

Introducing Lloyd Blankfein

The man that I'm bringing to you right now is considered one of the most sought after financial experts on planet Earth. Twice named *Time Magazine's* "Most Influential People in the World." During the housing crisis from 2006 to 2018, he served as chairman and CEO of the second largest investment bank in the world. He's probably going to tell you it's number one because this guy's highly competitive. In the 12 years that he helped Goldman Sachs, they generated half a trillion dollars in revenue. Ladies and gentlemen, please welcome Lloyd Blankfein.

A humble background

[Lloyd Blankfein] I never correct. We're the biggest in the world.

You can tell from my accent but I grew up in Brooklyn in public housing. Got lucky because I got a great opportunity. I went to a very, very good school, an Ivy League school.

I was always ambitious. I was always scrounging. I got my working papers I was 13 and my job was that I sold popcorn and peanuts at Yankee Stadium. And I delivered for the local pharmacy. I tutored kids for \$1.50 an hour. And so I was always pretty much driven to work.

[Grant Cardone] What gave you that? Was it environment? Dad? Mom? What?

[Lloyd Blankfein] Yeah. A little bit. Some of it was the positive feedback and *some of it was just wanting to get out of public housing*. Life, you know, was simple in those days. So I had I felt like I had no choice. I was motivated. **Motivation simply because I really wanted to get to a better place.**

[Grant Cardone] What did your parents do?

[Lloyd Blankfein] My dad was a mail sorter at the post office. And it's kind of poignant, because when he was there, and while he was there, they came up with machines that sorted the mail automatically with zip codes, but they wouldn't fire anyone. So the last 10 years that my dad worked for the post office sorting mail, it was a machine behind him that it would have done it 1000 times faster and more accurately, but they didn't fire anybody. So talk about the waste of a mind, a brain and how demotivating that was. My mom was the receptionist at a local burglar alarm company. Theft and crime was the big growth business in the neighborhood. So she did well in the burglar alarm company.

Getting into Harvard

[Grant Cardone] How did you get the scholarship? Like how did you get that break?

[Lloyd Blankfein] I went to a very urban, kind of downtrodden school. And I did well. I'm a verbal guy that was kind of mathy. You take these tests, these SATs, and I got you know, almost perfect grades in math, which is kind of intuitive, and very low rates in verbal which is kind of funny since I will read now and I'm pretty verbal guy. But, I went to college at night at some other high school in a better neighborhood and a guy behind my desk started talking to me, and he said you should apply. And I applied and they took me...it was a miracle. I didn't get into a lot of the colleges I applied to but I got into Harvard. And so I went to Harvard. I can't complain.

[Grant Cardone] Why did Harvard take you? What do you think it was? Destiny?

[Lloyd Blankfein] Now they do that stuff. Even today. In fact, I was the chairman of Financial Aid, fundraising for the school to pay it back. I went there on scholarship and so now I help raise scholarship money for the school. But they will always do that, the richer schools. You know, it's a great thing in the country, that the richest institutions, they use that wealth to get people scholarships, so if somebody deserves to get in, they'll pay for it. The trick is to find the people who they want to get in. They do that stuff. They also take people who have 15 generations of Harvard, but then they'll take some people that aren't.

[Grant Cardone] You're making how much money a year? 30 million? A lot more than 50 million? Yeah, a good chunk. I mean, that's public information.

[Lloyd Blankfein] Actually it's public. I'm a public company that some years I'd make, you know, in the early years I made 70 million a year. But you know, we also invest in stuff.

Let me tell you Grant. **There is always a bigger fish. I hang around in a crowd where people take up collections for me.**

[Grant Cardone] Fertitta was here yesterday. Yeah, that's what he said.

The Biggest Fish

[Lloyd Blankfein] There's always a bigger fish, especially at Goldman.

[Grant Cardone] What's the biggest fish that you've ever been involved with?

[Lloyd Blankfein] Oh, I know them all. Jeff Bezos. Elon Musk. We took Tesla public. So you name the guys. I've met them all.

[Grant Cardone] How big was that [Tesla]?

[Lloyd Blankfein] That company didn't do so well in the early days. And that was a big deal to finance because not everybody would. And in those days, banks wouldn't finance companies. They had this little funny quirk that they want the companies to make money before they finance them. Yeah, I know that sounds quaint now, because now if somebody makes money, it's a miracle before they go public. It's exceptional. But in those days, people wouldn't do that. But we did that. Just knowing the guy and having a view of what was going on was just genius. And you know, we took Microsoft public you know, in the olden days, too.

[Grant Cardone] When you take a company public, what is Goldman getting in that situation? Half a point? More?

[Lloyd Blankfein] A lot more. I get much more.

When you borrow money. When you own equity, I think there's no rule and all this is negotiated generally to go public. It's something and it costs something between like 5% and 7%.

