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THANK YOU, \_\_\_\_, AND GOOD MORNING, EVERYONE.

I’M REALLY PLEASED TO JOIN YOU TODAY BECAUSE . . . . . AS YOU KNOW . . . . . THE TRUMP ORGANIZATION, THE TRUMP NAME — WELL, THEY JUST DON’T GET A LOT OF ATTENTION LATELY.

WE’RE USUALLY VERY SHY AND RETIRING AT THE TRUMP ORGANIZATION, SO THANK YOU FOR PROVIDING THIS FORUM.

I’M SURE MANY OF YOU ARE FAMILIAR WITH THE BOOK *BLINK – THE POWER OF THINKING WITHOUT THINKING*, BY MALCOLM GLADWELL.

THE BOOK DEALS WITH MENTAL PROCESSES THAT OCCUR RAPIDLY AND AUTOMATICALLY . . . . . USING VERY LITTLE INFORMATION.

GLADWELL RECOUNTS THE STORY OF AN ANCIENT GREEK SCULPTURE . . . . . THAT THE GETTY MUSEUM ACQUIRED FOR $10 MILLION.

BECAUSE OF THE STEEP PRICE TAG, THE GETTY MUSEUM WENT TO GREAT LENGTHS TO ENSURE THE SCULPTURE WAS AUTHENTIC.

AFTER 14 MONTHS OF ANALYSIS, THE GETTY MUSEUM DETERMINED THE SCULPTURE WAS REAL . . . . . SO THEY PURCHASED IT.

AFTER PURCHASING THE SCULPTURE, SOME EXPERTS WHO VIEWED IT THOUGHT IT WAS FAKE. THEY CAME TO THIS DECISION IMMEDIATELY UPON SEEING THE SCULPTURE.

THEY MADE VERY IMMEDIATE, GUT-REACTION DETERMINATIONS. THEY DIDN’T NEED 14 MONTHS TO DECIDE IT WAS FAKE.

TO THEM, SOMETHING ABOUT THE STATUE JUST DIDN’T LOOK RIGHT.

ONE EXPERT LOOKED AT THE STATUE . . . . . AND THE FIRST WORD THAT CAME TO HIS MIND WAS “FRESH” — NOT A WORD A MUSEUM WANTS TO HEAR ABOUT AN ANCIENT $10 MILLION STATUE!

ANOTHER EXPERT FELT A WAVE OF IMMEDIATE DISGUST WHEN HE FIRST LAID EYES ON THE STATUE.

BOTH OF THEIR REACTIOS WERE IMMEDIATE . . . . . WITHOUT ANY TESTING OR INVESTIGATION.

IT TURNS OUT, THE SCULPTURE WAS A FAKE . . . . . AND THE DOCUMENTS USED TO PROVE ITS AUTHENTICITY WERE FORGED.

MY NAME IS JASON GREENBLATT. AS SOME OF YOU KNOW, I AM EXECUTIVE VICE PRESIDENT AND CHIEF LEGAL OFFICER FOR MR. TRUMP AND HIS THREE ELDEST CHILDREN . . . . . WITH A LARGE FOCUS ON THEIR REAL ESTATE PORTFOLIO.

I’VE WORKED FOR MR. TRUMP FOR 19 YEARS . . . . . AND I’M STILL FASCINATED BY THE SCOPE OF HIS BUSINESSES.

WHAT IS MY TAKEAWAY FROM THE STORY ABOUT THE “FRESH STATUE”?

WHAT IS MY TAKEAWAY . . . . . THAT AFTER 14 MONTHS OF INVESTIGATION, THE GETTY MUSEUM WAS DUPED, AND THERE ARE ART CONSOISSEURS WHO WERE ABLE TO DECIDE THAT THE STATUE WAS A FAKE IN MERE SECONDS —

…BASED ON A “BLINK”?

…A GUT REACTION?

…A MERE PHYSICAL “FEELING”?

IS IT THAT INTUITION CAN BE MORE IMPORTANT THAN A CAREFUL REVIEW OF THE FACTS?

