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East Village landlord arrested on criminal charges, also sued over tenant harassment

Steven Croman, who had more than \$1 million in unpaid construction and building code fines at the end of 2015, is accused of stealing millions from two banks



By

Joe Anuta



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Croman is also named in a civil lawsuit brought by the Attorney General accusing him of chasing out rent-regulated tenants.

Manhattan landlord Steven Croman was arrested Monday for bilking two banks out of millions through fraudulent loans.

Separately, state Attorney General Eric Schneiderman also filed a civil lawsuit against Croman accusing him of illegally harassing rent-regulated tenants in an attempt to force them to vacate apartments so he could charge higher rents.

Croman faces up to 25 years in prison for the criminal charges.

"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.

From 2012 to 2014, Croman obtained \$45 million worth of loans from New York Community Bank and Capital One Bank using what the attorney general said were fraudulent means. The landlord, who owns about 140 buildings in Manhattan, exaggerated the income of his properties, leading the banks to give him more favorable refinancing terms, according to Schneiderman, whose investigation led to the charges. The favorable terms allowed Croman to pocket \$1 million he otherwise would have had to pay the financial institutions, the complaint stated. Croman's mortgage broker, Barry Swartz, was charged as well.

"[Croman] has entered a plea of not guilty," a spokeswoman for the landlord said in a statement. "The charges in this case are defensible, and [Croman] intends to address all issues in a responsible fashion."

The 78-page civil lawsuit, which is separate from the criminal charges against Croman, offers a glimpse into the inner workings of Croman's company, 9300 Realty, by citing employee emails, text messages and testimony. Schneiderman claims that the firm was singularly focused on purchasing buildings with rent-regulated units and then buying out the tenants so he could increase rents. According to the complaint, Croman walked around 9300 Realty's office chanting, "Buyouts! Buyouts!"

State Attorney General Eric Schneiderman announcing charges against landlord Steven Croman.

When tenants refused to leave, Croman would employ a private investigator, Anthony Falconite, to harass them with the help of 9300 Realty staff, according to Schneiderman. Falconite was also named in the suit. Last year, the attorney general issued Falconite and Croman cease-and-desist letters.

To wear tenants down into accepting a lump-sum payment, Croman would also file frivolous lawsuits in housing court, according to the attorney general. For example, Croman would refuse to deposit tenants' rent checks and then sue them, claiming the residents were in arrears.

Additionally, Croman is charged with using a variety of intrusive construction practices to harass tenants. According to Schneiderman, Croman would instruct his contractors to perform work without a permit in an effort to avoid city Department of Buildings oversight. In one case, when an inspector did show up, Croman instructed his employees to lock all the doors, according to the suit. Such construction practices also exposed tenants to lead dust.

Earlier this year, *Crain's* reported that Croman ended 2015 with [more than \\$1 million](#) in unpaid construction and building code fines, which led the city's Department of Finance to investigate the landlord.

Correction: Manhattan landlord Steven Croman was arrested Monday for bilking two banks out of millions through fraudulent loans. The dollar amount was misstated in an earlier version of this article published online May 9, 2016.

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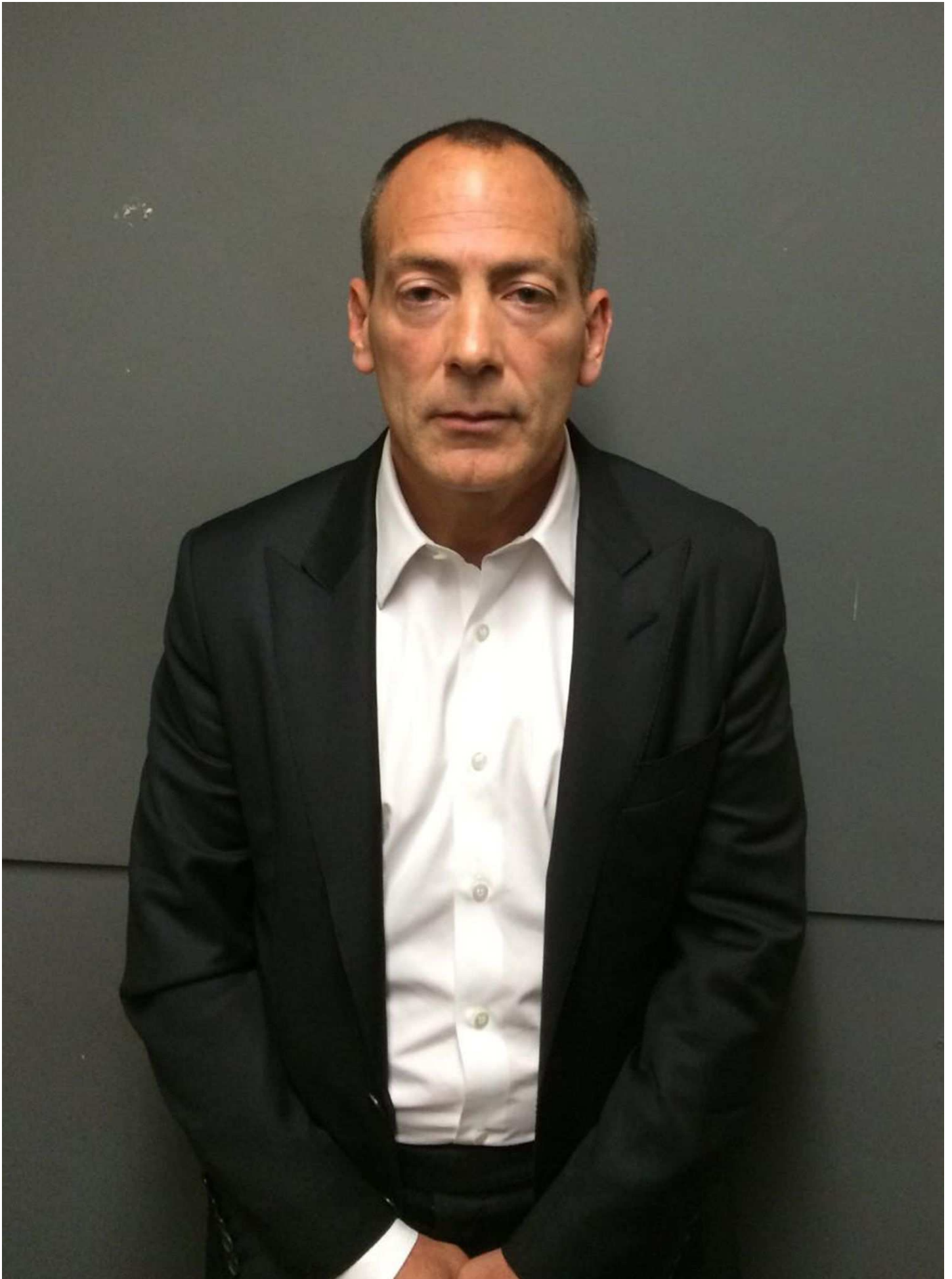


Photo: Courtesy of the Office of the Attorney General



Photo: Courtesy of Eric Schneiderman


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