[Grant Cardone] When you started at Goldman, what was the company doing?

[Lloyd Blankfein] Doing? Private Company? I don't know. You know, a couple a single digit billions of dollars

[Grant Cardone] And then would you take it to your for revenue in the 40s. You grew it 20 times?

[Lloyd Blankfein] Yeah, but listen, let me tell you, and this is where I have to show some appreciation for this audience. I had a big group. These guys [the audience], you build your own businesses doing it from scratch. No network took huge risks. I joined a company called Goldman Sachs that was already kind of there, not to the height that it is now, but was kind of there. And the beauty for me is that Goldman and Sachs were dead, so I didn't have to answer to them. So by that time it's a little bit different. I know there's a lot of stresses and strains and anxieties that I had, given the public profile that we had and the influence we had and you know, if you're influential you get big enemies, too. I had that kind of stuff. I don't have a lot of the anxieties that somebody has when they take their last dime. They haven't they plowed into their business and it has to work.

[Grant Cardone] But you owned a bunch of shares of Goldman. You took a big position when you went there. Was that new money or was that part of the plan?

[Lloyd Blankfein] You also get paid in that. I always took as much of my pay in that as possible. So you know, I have like two and a half million shares.

[Grant Cardone] Worth a couple dozen. This is a billionaire you're in front of right now, guys.

What was you talked about the stress? How much stress was there? 40,000 employees in the news every day? Every move you make is going to be critiqued?

[Lloyd Blankfein] Look, again, a lot of times, no choice, no problem. You know, financial, you know, what does that mean? **It means that a lot of times we'd be in a position where you just really have no choice.**

Let's say the financial crisis. Everything is collapsing around. You don't know what the price of anything is. No one would give anybody credit. The world is frozen. You have to work through. You go to bed at night, curled up in the fetal position.

[Grant Cardone] You have trouble sleeping?

[Lloyd Blankfein] No, I had trouble waking up. It was easy going to sleep again. I'd go home. I was walking through the door at 10 o'clock. There was a trail of my clothes until I got to the bed and went face down. And so it was like that for a long time. But in those days, there was a lot of hostility and imagine what you're talking about right now. In a financial crisis, in the aftermath, people really, everybody, hates banks all the time, but they really hated banks in those times. A mob. The guys would send their wives out to start the car in the morning. I used to send my wife out to read the paper in the morning to tell me whether it was safe to pick up the newspaper because I was on the newspaper. I was in the newspaper every day for years and picketing in front of my apartment. Signs and stuff. And they didn't know me from Adam. Because I'd walk in, I talked to them and I said, "Who is this guy?" And they wouldn't know even though it was me, but it was. The real anxiety comes from your business. There's 40,000 families attached to it. You have relationships and shareholders and commitments. And you walk along and I say, "oh my god, is this going to crumble? On my watch?" And that was a time where our competitor, Bear Stearns, went out of business. And Lehman went out of business. And Merrill Lynch had to sell itself in distress to Bank of America. Morgan Stanley, another competitor, took in a lot of shareholders from Asia to keep it going.

And we came out of that intact. In fact, so intact, people resented that, too. And so there's a lot of strain in the press but you either have a thick skin or you develop a thick skin because if you didn't have a thick skin, the first one would kill you. And since I didn't die, you develop a thicker skin over time.

[Grant Cardone] Did you learn how to use stress? *Do you would you recommend the audience learn how to use the stress or try to avoid it?*

[Lloyd Blankfein] **I would say you gotta use the adrenaline.** I mean, look, you might die and be stressed when I pushed the button. Let me get stressed out. No, it came with the territory. **And I can look back and say that, of course it drives you to higher levels, that kind of thing. But I wouldn't call it stress. I was talking about a commitment, a sense of responsibility, duty, and that creates an urgency and maybe that's another word for stress, to perform. And I always wanted to perform. I always thought about who I'd be disappointing if I didn't do it that way. And my job was to get other people to feel that way. I had to get cohorts of people moving in the same direction and not be frozen in fear because we were going through a crisis.** The biggest thing I had to deal with I'd say... you're talking to 40,000 people, like in a network or something, and you say, **"let me tell you, the best thing here would be if 1% of us deals with the problems and the other 99% do your jobs, serve your clients, accomplish your mission in the world. And that would be good."** Instead of having 100% of the people biting their fingernails looking at the world coming to an end. Sometimes leadership is telling people who know what to do and getting them to do what they're supposed to do. By the way, a lot of personal motivation I was listening to the last couple hours of what you're talking and I could see that is getting people to do what you know you're supposed to do. It's not just the destination that you're talking about and outcomes everybody wants. How do you get yourself off the dime to do the stuff you know you're supposed to do?