WHICH IS BETTER? AN IMMEDIATE GUT-REACTION? OR 14 MONTHS OF INVESTIGATION?

SHOULD WE ALL JUST LISTEN TO OUR GUT? IS GLADWELL RIGHT, THAT WE CAN MAKE IMPORTANT DECISIONS IN A BLINK?

IN MY VIEW . . . . . ABSOLUTELY NOT;

…NOT FOR MOST DECISIONS;

…NOT FOR MOST OF US;

…CERTAINLY NOT FOR ME.

SOME SAY THAT DONALD TRUMP MAKES IT LOOK EASY TO BE A SUCCESSFUL DEALMAKER. AND IT’S TRUE THAT HE HAS AN AMAZING KNACK FOR MAKING BLINK-TYPE DECISIONS.

BUT ONCE HE MAKES A BLINK-TYPE DECISION TO PROCEED WITH A PROJECT OR INVESTMENT, THERE IS A LOT OF HARD WORK AND PREPARATION THAT GOES ON BEHIND THE SCENES TO HELP SUPPORT HIS DECISION . . . . . AND TO DO EVERYTING POSSIBLE TO ENSURE A PROJECT’S OR INVESTMENT’S SUCCESS.

MR. TRUMP HAS PEOPLE ON HIS TEAM LIKE ME;

…AND HIS EXTREMELY BRIGHT AND HARD-WORKING CHILDREN;

…AND HIS CHIEF FINANCIAL OFFICER;

…AND OTHER VALUABLE TEAM MEMBERS, WHOM HE PAYS TO INVESTIGATE AND EXECUTE THE DEALS TO MAXIMIZE HIS CHANCES OF SUCCESS ON EVERY DEAL.

TRUST ME WHEN I SAY . . . . . MR. TRUMP DOES NOT PAY US TO MAKE OUR DECISIONS BY BLINKING!

HE DOES PAY US TO DO DILIGENCE.

LOTS OF DILIGENCE.

THAT’S SOMETHING I WANTED TO TALK A BIT ABOUT THIS MORNING:

…THE PERILS OF TAKING DILIGENCE FOR GRANTED;

…AND THE ADVANTAGES OF DOING IT THOROUGHLY.

ONE OF THE MOST IMPORTANT THINGS WE ALL DO IN REAL ESTATE IS DILIGENCE. BEFORE WE BUILD ANY STRUCTURE, WE FIRST SET A FOUNDATION . . . . . AND BEFORE WE BUILD ANY DEAL, WE FIRST DO DILIGENCE.

A NATURAL TENSION TAKES HOLD IN ANY DEAL . . . . . AND THAT NATURAL TENSION IS NORMAL.

ON ONE SIDE . . . . . YOU HAVE DEVELOPERS WHO LIKE TO CLOSE DEALS. THEY CAN SEE A DEAL IN REACH. THEY CAN TASTE IT, IT’S SO CLOSE! THEY WANT TO GET IT DONE. THEIR ADRENALINE GETS PUMPING.

BUT THEN ON THE OTHER SIDE . . . . . YOU HAVE PEOPLE LIKE ME — LAWYERS, ACCOUNTANTS, LENDERS — WHO SAY: “WAIT A SEC; HOLD ON A MINUTE; SLOW DOWN.”

WE ALL KNOW . . . . . DOING DEALS IS EXCITING.

SLOWING DOWN TO DO DILIGENCE . . . . . ISN’T VERY EXCITING.

BUT . . . . . AS WE KNOW . . . . . TAKING THE TIME TO DO DILIGENCE IS WHAT SEPARATES THE WINNERS FROM THE LOSERS IN THE LONG RUN. YOU COULD SAY IT SEPARATES THE WINNERS FROM THE MUSEUM CURATORS LEFT HOLDING A $10 MILLION CHUNK OF USELESS MARBLE.

OF COURSE, YOU DON’T WANT TO TAKE ANY MORE TIME THAN IS NECESSARY TO DO DILIGENCE. BUT YOU ALSO DON’T WANT TO TAKE ANY LESS TIME THAN IS NECESSARY.

IN THE GETTY MUSEUM’S CASE, 14 MONTHS MAY ACTUALLY HAVE BEEN INSUFFICIENT!

