

The New York State Office of the Attorney General (OAG) published the following press release on December 20, 2017. It has been edited by WestView News.

A.G. Schneiderman Announces Unprecedented Consent Decree With NYC Landlord Steven Croman

Today, New York Attorney General Eric T. Schneiderman announced an unprecedented settlement with Steven Croman, a major New York City landlord, for engaging in illegal conduct, including harassment, coercion, and fraud, to force rent-regulated tenants out of their apartments and convert their apartments into highly profitable market-rate units.

The consent decree requires Croman to pay \$8 million into a Tenant Restitution Fund—the largest-ever monetary settlement with an individual landlord. The settlement also requires over 100 Croman residential properties to be run by a new, independent management company with no ties to Croman, for five years—the longest-ever term for independent management in the history of the Office of the Attorney General. Moreover, the settlement requires seven years of a monitor who will oversee compliance with the terms of the consent decree and provide regular reporting to the Attorney General—

the longest-ever monitorship required in any tenant harassment case.

Croman is currently serving one year in jail and paid a separate \$5 million settlement as a result of criminal charges brought by Attorney General Schneiderman.

“Over and over again, Steven Croman acted as though he was above the law, putting profits before his tenants’ safety and well-being. Earlier this year, we put Mr. Croman in jail for an elaborate scheme that was intended to push out rent-regulated tenants. And today, we’re ensuring tenants get the restitution and protections they deserve...” said Attorney General Schneiderman. He continued by stating, “My office will continue to ensure that all landlords play by the rules, and aggressively pursue anyone who doesn’t to the fullest extent of the law.”

Eligible tenants will be able to apply for restitution; the OAG will announce details of a claims process [in early 2018]. Tenants will be eligible for restitution if they are or were a

tenant in a rent-stabilized or rent-controlled apartment owned by Croman between July 1, 2011 and the date of the agreement (December 20, 2017); they received a buyout of less than \$20,000, not including any amount that purported to cover rent or arrears; and no other tenant in their apartment received money from the restitution fund.

The Attorney General’s office will approve both the independent management company and the monitor. The independent management company will oversee operations and institute new policies at the Croman properties to ensure full compliance with the law and correction of all past violations. It will also post a comprehensive set of Tenants Rights in every building it manages. The monitor will provide quarterly reports to the Attorney General, which will include, at minimum: any complaints received from tenants and actions taken; the total number of rent-regulated apartments that became deregulated during the reporting period, the reason for deregulation, and all supporting documents; and the monitor’s assessment as to whether Croman has complied with the consent decree.

The consent decree also ensures that Anthony Falconite—another defendant in the Attorney General’s lawsuit whom Croman allegedly referred to as his “secret weapon” in intimidating rent-regulated tenants—will have no interaction with any Croman tenants.

In addition to the \$8 million Tenant Restitution Fund, Croman is responsible for covering the costs of the management company and monitor, as well as any outstanding government fines.

In May 2016, Attorney General Schneiderman filed a civil lawsuit against Croman and Falconite for allegedly engaging in illegal, fraudulent, and deceptive conduct in connection with Croman’s real-estate business. The lawsuit alleged that Croman directed an illegal operation that wielded harassment, coercion, and fraud to force rent-regulated tenants out of their apartments and convert their apartments into highly profitable market-rate units. The lawsuit further alleged that Croman deployed Falconite, a former New York City police officer, to frighten and intimidate rent-regulated tenants into surrendering their apartments.

The civil lawsuit, which was the product of an independent investigation, alleged that Croman used the following illegal tactics to push working-class and low-income tenants out of their homes:

- Harassing tenants into surrendering their apartments—and their rights un-

der the rent-stabilization laws—in exchange for “buyouts,” which are often no more than a few thousand dollars or a few months of free rent.