[Grant Cardone] The first time you went you apply to Goldman, you were rejected. Yeah. So you were you ever hired back?

[Lloyd Blankfein] **I was so persistent.** I applied, I got rejected. I applied, I got rejected. Finally I got it. I never got that I got rejected. The only job I could get was this tiny commodity trading firm, which is how I started as a trader of metals. And that was acquired by Goldman. So that's how I came in, like below the bottom. Had Goldman not acquired that company, I wouldn't have gotten to Goldman.

[Grant Cardone] Wow. So how do you get recognized in a company with 40,000 employees?

[Lloyd Blankfein] You know, if company is going to do well and it doesn't matter when it has 40,000 employees or 14 employees. **One of the burdens and obligations of management is to recruit the right people, retain the right people, and motivate the right people. We spend a lot of time looking at people.** We have a series...because we have so many cascading levels, where the most important thing in everybody's level is to make sure they're bringing up people and bringing to their bosses the attention of people who work for them. Now not everybody is a good citizen. There's some people who are selfish and greedy and those guys get weeded out. **But the best compliment you can have in my old firm is that you are a good partner, you are good team player because a superstar by himself, who's a 10 who takes the other 10 and makes them 8 because they are bad and they are selfish or they don't disclose information. So we get rid of some superstars that don't fit in. There's a lot of people who used to work at Goldman, that have made huge amounts of money, are doing really well. But they wouldn't have made it to Goldman.** They're happy and we're happy. They're just not institutional players and not team players. You have to make the team better.

[Grant Cardone] So now, how do you weed out? How do you get discovered when there's this many people?

[Lloyd Blankfein] Well, you have an easy method of doing this. Twice a year, people are supposed to get together and discuss the people who work for them with the people who they work for. So people bring people to attention, and they get watched, and they get moved around. Traders, you can see what they're doing. If they're a salesman, you can see what their sales figures are. If they're covering a big company, you can see what the company likes them and does business with them instead of the enemy, JP Morgan, or something like that. And so you could watch this stuff go so you get a pretty good idea.

[Grant Cardone] I'm trying to figure out how you got to the top of the food chain.

[Lloyd Blankfein] **No, I was never the best. I think I was good. I was a good motivator. And I was willing to take a bullet. I never blamed anybody else. The other thing is I never competed with the people in their jobs that they did. I didn't have to be the best salesman. I didn't have to be the best trader. I didn't have to be the best banker. I didn't have to be the best research guy or technologist because he used a lot of technology. I had to be pretty good at all those things. And I found that awfully useful to give other people the credit for being really good and better than I am at those things. But I think I did a pretty good job of keeping everybody in line and working together.**

[Grant Cardone] So when you get this shot to the CEO of one of the largest institutions on the planet, what is that vetting process like?

[Lloyd Blankfein] I was working for a guy...the last five guys who worked in my job went into the government. *My immediate predecessor was a guy named Hank Paulson who became Treasury Secretary.* His predecessor was Bob Rubin was Treasury Secretary, blah, blah, blah, all the way back...so a lot of people went into government. So by that time, I'm pretty senior. I'm the number two guy in the firm. But I thought I was going to be that number two guy for a long time. Maybe so long, I'd never be the number one guy. But I did okay. But then one day, Hank, my boss gets a call from George W. He says, "I'm not going to take the job, blah, blah, blah." So he asked him, you know, and I said, "You know something, Hank, I'm not trying to get the job." But he went down, took a walk, says "Well, I'm just going to go visit the President." "I think you're gonna go visit [and] the President's gonna put his arm around you, and you're gonna walk in the Rose Garden. He's going to tell you what your responsibilities are to the nation, and how are you not going to take the job?" So he took the job. And yeah, and so I was instantly CEO. So in other words, you always have a plan, a backup plan. They used to say, "What's your long term succession plan? What happens if you get hit by a bus?" Well, that usually implies some blood and violence.

But getting appointed Treasury Secretary is like getting hit by a bus and that you get whisked away and you can no longer cook. So I went down with him to the Rose Garden when he got to the appointment. And then one day later, I had to take the board of directors to China for a meeting with the Chinese Prime Minister and all those officials and blah, blah, blah, and like 15 minutes later, the financial crisis starts and so you know, no choice, no problem.

[Grant Cardone] How bad was that? And then Why did Lehman, other firms, crash at that time?

[Lloyd Blankfein] Oh my God. Everybody. Every firm in the world would have crashed. Every company could have. *The problem is they had to let companies go in order to know how bad it was. If you let companies go, if they kept saving them up the food chain, you'd never find out what the problem was that you can't do it.* And every time they let something go, the problem went to the next biggest one.

[Grant Cardone] So who's making these decisions? Because you're right in the mix of this now, right?