NOW . . . . . WE ALL DO DILIGENCE, DON’T WE?

AND IF WE DO, THEN WHY WORRY?

THE REALITY IS . . . . . EVEN WHEN WE THINK WE’VE DONE PROPER DILIGENCE, WE SOMETIMES END UP FALLING SHORT.

ALL TOO OFTEN IN REAL ESTATE . . . . . WE APPROACH DILIGENCE AS THOUGH IT’S JUST SOME CHECKLIST.

IF I JUST CHECK OFF THE BOXES — TITLE CHECK, SURVEY REVIEW, ENVIRONMENTAL REPORT, ZONING ANALYSIS — AND IF ALL THAT CHECKS OUT, THEN I’VE DONE MY JOB.

BUT HAVE I?

IF ALL I’VE DONE IS CHECK OFF ITEMS FROM A LIST  
. . . . . WELL . . . . . THAT MAY BE A GOOD WAY TO APPROACH GROCERY-SHOPPING AT THE SUPERMARKET.

IT MIGHT ALSO BE A GOOD STRATEGY IF YOU WANT TO CAPTURE A LARGE NUMBER OF POKÉMON CHARACTERS. (OF COURSE, I’VE ONLY BEEN TOLD THAT…)

BUT IF YOU WANT TO BE EFFECTIVE AT DILIGENCE . . . . . THEN CHECKING OFF ITEMS ON A LIST CAN LEAVE YOU SHORT.

NOW — WHY DO I SAY THAT?

BECAUSE — NO PROPERTY EXISTS IN ISOLATION. IF YOU INVESTIGATE ONLY THE PROPERTY YOU’RE SEEKING TO BUY, YOU MIGHT JUST MISS THE POTENTIAL DEAL-BREAKER . . . . . OR THE POTENTIAL DEAL-SWEETENER . . . . . SITTING RIGHT NEXT DOOR.

YOU WOULDN’T WANT TO OPEN UP A LUXURY SPA AND RESORT, FOR EXAMPLE;

…A QUIET GETAWAY WHERE PEOPLE ESCAPE TO UNWIND;

…ONLY TO HAVE A NOISY AMUSEMENT PARK OR A RAUCOUS SPORTS STADIUM GO UP RIGHT NEXT DOOR.

SO DOING DILIGENCE ON THE SURROUNDING PROPERTIES IS ESSENTIAL.

BUT THERE ARE OTHER ADVANTAGES TO DOING DILIGENCE.

YOU MIGHT FIND THAT IN ORDER TO NAIL DOWN THE FUTURE LAND-USE OF NEIGHBORING PROPERTIES, IT MAY BE WISE TO PURCHASE THOSE PROPERTIES TOO.

IDEALLY, YOU MIGHT DO SO AT A COST ADVANTAGE.

GRANTED, THAT’S NOT ALWAYS POSSIBLE.

BUT YOU CAN REAP SAVINGS THAT WAY — SAVINGS THAT JUST WOULDN’T MATERIALIZE IF YOU OVERLOOKED DILIGENCE FOR SURROUNDING PROPERTIES.

HEARING THAT, SOME PEOPLE MIGHT SCRATCH THEIR HEAD. “DID HE JUST SAY, DOING MORE DILIGENCE THAN NECESSARY CAN LOWER MY COSTS?”

I REALIZE IT’S COUNTERINTUITIVE. AFTER ALL, THERE’S A TRADE-OFF IN REAL ESTATE BETWEEN COST-EFFECTIVENESS AND THOROUGHNESS.

THE MORE YOU CAN DO TO SYSTEMATIZE THE DILIGENCE PROCESS AND NARROW DOWN THE TIME FRAME . . . . . MAKING SURE THAT YOU CHECK OUT TITLE, SURVEY, ENVIRONMENTAL AND ZONING . . . . . YOU’RE BETTER OFF, RIGHT?

I SAY WRONG.