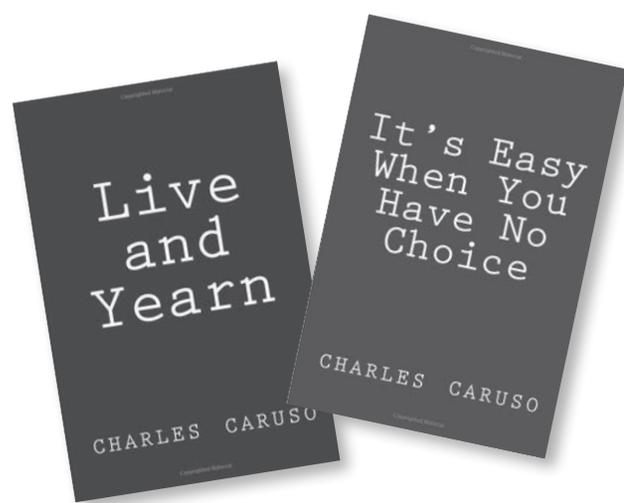
- Incentivizing his employees and agents to obtain buyouts, at the expense of their other responsibilities. Employees allegedly referred to rent-regulated tenants as “targets” and competed with each other to obtain the most buyouts.
- Pressuring tenants into surrendering their apartments by repeatedly filing baseless lawsuits against them. In internal emails, company employees acknowledged that such lawsuits would “aggravate” tenants or pressure them to accept buyouts. In some cases, Croman’s employees allegedly created a false record for litigation by refusing to acknowledge receipt of tenants’ rent checks and then suing them for unpaid rent—a deliberate fraud upon the court.

The lawsuit also alleged that Falconite used deceptive and frightening tactics to intimidate rent-regulated tenants, including using false pretenses to gain access to tenants’ apartments, often posing as a repairman or building manager.

In addition, the lawsuit alleged that Croman, in his rush to flip vacant, rent-regulated apartments into high-rent units, presided over a disturbing pattern of illegal and hazardous construction. The lawsuit alleged numerous examples of illegal construction, including the following:

- On at least 175 occasions, Croman’s companies allegedly performed construction without obtaining permits.
- Croman allegedly regularly directed his employees to flout stop-work orders and conceal unlawful construction from Department of Building inspectors.
- Croman allegedly filed false documents with the Department of Buildings on dozens of occasions in an attempt to avoid stricter oversight of his construction projects and elude tenant protection measures.
- Croman and his companies allegedly violated lead-safety laws repeatedly, exposing numerous tenants to lead-contaminated dust. On more than 20 occasions, the Department of Health (DOH) found impermissibly high levels of lead dust in Croman’s buildings, including levels up to 65 times the legal threshold.
- Croman allegedly defied DOH orders to address the lead hazards. On one

continued on page 13



Two Books of One-Liners by Charles Caruso, Author of “Caruso’s Quips”

Caruso spent decades in the media, at *Newsweek* and *The New York Post*, winning three Associated Press feature-writing prizes.

He has gotten a strong response to these books and the lines he puts on Facebook each day.

The question he is most asked is: How do you write these things?

He has no good answer. “They just come,” he says “after a lot of observation and reading. They arrive suddenly and need very little editing.”

Readers seem to like them and find them interesting and sometimes amusing.

A.G. Schneiderman continued from page 12

occasion, after DOH ordered Croman to stop all work and begin lead-abatement measures, Croman directed his property manager to postpone the lead abatement so that the construction could continue.

- Croman's alleged illegal construction had devastating consequences for tenants. As alleged in the lawsuit, DOH identified lead-dust hazards in the apartment of a tenant who cared for her young grandsons, ages three and nine, both of whom were disabled. The tenant had to move her grandsons out of the apartment because of the dangers posed by the construction and lead dust and was forced to sue Croman to obtain repairs.

In addition, Croman allegedly repeatedly defied court orders to make repairs and address intolerable living conditions. The lawsuit alleged that throughout his portfolio, Croman had been issued hundreds of "hazardous" and "immediately hazardous" violations, which he had failed to correct. The suit further alleged that, on six occasions, the City has sued Croman's companies for falsely certifying that they corrected violations on his properties.