[Lloyd Blankfein] You know, the Secretary of Treasury, my old boss, a bunch of other people, the President of the United States, and Congress. **Basically, the world runs on credit. I believe if I give you money for something, you're gonna give me the thing and you'll get the money. We trust each other for about two hours, but we trust each other, you know, until the money could come in. And that's what happens.** So everyday big institutions, financial institutions, but also General Motors, they're making payments and getting payments in and they're instructing people to pay based on the fact that they know that money is coming in from here, and it goes out there. **In a crisis where nobody knows who's solving it, who's gonna be around the next day, everybody slow walks their outgoing payments, saying I'm not going to send you my money until I know your money's come to me. Well, if everybody does that, guess what happens? Nobody hits send, and therefore everybody owes money to someone, but nobody gets the money from the people who owe them and the system freezes.** When that system freezes, there's only

one entity big enough to say, "Stop it! I promise everyone will get paid. Let your money go." And that's the government. So the second they say that, the problem went away. Now it takes long because the social ramifications of the government interfering and helping this group and not helping is big and a big burden on the country and on the whole morality and everything.

[Grant Cardone] So when things go into a freeze...and I mean we're probably going to experience another one...

[Lloyd Blankfein] So now they got educated. So when COVID came out, before anything happened, the Secretary of Treasury was the oil at that time. First Trump and then Biden came out and said, "Okay, we're going to provide liquidity." Anybody who needs financing, you can take that and bring it to the Central Bank of the United States and we'll give you the money. And so that solved the problem. And they didn't even actually do it. Because they said they would do it. You don't have to do it. Because everybody knows. The current starts circulating. It's like Plumbing.

Currency is like water flowing through pipes.

[Grant Cardone] So cash is trash or is it shit?

[Lloyd Blankfein] Not everybody had cash. **But in a crisis, if you lend money to somebody, even with the best credit in the world, but somehow if you're not sure anymore, because the world is on its head, and they may not pay me back then I'm holding on to my money. Everyone made the same decision to hold on to what they got and not let it out of sight.**

[Grant Cardone] When things go on freeze, do you want to be small or do you want to be big?

[Lloyd Blankfein] **Well, crisis is bad, you know, you can get killed but it's also opportunity. So you want to be both. You want to protect yourself. You want to protect your downside.** Know what's the worst can happen. It might be securing credit lines with banks and knowing that if anything

went wrong, I know who to call and can get out of this. I protected my downside. **But the winner is going to be the person who gets in front first, and figures out what to buy and how to take advantage, you know, I hate to say this, but other people's distress.**

Well if you're looking to survive, but also your purpose in life is to support your clients to invest in good things, not stupid things. Buy things that are gonna go up, not gonna go down at a moment in time when nobody knows the value and everyone's insecure and people have to sell something but nobody wants to buy it. If you're the person in the world who has cash and liquidity, you could buy things from low prices. You're obviously doing a favor for the person who sells it maybe six months from now in the world and settles down who wish he hadn't sold it at the low price, but it wasn't like there was 100 people standing around waiting to buy it at that price.

[Grant Cardone] So how do you balance because I always heard to keep cash for an emergency. So I did and then I realized I wasn't using the cash properly.

[Lloyd Blankfein] **You have to for different stages of life to do different things.**

Let's say these people in the beginning didn't have cash at all. When I started out on the come up, the only the only thing I did that's saving was I bought a life insurance policy when we had our first kid. That was the only thing that was a downside I wanted to protect. Because as long as I was alive, I was going to do...I was going to be okay. That's 40 years ago. I had a lot of years ahead. I wasn't saving at that point. I was either investing or taking more risk.

[Grant Cardone] And so how long did that go on?

[Lloyd Blankfein] No cash went on for me for a long time because then it turned out **I liked risk. If I didn't like it I wouldn't have lasted so long** because I mean I'm in a risky business, but I kind of look I like being right a lot better than I like being wrong. **I found something that fit.**

[Grant Cardone] How important is success? Just being right.

[Lloyd Blankfein] **Well look, you have to be good. You know you have to convince other people but you also have to be a salesman to yourself. That's the most important sale that you're gonna make. You have to pump yourself up.** And success can mean different thing. Life was easy for me when I needed to make money. My first job that I got was somebody offered me \$1,000 a year more so I took that job. I didn't say, this going to be you know, more enlightening or more enriching. I wanted the \$1000 extra. I was motivated by money. And that was easy. When you get wealthy, by the way, it gets more complicated.

Money becomes very, very important when you don't have it. And then as time goes, it's not. It's kind of linear, it gets less when you have more, when you're more confident then all of a sudden you have to start thinking "Gee, is this gonna make me happy?"...which I didn't have to bother with when I was poor.

[Grant Cardone] Why do you think Jewish people are so good with money? It amazes me.