I SAY INSTEAD:

DILIGENCE IS AN AREA WHERE HUMAN CURIOSITY CAN HAVE A MULTIPLIER EFFECT ON A REAL ESTATE INVESTMENT —

…EVEN IF IT TAKES A LITTLE MORE TIME UP-FRONT;

…AND EVEN IF IT COSTS A LITTLE MORE MONEY UP-FRONT.

IT’S HUMAN CURIOSITY — AIDED BY DATA BUT NEVER REPLACED BY IT — THAT UNCOVERS HIDDEN OPPORTUNITIES;

…THAT REVEALS THE PITFALLS THAT CAN TRIP UP A DEAL LATER ON, AT SIGNIFICANT COST;

…THAT UNMASKS THE PERSON ON THE OTHER SIDE OF THE TABLE, WHO — DEPENDING ON THE QUALITY OF YOUR DILIGENCE — COULD TURN OUT TO FALL SHORT OF WHAT YOU REALLY WANT IN A PARTNER.

OF COURSE, THE CLOCK IS ALWAYS TICKING WHEN DOING DILIGENCE . . . . . AND THE SOONER INTO THE PROCESS YOU CAN UNCOVER POTENTIAL ISSUES, THE BETTER OFF YOU ARE.

BUT THAT TICKING CLOCK SHOULD NEVER TEMPT US TO CUT CORNERS. NOR SHOULD IT PREVENT US FROM CALLING ON LOCAL EXPERTISE TO DO DILIGENCE ON OUR BEHALF, WHEN EVALUATING A DEAL IN A FARAWAY JURISDICTION.

I CAN TELL YOU . . . . . AS GOOD AS MY TEAM IS  
. . . . . WE JUST DON’T ANY EXPERTS ON SCOTTISH LAW ON STAFF AT THE TRUMP ORGANIZATION.

SO WHEN WE NEGOTIATED THE TURNBERRY GOLF COURSE DEAL, THE LOCAL SOLICITORS WE BROUGHT IN TO HANDLE DILIGENCE WERE INDISPENSABLE.

WE ALSO CALLED IN SPECIALIZED ASSISTANCE WHEN DOING DILIGENCE ON A POTENTIAL DEAL RIGHT HERE IN NEW YORK.

YOU MAY RECALL A COUPLE YEARS AGO, WE LOOKED INTO PURCHASING THE BUFFALO BILLS. ULTIMATELY, THE PURCHASE NEVER WENT FORWARD. BUT EVEN THOUGH THE REAL ESTATE LAWS ARE PRETTY MUCH THE SAME FROM HERE TO BUFFALO, SPORTS STADIUMS MAY AS WELL BE ON ANOTHER PLANET FROM HOTELS AND RESORTS!

SPORTING FACILITIES INVOLVE A WHOLE SUB-SPECIALITY OF LAND-USE LAW THAT — FOR DILIGENCE PURPOSES — CAN MEAN THE DIFFERENCE BETWEEN TOUCHDOWN AND PENALTY.

SO FOR UNUSUAL JURISDICTIONS . . . . . OR WHERE INTRICACIES ARISE INVOLVING LAND USE, SUCH AS SPORTING ARENAS . . . . . MAKING A MODEST INVESTMENT IN SPECIALIZED DILIGENCE EXPERTS CAN SAVE A TREMENDOUS AMOUNT OF COST IN THE LONG RUN . . . . . EVEN IF IT ENDS UP A SUNK COST.

UNDERSCORE, A MODEST INVESTMENT. OUTSIDE COUNSEL CAN REALLY RACK UP THE FEES IF YOU’RE NOT CAREFUL! I SEE SOME OF YOU NODDING YOUR HEADS.

IT’S CRUCIAL TO KNOW NOT ONLY WHEN TO BRING IN OUTSIDE EXPERTS . . . . . BUT IN WHAT SEQUENCE TO BRING THEM IN, SO AS TO MINIMIZE ACCUMULATING COSTS WHILE MAXIMIZING THE INSIGHTS YOU GAIN FROM A THOROUGH DILIGENCE REVIEW.

DOING A THOROUGH JOB OF DILIGENCE CAN UNCOVER INSIGHTS THAT SAVE A TREMENDOUS AMOUNT IN UNNECESSARY COSTS  
. . . . . RISKS . . . . . AND POTENTIAL LITIGATION.

