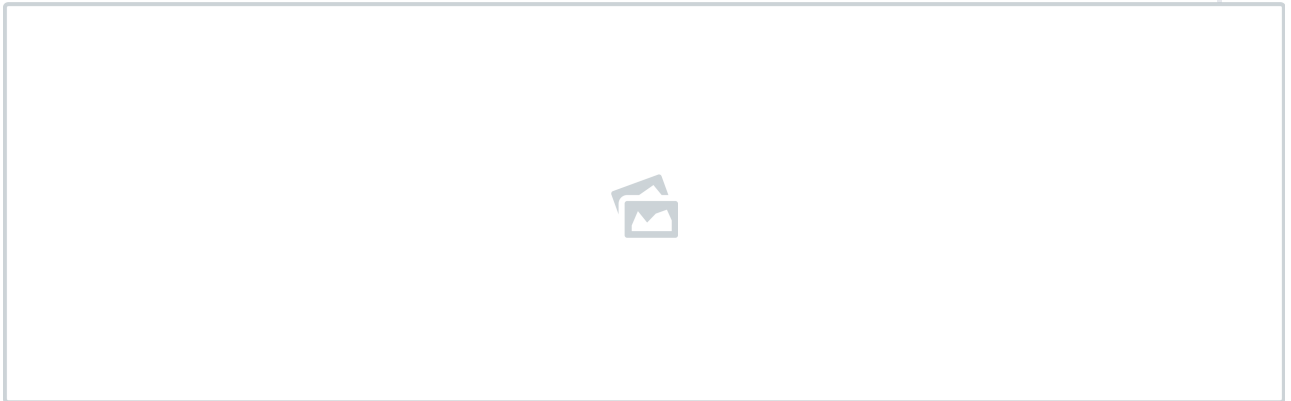
Mainly because it costs an up front fee to get at these housing court case data from the state: to the tune of roughly \$20,000, along with a monthly stipend for continued access to case data. Just high enough so that its still monetarily beneficial for shady firms to pay and generate blacklists (with these 'background check' fees being their source of income), but unattainable for the public. NYS sponsored tenant blacklisting - who's the government really working for?

1 ^ | v • Reply • Share ›



**Snarfyguy** • 5 months ago

— | 🚩



1 ^ | v • Reply • Share ›



**SFNY** → Snarfyguy • 5 months ago

— | 🚩

Plus civil forfeiture, please.

6 ^ | v • Reply • Share ›



**Blue** • 5 months ago

— | 🚩

One down, hundreds to go.  
Why is Bashkim Celaj still free?

^ | v • Reply • Share ›

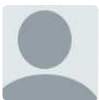


**frenchbeans** • 5 months ago

— | 🚩

Okay so that's not Michael Lohan

6 ^ | v • Reply • Share ›



**Beagle28** • 5 months ago

— | 🚩

This is the same guy that evicted tenants of all 23 apartments in a single building:

"That is what the new owner of 12 East 72nd Street, Steven Croman, has notified tenants he plans to do -- empty the six-story building so he can create a lavish quadruplex for himself, his wife, Harriet, and their two small children, as well as a duplex for his sister-in-law's family of four."


<http://www.nytimes.com/2002/07...>


2 ^ | v • Reply • Share ›





**Blue** → Beagle28 • 5 months ago


— | 🚩


 There you go, Walter, another instance of something that "rarely" happens....  
5 ^ | v • Reply • Share ›


 **Schmeep** Mod → Blue • 5 months ago  
Come on: 700+ bad apples don't spoil the bunch...  
7 ^ | v • Reply • Share ›


 **spinner145** • 5 months ago  
Lest we forget, this is the father of Jake Croman, the infamous UMich frat douche caught a few weeks back calling an Uber driver a "minimum wage f\*\*\*\*t" and other expletives. This family's values are alive and well.  
16 ^ | v • Reply • Share ›


 **SFNY** → spinner145 • 5 months ago  
Oh wow.  
^ | v • Reply • Share ›


 **AngelIN19HJ** → spinner145 • 5 months ago  
That's in the story, it is not forgotten (nor should it be). I hope the driver finds him and says "You're going to visit your dad? Guess what? So am I. But MY DAD IS NOT IN PRISON."  
8 ^ | v • Reply • Share ›

 **spinner145** → AngelIN19HJ • 5 months ago  
OK, it is in the story - my mistake.  
  
I also hope the Uber driver finds Jake and says to him "Hey guess who makes less than minimum wage? Prisoners. Like your dad. And probably you, one day."  
3 ^ | v • Reply • Share ›

 **AngelIN19HJ** → spinner145 • 5 months ago  
Hey, I did the same thing myself this morning (commented after only skimming the story) so no biggie. Just wanted to call your attention to it because the rest of his douchey quote was featured. hahaha  
1 ^ | v • Reply • Share ›

 **frenchbeans** → spinner145 • 5 months ago  
Lol  
^ | v • Reply • Share ›

 **manposeur** • 5 months ago  
Yup! Taking the fight against the evil and greedy real estate people!  
^ | v • Reply • Share ›

 **Blue** → manposeur • 5 months ago  
Bashkim Celaj is doing all those tactics listed and more, right now. If you're in court with him (answering a bullshit eviction notice), his goons will enter your apartment and trash it. He will cut electricity for weeks at a time. He will take your pets, telling Animal Control they were abandoned.

He laughs at court orders and fines. Judge says to let you back in the apt? Good luck, he doesn't care.

My question: just what does the Albanian mob have on city officials that this guy is not in jail?

1 ^ | v • Reply • Share ›



**manposeur** → Blue • 5 months ago

Well, why don't you report him to cops, papers, and here on the Gothamist? Perhaps the clown has a huge bank role to pay people off.

^ | v • Reply • Share ›



**Blue** → manposeur • 5 months ago

He's already well known to cops and city officials. Was the 4th Worst Landlord of 2014.

Hasn't slowed him down one iota.

1 ^ | v • Reply • Share ›



**brunostrange** • 5 months ago

I hope Schneiderman goes after agency officials that look the other way, and allow the Cromans of the world to get away with such scumbaggery.

11 ^ | v • Reply • Share ›



**NYCwyldchild** • 5 months ago

my wish.....this guys, all three of them, go to prison and have a really hard time up there being extorted and washing everybody"s draws, but he is rich, so going to prison? i doubt it

^ | v • Reply • Share ›



**comment flagged** → NYCwyldchild • 5 months ago

but it's also banks that he stole from (through keeping money he obtained through fraud), so there's that

^ | v • Reply • Share ›



**Seal\_Of-The-Sea** • 5 months ago

Let's hope for justice. Too bad he has a good attorney - Brafman. Still, we can hope.

1 ^ | v • Reply • Share ›



**Professor Von Nostren** • 5 months ago

Eric Schneiderman is my new hero. I hope he looks into what really happened to the Stage restaurant.

3 ^ | v • Reply • Share ›



**Blue** → Professor Von Nostren • 5 months ago

He'll by my hero when every landlord just like this one is shut down. This is just one guy. And when it doesn't take years of serious harassment, disrupting and ruining lives in hundreds of instances, to get them shut down.

2 ^ | v • Reply • Share ›



**richcreamerybutter** → Blue • 5 months ago