[Lloyd Blankfein] I don't know if anyone was born in the last hour, but I think about 18 million. I think I have an answer for you. And I have massive respect.

But I will say that for about 1000 years, Jewish people were under restriction about earning and owning property in Europe. They fulfilled the role that was left to them that was as intermediaries on cash because earning interest in a lot of religions, including Christianity, for hundreds and hundreds of years was considered...you weren't allowed. You weren't allowed to lend money. Well, you're not going to get paid to earn interest. And if you're not getting interest on your money, how much money you can lend out? And so in medieval times, Muslims can't take interest famously and for a long time Christians couldn't. Christians have managed to overcome that deficiency with the passage of time. So congratulations on your enlightenment but I think somehow institutionally, Jews were always intermediaries and because they couldn't own property, couldn't own land, and couldn't go to universities, and a lot of things in life...the very things that are your biggest pressure,

that oppress you, and are your biggest burdens. If you look at it the right way, they turn out to be your greatest advantages as long as long as you don't wallow. You know, as long as you don't wallow,

There was a story. I don't know if this story is true, but supposedly in 1930s, there was restaurants just down the street from here that did not allow Jews. Well, the story is that the Jewish community says okay, "We'll buy Miami Beach." We're gonna get our money together as a community. We're not going to complain about the suppression. I would say the person who can organize that community to do something in a coherent way is a genius and should be in business.

That was in the 1930s but it was also in the 1980s. That was an immense loss to memory. People in certain groups can't go to certain clubs, but I always looked at it by the way, that any club that didn't want me, I didn't want them. And so what the guys did, what people did was they built their own clubs that were a lot better and a lot nicer. So that was their revenge.

[Grant Cardone] So I walked into Goldman...I was telling you this behind the scenes...I walked into Goldman maybe five or six years ago, and I had a lady with me. She was worth 2.2 billion. I was worth, I don't know, 300 million bucks at the time. I arranged the meeting, not just to Goldman either but also at Bank of America, Citibank and JP Morgan. Not one person in the meeting pay attention to me. Nothing. I didn't get a thank you. Literally, I was in the room. I was treated...what is wrong with those people? What the hell does somebody have to do to get the attention?

[Lloyd Blankfein] So that's an old Goldman trick.

[Grant Cardone] You owe me 10% or 8%...whatever your fee is. *What is the difference between a trader and a salesperson because to me they sound like the same thing?*

[Lloyd Blankfein] **Salesman go out and say, "What are your problems? What do you need to have done?" You have to raise this finance, you should sell equity stock, you should sell bonds to finance, you should get a bank loan, you should do something in between...there's a million different**

Know the worst case scenario

ways of doing it could be very complicated. But he's the one who lives with the client understands the problems, your dreams, your ambitions, and knows what you want to accomplish. When they decide the right thing to do, you have to walk over to somebody and say, "What are you paying for that guy's stock? What do you pay for that guy's bonds? What do you think that company is worth?" The trader does that because he's taking the risk. He's willing to lend you the money for 3% but he won't lend it to you for 2.9%. This is a person, an individual. Now sometimes they're machines. But at the end of the day, it's a person because guess what, some programmer has to tell that machine what to do. And so, and by the way, it's really wonderful now because if somebody wants to know what went into that decision making, in the olden days, we used to go to the person and ask "Why did you decide to lend to this person at this price and not that one at that price?" The guy might say "Oh, my memory is foggy. I don't know. I didn't like you know the shape of his eyelids or something like that." Now, you always know why somebody made a decision. You just go and look at the algorithm and the program. It's a program or lots of programs, but somebody has to make those decisions. And not everything is programmed. Sometimes you just have to use your judgment. And sometimes you have to look into somebody's soul and say you know Elon Musk, you don't make any money, but boy, you know, there's a lot of genius so we're gonna finance you even if the math of it makes no sense whatsoever. But you know, there's something I can see.

[Grant Cardone] Now how many layers of people are looking at it?

[Lloyd Blankfein] And so you know, we'll have this and there'll be investment committees and there'll be a couple of layers, not a lot. But eventually, if it's obvious, or it's anything other than very, not obvious, that'll get taken care of. But at some point, you get to some decisions that are so costly and so I don't know, maybe yes, maybe no, doesn't fit our role. Should we do it or not? Eventually works its way up to the top of the letterhead. So let's say, there's sometimes I have to do it, which I hate. Because if it goes wrong, then it's me. I can't get targeted to blame someone. It's much harder to blame someone else if it's me.

[Grant Cardone] So the people below you should have already checked off?