TO AVOID UNNECSSARY COSTS AND RISKS, LOOK OUT FOR SOME WARNING SIGNS.

WHEN YOU SEE THESE WARNING SIGNS, RUN AS FAST AND AS FAR AWAY FROM A DEAL AS YOU CAN!

HERE ARE FIVE WARNING SIGNS . . . . . FLASHING DANGER IN BRIGHT NEON:

THE NO. 1 WARNING SIGN: YOUR POTENTIAL PARTNER DRAGS HIS FEET IN PROVIDING ANSWERS TO ROUTINE DILIGENCE QUESTIONS.

INSTEAD OF LET’S-MAKE-A-DEAL, HE’S SIGNALING DELAY-AND-OBFUSCATE. YOU’RE GETTING ZIGZAG ANSWERS. YOU’RE GETTING THE OLD SOFT-SHOE.

THAT’S A BIG TIP-OFF . . . . . AND CHANCES ARE, THERE’S A HULKING ICEBERG FOATING RIGHT BENEATH THAT TIP.

NO NEED TO REARRANGE THE DECK CHAIRS — JUST SPEED AWAY IN YOUR DINGHY!

WARNING SIGN NO. 2: THE EXACT OPPOSITE SCENARIO. INSTEAD OF PROCRASTINATING, YOUR POTENTIAL PARTNER IS PUSHING YOU TOO HARD. HE WANTS YOU TO CLOSE BEFORE YOU’VE FULLY RESPONDED TO HIS DILIGENCE INQUIRIES.

IT’S TRUE THAT THERE’S ALWAYS A CLOCK TICKING ON DILIGENCE. BUT WHEN YOUR GUT TELLS YOU THE PERSON ON THE OTHER SIDE OF THE NEGOTIATING TABLE IS USING THE CLOCK TO TRY TO DEFLECT YOUR ATTENTION AWAY FROM POTENTIAL PROBLEMS, LISTEN TO YOUR GUT.

DILIGENCE REVIEW IS A TIME WHEN BOTH SIDES SHOULD BE SHORING UP EACH OTHER’S TRUST. IF YOU’RE FEELING THAT SENSE OF TRUST ERODING INSTEAD, THERE’S PROBABLY A VERY GOOD REASON.

WALK AWAY.

ANOTHER WARNING SIGN I ASK YOU TO CONSIDER:

KNOWING WHAT YOU KNOW — WHAT DILIGENCE HAS INFORMED YOU — WOULD YOU RECOMMEND THE VERY DEAL YOU’RE CONTEMPLATING TO SOMEONE ELSE?

I MEAN, TO SOMEONE ELSE YOU ACTUALLY LIKE AND RESPECT?

IF YOU HAVE TO THINK TOO LONG ABOUT IT, THEN YOUR HESITATNCY IS LIKELY WELL-GROUNDED.

ANOTHER WARNING SIGN THAT I RECOMMEND YOU CONSIDER:

YOU’VE DONE YOUR DILIGENCE, AND YOU’VE CRUNCHED ALL THE NUMBERS LEFT, RIGHT AND SIDEWAYS.

DO THE NUMBERS SUGGEST MOVING FORWARD WITH THE DEAL?

WELL, IF YOU SQUINT A LITTLE AT YOUR SPREADSHEETS;

…IF YOU LINE UP THE FINANCING WITH JUST THE RIGHT CAPITAL STRUCTURE AND OPTIMISTIC PROJECTIONS;

…IF YOU ROUND UP THE DECIMALS ENOUGH;

…IF YOU NEEDED TO DO ALL THOSE THINGS FOR THE DEAL TO MAKE SENSE — THEN YOU’RE TRYING TOO HARD. YOU’VE GOTTEN CAUGHT UP IN THE FEVER.

WHICH IS EXACTLY WHAT DILIGENCE IS MEANT TO COUNTERACT.