In October, Croman was sentenced to a year in jail and paid a \$5 million tax settlement following separate criminal charges brought by Attorney General Schneiderman for the fraudulent refinancing of loans and tax fraud. Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices.

Earlier this year, Attorney General Schneiderman formally introduced new legislation aimed at holding the City's most unscrupulous landlords criminally accountable for Harassment of a Rent Regulated Tenant. Current State law demands that prosecutors reach an inexplicably high bar in order to criminally charge landlords with

that crime—which is why in the past twenty years, not a single landlord has ever been convicted of the crime of Harassment of a Rent Regulated Tenant.

The Attorney General's legislation would set a more reasonable standard that removes the need to prove physical injury to a tenant, and opens the door to Harassment of a Rent Regulated Tenant prosecutions arising out of more commonplace and insidious tactics, such as turning off heat and hot water, exposing young children to lead dust, and making rent-stabilized buildings deliberately uninhabitable for current tenants and their families.

The Attorney General has taken a number of other steps to combat tenant harassment and illegal practices by landlords across New York City, including:

- Enhancing and streamlining the office's resources to combat tenant harassment, deceptive lending practices, deed theft, bank fraud, and other housing issues facing constituents.
- Filing additional felony charges against a landlord for committing mortgage fraud.
- Forming the Tenant Harassment Prevention Task Force with City and State officials.

State Senator Brad Hoylman said, "For the better part of a decade, Steven Croman ran a company predicated on the persistent and systematic harassment of tenants, particularly in my district. Attorney General Eric Schneiderman's settlement, which includes an \$8 million restitution fund and a building monitor, provides deserved justice to tenants and sends a powerful message to other would-be Croman's: Respect rent-regulated tenants or face the consequences. I'm grateful to Attorney General Schneiderman for his efforts on behalf of tenants and for giving my constituents a holiday season to remember."

An Historic Moment

By Cynthia Chaffee & Mary Ann Miller

On Wednesday, December 20, 2017 at 60 Centre Street, an historic consent decree was reached between the New York State Attorney General Eric Schneiderman and the lawyers for Steve Croman.

This decree included an unprecedented monetary restitution (\$8 million), which the disgraced landlord must pay to his injured tenants. Plus, more than 100 buildings will be removed from Croman's management and placed in the hands of an independent management agency for the next five years. Monitoring will go on for two years after that. Adding insult to injury, Croman will have to pay the operating costs of said agency, which is yet to be named.

The coverage of this outcome has been astounding. Articles have appeared in every major newspaper, including the *New York Times* and *The Wall Street Journal*.

There has also been extensive television and online coverage. Let's hope that all of this deters other landlords. You will be caught and punished when you attack tenants the way Steve Croman has.

We believe that if Croman hadn't defrauded the banks he would have gone on harassing tenants until he went to that great real estate agency in the sky. This must change: Harassing tenants should be a criminal offense. Hopefully, Eric Schneiderman's proposed legislation will do just that.

The Stop Croman Coalition wants to thank the New York State Attorney General Eric Schneiderman, and his staff (especially Jessica Attie), for taking on this case and bringing about this historic outcome.

Cynthia Chaffee and Mary Ann Miller are the co-founders of the Stop Croman Coalition, which was established on Bastille Day, July 14, 2007.

NEW YORK CHEMISTS



Dina Andriotis, Chris Tsiamis, and Nikitas Andriotis (from left to right).

77 Christopher Street
Between Seventh Avenue and Bleecker Street

Pharmacy Hours:

Monday - Friday: 8:30 AM - 8:00 PM

Saturday: 10:00 AM - 6:00 PM

Sunday 10:00 AM - 5:00 PM

Telephone: 212-255-2525 • Fax: 212-255-2524

email: nyc@newyorkchemists.com

www.newyorkchemists.com

PLAY WITH PURPOSE

CHELSEA PIERS
fitness

CHELSEA + BROOKLYN
chelseapiers.com/fitness