[Lloyd Blankfein] I would like them to, but sometimes, all you can ask people to do is...It's a hard decision to elevate, by the way...that's something for all your organizations you don't want. You want people to make it but when something is a hard choice, or risky, or out of the unusual, the rule was, escalate, elevate the decision. Ask your boss and if the boss thinks it's too big for his decision element, it's escalated to his boss, and that's always a very important thing. You don't want somebody down the totem pole say no, we're saying no, we're saying yes, by the way, you do a lot more damage by saying yes, you're wrong. Yes and no.

[Grant Cardone] And guys, when you're going up the layers...I mean, it seems to me like they, as you go up, you're like hitting a lot of cowards until you get to the top with a guy like this

[Lloyd Blankfein] Yeah, but don't forget, this is a business that only gets by through reputation. You know if you're too cowardly and you don't do that, you know you may open your door but nobody comes through the door.

During 9/11, the stock market was closed for three days. Nobody knew. Everybody thought that there was going to be 50 more bombings. People were vacating the Sears Tower, they thought they were gonna bomb Chicago. I remember the first transaction after when that happened. The first transaction that opened the market was somebody who sold a huge block of Disney shares at that time. Who was gonna go to a theme park when in the middle of a holy war? So people wanted to sell stuff but the stock market was closed. I remember we went and we bought it. We did the first trade and after we did it, and then other people could price other things. So we're in the risk taking business now.

[Grant Cardone] I've always wondered whether you get phone calls from like the President or in some way, "Hey, we'd appreciate if you guys started moving some dough back into the system."

[Lloyd Blankfein] Yeah, I get a lot of phone calls. Yeah, got a lot of phone calls happens but usually doesn't contain the word "appreciate."

[Grant Cardone] Would corporations have gotten the phone calls in 2020? Hey, guys, we'd appreciate you enforce the mask mandate or for the vaccine?

[Lloyd Blankfein] **That goes to everybody. In the special world of banking, it is, "Why aren't you financing more of this activity?"** Like to me, you know, the government's a little bit wacko, right? You don't know that but it can be. One day, they're telling you, I don't want you to finance oil and gas activities, even though we need oil and gas activities because you can't put a windmill to run the country. Okay, so then you can't build windmills. So all of a sudden, you avoid and that becomes a political thing. Now all of a sudden you can't get access to Russian supply. So the polls are going out. We need you to finance more oil and gas activity. Or one day we're fighting with this country...don't trade with them and the next day, we're trying to make up with them. Please go out and do more business and that.

[Grant Cardone] What does that phone call sound like?

[Lloyd Blankfein] Well, usually it's not, "Hey, Lloyd, this is Barack..." We meet with the President. Well, I'll tell you without putting names on this because I overlapped a lot of administrations. I've been with all of them and it's basically similar. Well, Trump was a little different. I knew him from before. I knew him from lending money. I would say that he was a guy that was much more fun to go out with than to be owed money by.

[Grant Cardone] Well, he's not the only person.

[Lloyd Blankfein] Yeah, he's not the only person but you know...a lot of good qualities, a lot of quirky qualities. But one of the things, he was a very litigious guy.

So somebody calls and says, "You need to be at the White House at 11:15 tomorrow morning." And you're going and sometimes, once or twice, it was just me, which is very bad. And a few times it was me and let's say six other CEOs. Of the six, the biggest banks and usually, if it's a call like that, it's usually because he's mad at you. You should do this. And you should have done that. You should have lent more to this people. You shouldn't

have done that. Look how irresponsible you are, you know, but you know, most of the time it's sensible, and a lot of times the conversation, usually when you're in that thing, with a group, there's a bunch of reporters who were there snapping pictures, and then it's kind of like aggressive talk. And then usually when those guys go out, it's more normal. It's like really personal because, you know, also, these, you know, people also have a prior life and you kind of know these people, you know, by the time you get there. Barack Obama he was Senator for the couple of years. When he was Senator, he actually spoke at a Goldman Sachs conference.

[Grant Cardone] Let's say we got a company. I'm gonna give you a sample company here. Let's say this company makes \$150 million with Abu Dhabi a year now and that company wants to go public how does that work? Who do I call?

[Lloyd Blankfein] Well, let me tell you, by and large, every once in a while, calls come in over the transom that we weren't expecting. But in real life, that would be a big mistake on our part because we're trying to cultivate people on the way up. So your story is really a freak of nature.

Generally, it's our business to know who's who, but notwithstanding that sometimes you don't know. Just like in anybody's business, you know, we're the best pool cleaners. We're the best sellers of this stuff. We're the number one firm in M & A (Mergers and Acquisitions). Most all the big guys you name, we have first choice. **We're very responsible, respected, very influential with the investor community.** So if we do the deal, people are more likely to buy your shares at a higher price. So you know, you go through that, but generally you have a history with these people. And in our world, just people know us. In other words, we're not an unknown. You know, we're very highly known. I remember once going, my wife went to what's a sort of like a Sam's Club, and like in order to get in there, you had to work from one of these companies or be a member of the union and or if you're working for a bank. She couldn't find it. Because it's an investment bank. It's not a bank that real people use. You need 100 million to start...generally, if you ask what the average account is, it would be in that realm. There are a lot of very wealthy people. There really are.