LET THE DATA GUIDE YOUR DECISION-MAKING, BUT MAKE SURE THE DATA POINT IN A CLEAR DIRECTION. MAKE SURE YOU DON’T REFRACT THE DATA THROUGH THE PRISM OF YOUR OWN EAGERNESS.

THE FIFTH WARNING SIGN I’D SUGGEST IN DOING DILIGENCE IS — ASK YOURSELF: WHY HAVE OTHERS WALKED AWAY? JUST BECAUSE YOU MAY NOT KNOW OF OTHERS WALKING AWAY FROM A POTENTIAL DEAL . . . . . DOESN’T MEAN THEY HAVEN’T.

OTHER HIGHLY INTELLIGENT, HIGHLY INFORMED PEOPLE HAVE SAID “NO THANKS.” BUT YOUR INSTINCTS ARE TELLING YOU “YES PLEASE.”

THERE’S A REASON. OR THERE MAY BE MORE THAN ONE REASON. BUT UNTIL YOU CAN OBJECTIVELY PINPOINT THOSE REASONS . . . . . WHETHER TO YOUR BOARD OF DIRECTORS OR TO YOUR OWN MIND . . . . . THEN YOU’RE PROBABLY MAKING A VERY SERIOUS MISTAKE — REGARDLESS OF WHATEVER THE DUE DILIGENCE AND THE ELABORATE SPREADSHEETS ARE TELLING YOU.

IT’S THIS LAST POINT THAT SUMMONS TO MIND A WONDERFUL QUOTE FROM A FAMOUS STRATEGIST NAMED DONALD — NOPE! I REFER THIS TIME TO DONALD RUMSFELD — WHO WAS COMMENTING ABOUT MILITARY STRATEGY.

BUT HE COULD HAVE JUST AS EASILY BEEN TALKING ABOUT ON THE IMPORTANT ROLE DILIGENCE PLAYS IN REAL ESTATE.

AT A PENTAGON PRESS CONFERENCE IN 2002, DEFENSE SECREATRY RUMSFELD SAID:

“REPORTS THAT SAY SOMETHING HASN’T HAPPENED ARE ALWAYS INTERESTING TO ME BECAUSE . . . . . AS WE KNOW . . . . . THERE ARE KNOWN KNOWNS; THERE ARE THINGS WE KNOW. WE ALSO KNOW THERE ARE KNOWN UNKNOWNS; THAT IS TO SAY, WE KNOW THERE ARE SOME THINGS WE DON’T KNOW. BUT THERE ARE ALSO UNKNOWN UNKNOWNS — THE ONES WE DON’T KNOW WE DON’T KNOW. AND IF ONE LOOKS THROUGHOUT THE HISTORY OF OUR COUNTRY AND OTHER FREE COUNTRIES . . . . . IT IS THE LATTER CATEGORY THAT TEND TO BE THE DIFFICULT ONES.”

AND SO IT IS WITH REAL ESTATE.

WHEN WE DO IT RIGHT, DILIGENCE SHINES A BIG, BRIGHT LIGHT ON THE “KNOWN UNKNOWNS” SURROUNDING THE DEALS WE PURSUE AND THE DEALS WE PASS BY.

BUT DILIGENCE CAN DO US EVEN BETTER. IF WE PAY JUST AS CLOSE ATTENTION TO THE QUESTIONS WE ASK AS TO THE ANSWERS WE GET BACK, THEN DILIGENCE CAN ACTUALLY HELP TO ILLUMINATE FOR THE TRULY “DIFFICULT ONES”;

…THE COSTLY ONES;

…THE RISKY ONES.

I’M TALKING ABOUT THE “UNKNOWN UNKOWNS” — BECAUSE WHEN DILIGENCE LEADS US TO THEM — SOMETIMES ONLY BY INFERENCE; SOMETIMES WHERE WE’RE PRACTICALLY BLINDFOLDED — IDENTIFYING THE “UNKNOWN UNKNOWNS” VERY OFTEN SEPARATES THE GREATEST SUCCESSES IN OUR BUSINESS . . . . . FROM THE GREATEST FLOPS.

I THANK YOU . . . . . AND I’M HAPPY TO ANSWER ANY OF YOUR QUESTIONS.

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