[Grant Cardone] And you've met most of them.

[Lloyd Blankfein] **Well, I've met the ones that would matter in my world, but you know, there's a lot of wealthy people and the other thing I discovered is when you think you know what somebody's worth, they're really worth a lot more.**

[Grant Cardone] What do you think off cash right now? The U.S. dollar.

[Lloyd Blankfein] **The biggest reason to have cash right now. Look, let me tell you, everyone's in a different position. So I don't spend other people's money. I bought insurance. If you have a family, you have obligations so I would say, you have to have some net. It would be irresponsible to put yourself at risk and starve and not eat for two weeks. You can't do that to your kids and your family. You can't get kicked out of your home. So you have to have some cash reserve. That said, the world really favors risk takers. You could fail 10 times and you can never lose any one of those times. You can never lose more than what you put in. But if gold goes well, you can make 1000 times what you put in so if you do the math on that, it really favors risk takers.** Also, most people are risk averse. So people will pay a lot of money so that they don't take risks. The people who do take risk get some advantage. Why is there an insurance industry? Why do insurance companies make money, because they overcharge you for the risk that they are taking you out of. That's why you have insurance companies with market caps of \$200 billion. What is the value of that comes in? They will know. They'll sell you an insurance policy to prevent a risk. That's X percent more than the true statistical problem that you're likely to have. But you need to do that because you can't tell hell or high water. You don't want your house whisked away by a tornado when you can't replace it. You can't afford that. So you'll overpay to get out of the risk and your overpayment is what gives insurance companies value. I'm just saying, in general, if you're in a position to take risk, it might not work out but statistically, there'll be winners and there's losers. But statistically, the world kind of pays you to take risk and penalizes you for the reciprocal. Some people don't have the stomach for it.

[Grant Cardone] How do you get the stomach? I mean, how do I get the stomach if I don't do that? If I don't go to zero?

[Lloyd Blankfein] Well, it depends on who you are and it depends on whether you're 67 years old or you know 27 year old.

[Grant Cardone] Let's say they're 34 years old, and they want to get rich.

[Lloyd Blankfein] If you're 34 years old, you should be a risk takers. You have a lot of time to recover. If you are 70 years old, and you have enough money for yourself, your kids, and your grandkids and great grandkids, then you should take a lot of risk. Late in life you might get a little bit more conservative because you know something? 70 year olds without a bunch of grandkids you should continue to take risks.

You have to say if I made an incremental 30%, would it change my lifestyle? If I lost 30%, would it change my lifestyle for the worse? And the answer is if my current lifestyle is not gonna change either way...so I take a lot of risk and it doesn't make a difference.

But if I was a guy, where I had debt payments go up, my kids are educated my kids have kids and they're all doing that good jobs and stuff, I would you know, ask myself the question, What could I live on for the rest of my life? If I get 30% more, what am I going to do? I go to sleep every night too nervous. Maybe you shouldn't take a risk at 70 but at 34, the world's your oyster. You know, you have plenty of time to make mistakes and recover from them. Don't spend your grocery budget that otherwise feed your kids.

[Grant Cardone] Would you tell people to invest in themselves before they started making investments in the stock market?

[Lloyd Blankfein] **You're always investing in yourself. Just like you're always selling. How you behave in this time of crisis is going to be your reputation for the rest of your life with all your peers and the cohort around you and all your friends and family. Who are you? Are you a quitter? That's the most important thing to be true to yourself and to be good about that.** The best memories I have...the only things I'm

really proud of are the things that I think in my mind that other people couldn't have, wouldn't have done it. Let me tell you, it is very easy.

[Grant Cardone] Was when you were in the pressure cooker the most that you're most proud of?

[Lloyd Blankfein] Yeah, I mean, I'm the worst thing in the world. I shouldn't be making sports analogies, but **the best shots in golf are not the ones from the fairway, the other ones from you know, behind the tree and some rough somewhere.** Anybody knows how to deal with I get a strike and bowling. It's a spare that's hard to get and that's how you have to think. What separates the wheat from the chaff? I would say the men from the boys but you can't say that today, given gender fluidity and all that, but you know, that's what really separates that stuff. And that's what you remember. **And by the way, that's what gives you confidence to run scared is not only bad for your reputation externally, but kind of undermines your own confidence in yourself. So you have to tough things out.**

[Grant Cardone] What do you think about the whole Bitcoin thing, NFTS—the Crypto space?

[Lloyd Blankfein] Yeah, you know, I wish to hell I was a true believer. I'm not a true doubter. Because I have to acknowledge I'm in that world. I made investments in the infrastructure of Bitcoin and various platforms and stuff. **The technology is so beautiful and graceful.** I've gone on transacting in Bitcoin and it's just very elegant. **But at the end of the day, it has to do something that can't be done in other ways. And I'm thinking to myself, you know, it has to be a store of value. That's not a good store of value. You have to be able to transact with it.** You have a trade to buy something with Bitcoin. It has to occur that you get people to get rid of the Bitcoin. It has to do something so it's kind of it doesn't just sit, for example. The current world right today, we have inflation. You probably heard about that huge inflation. The dollar is an asset to the extent that we have 7% inflation means every year the dollar is deflating, losing value 7%. We also have evidence of the government using dollar in payments, kind of as a weapon, freezing accounts. So between inflating dollar and the

government putting a lock on people's accounts and not letting them transact globally. You know, may not affect people here but it's affecting people around the world. *Wouldn't this be the moment for Bitcoin?* Right? It's an alternative currency. The dollar is losing value without an end in sight, and is losing purchasing power anyway. The freezing of accounts. People who are concerned and nervous about the global situation. *Isn't this the moment and I'm looking at it and it's not doing much so now maybe it will tomorrow.* So I find it elegant. I can see the need for it. The idea of Bitcoin you can instantaneously transact so remember, I told you before, you know, the world freezes over in a crisis nobody lend their own money out of their sight. But when you have Bitcoin or you have those electronic you push a button and both sides go at the same time. That's a value for the world to be operating and it's not operating that way. So you have to find uses. **I'll tell you one thing that people regard as a use that can't stay is to use the anonymity of it.** Because, you know, people could say, government can look over my shoulder. I can see the value of it. But let me tell you, that's not going to happen. *Because the world we learned and I believe this too, you need to know whether or not you're paying the North Koreans or al Qaeda.* You have to know you can't be shooting money out and not know who is on the other side. And you kind of want surveillance to know and we found that out of 9/11 that you follow the money. The thing about Bitcoin which is actually influencing a lot of people, the Privacy Act, is the decentralizing away from them. **You got to be careful because at the end of the day, a lot of the intelligence network is going is following movements of money, money laundering, and that's really kept us safe.**

[Grant Cardone] What do you think of passive income?

[Lloyd Blankfein] **At the end of the day, if you're working and earning an income, and you're making \$100, that's what you have, you have \$100 but if you could do something and create something that produces a steady stream of \$100, you now take that \$100 And you multiply it by 10. So anything that's a revenue stream, is capitalized, but which means another way of saying you attach a multiple, so if you're going to make \$100 every year, I'm going to pay you \$1,000 for that \$100 revenue stream. Why? Because guess what, that's a good return on money I give you with that. I**

give \$1,000 I'm getting \$100 a year that's 10% that's better than a bank. And so if you could take a revenue stream, where you're making 10 and through your effort, make that revenue stream 11, you haven't made one you made 10 more.

[Grant Cardone] What asset classes do that for you?

[Lloyd Blankfein] *Well, you know, you could do that by investing in stocks or in a portfolio or somebody else's business or your brother in law's used car.* But I agree with you real estate, because guess what, as long as there's because that is that is what the word rent is named after real estate and it's a source of revenue. There's only so much land

[Grant Cardone] Is inflation good for the real estate right now? You think real estate is a good hedge against inflation? Good. So real asset.

[Grant Cardone] Do you feel like a lot of these companies...the valuations that we're at right now...a lot of these companies don't have any earnings. Does that concern you at any point?

[Lloyd Blankfein] You have to go back. There's a million stories and they matter and so some people have a vision now I would say in this last go round in the market...there was not a lot of intellect you know. Things were going up. So you know, remember 20 years ago if it had the word ".com" at the end of it, it was worth a fortune. It was like rock.com and give you a rock. It was like stupid stuff. And the world gets stupid. Things are a little stupid right now. Yeah, it was a little stupid since the market came down a lot. It's less stupid. But I've been in this business a long time watching this. **Nobody knows the future. What you need to know is the present and what's going on today and get in it.**

[Grant Cardone] What does the term 10x mean?

[Lloyd Blankfein] What it means to me is it means capitalizing on things now. What does private equity try to do? Tries to buy a business, squeeze out some costs, figure out how to make more money. Why? Because when they sell it, they make a multiple on a bigger number and that's where the profit comes from. **They're only taking businesses that work and make them work better. And if you could squeeze out an extra \$100 a year, you multiply that by the number depending on the quality.** The business might be by six, by seven, and might be by 20. And so to me, 10x means that you're doing something to cultivate to improve a revenue stream that then becomes an asset that becomes a revenue stream that's a multiple times the number.