THE ECONOMIC CLUB OF WASHINGTON, D.C.

Dan Gilbert, Founder and Chairman, Quicken Loans Inc. and Rock Ventures LLC, and Majority Owner, Cleveland Cavaliers, discusses his success in the mortgage industry and the revitalization of Detroit.

Dan Gilbert
Founder and Chairman, Quicken Loans Inc.,
Founder and Chairman, Rock Ventures LLC
Majority Owner, Cleveland Cavaliers
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[Video presentation.] [Applause.]

MR. RUBENSTEIN: OK. [Applause.] Well, Detroit's a very good city, and you can see from there a lot of its strong features. But Washington's a great city too, and we – [cheers, applause] – we're happy to have the mayor here. Muriel Bowser is right here. [Cheers, applause.] Thank you, Mayor.

So, let me just say a word or two about Dan Gilbert before I ask him to come up. Dan is a very unusual figure, in that he's succeeded in almost everything he's touched. He is one of the country's leading businessmen. He has built a company, Quicken Loans, which is now the largest mortgage provider in the United States. Bigger than even Wells Fargo. And he started that company in 1985. Sold it in – not too many years later to Intuit. But bought it back and now he's built it up to be the largest mortgage provider in the United States. Also, the largest online provider in the United States.

It's also the large employer in Detroit. Largest minority employer in Detroit. And largest taxpayer in Detroit. And as we'll talk about later, Dan has moved many of the facilities of Quicken Loans right into downtown Detroit. And as part of what he's done, he has revitalized Detroit – now buying with his partners more than 90 buildings in downtown Detroit, rehabbing them, and revitalizing Detroit. In addition to that, he's also a great philanthropist. He's one of the people who signed the giving pledge, committed to give away half or more of his net worth, which is – and his net worth is fairly high. [Laughter.]

He's also involved in an enterprise that many of us know, the sports world. He is an owner of the Cleveland Cavaliers[1]. They have a – [cheers, laughter, applause] – they have a very good player on the team. I don't remember his name. [Laughter.] Oh, yeah, LeBron James[2]. And so, he is – not only owns the team, but he won the first championship that Cleveland has had, I think, since 1964, when the Cleveland Browns[3] beat my favorite, Baltimore Colts[4]. He's also become a very big investor in technology in the Detroit area and the Cleveland area, and has become one of the largest investors in the Midwest in that – in the technology area.

So, he's also an author. And you'll hear later that the book is available to you. So, he's an author, philanthropist, sports team owner, technology investor, and a great businessman. So, we're pleased to have Dan here. And, Dan, why don't you come on up? [Applause.]

DAN GILBERT: Sorry. They said to go the long way. You know.

MR. RUBENSTEIN: And he did all this while he had a law degree. So, like many of us, he realized that practicing law wasn't the way to get great wealth, right? [Laughter.]

MR. GILBERT: Right. Well, sort of. I never really practiced, but I did entertain the Wayne State University Law School about five years ago in Cleveland. And I told the guy I don't know

[1] NBA team
[2] Member of the Cleveland Cavaliers
[3] NFL team
[4] Former NFL team

what happened to my diploma. And the next day, it came Federal Express, my diploma from the law school. [Laughter.]

MR. RUBENSTEIN: Did the president of Wayne State come the next day asking for contributions or anything? [Laughter.]

MR. GILBERT: No, he did that the first day. [Laughter.] Yeah, so.

MR. RUBENSTEIN: OK. So, let me ask you, a lot of – you know, you've accomplished a lot. You know, made a great fortune, a staggering fortune. You're one of the richest people in the United States, according to Forbes. And you've – you know, own a sports team that's won a championship. Have you ever considered doing something that another businessman, who was not really as successful as you, did, which is run for president of the United States? [Laughter.]

MR. GILBERT: Oh, geez. I don't think anybody outside of my 11-year-old has asked me that question. I don't eat at McDonalds enough to run for president. [Laughter.] You know? But I'm just saying.

MR. RUBENSTEIN: So, you're not likely to run?

MR. GILBERT: [Laughs.] I first got to run for, like, the township zoning board or something. I figure, like, I don't have any experience.

MR. RUBENSTEIN: You don't need to run for anything else, though. You can just run – OK, you're not going to run.

MR. GILBERT: Well, if I – if I – you know, it would be automatic divorce, like, within an hour. [Laughter.] Like those quick kind. [Laughs.]

MR. RUBENSTEIN: So, let's – and let me ask you. As I mentioned earlier, you've succeeded in everything you've more or less touched. And it's pretty impressive. So, have you ever failed at anything?

MR. GILBERT: Oh, yeah, many – I mean, all you got to do is read the papers now about the Cavaliers, you'll – you can – [laughter] –

MR. RUBENSTEIN: But you did win a championship.

MR. GILBERT: Yeah, but they forgot. That's two years ago. I mean, you know, that's how that goes. [Laughter.]

MR. RUBENSTEIN: Well, when you bought the Cavaliers, you paid about $350 million for them.

MR. GILBERT: Yes, 375, something like that.

MR. RUBENSTEIN: Three seventy-five, OK. And they're worth a little bit more today, right?

MR. GILBERT: Yeah. I think so. I mean, I think they're worth a little more. But, you know, in honesty, these things for us – long term investments and – you know, for a sports owner, any sports owner – and know Ted's[5] here. He knows all about that stuff. And it's just – you invest into a team – I think you have to invest in the community or it doesn't work type of thing. So, we never really looked at the Cavaliers – Cleveland's a two-and-a-half-hour car ride from Detroit, or a 25-minute plane ride, depending on how you go. And, you know, we used it as motivation for our people in Detroit, and take bus rides. And we have a lot of concerts there too. So, it's all tied into the overall business.

MR. RUBENSTEIN: But your focus is on Detroit. So why did you buy the Cavaliers? Why didn't you buy the Pistons[6]?

MR. GILBERT: Well, that's a great question. When we – the owner of the Cavaliers, when he was still – the previous owner, Gordon Gund, who still owns 15 percent of the team, roughly – he called a banker and the banker called us and said: You know, this guy wants to sell the team. He doesn't want to have a big process. He wants to sort of get in it with one group right now, doesn't want it to be public. You know, why don't you just hop over Lake Erie here and come do it? And so, we did it. And, like, three weeks later we signed the deal. And I said – I looked at my partner and I said, what – why are we doing this? [Laughter.] But it worked out pretty good. And, by the way, when you – when you have team that's outside of where you live, like, if things are going bad, you still go out to dinner, you know? [Laughter.] So, it's –

MR. RUBENSTEIN: But the team – when you bought the team, did they have LeBron James then?

MR. GILBERT: Yeah, LeBron James was ending his second year.

MR. RUBENSTEIN: OK.

MR. GILBERT: So, we had had him – his first run five years, and then we all know he went to college for four years in Miami. And then he came back. [Laughter.]

MR. RUBENSTEIN: Now, when he went to Miami, you wrote a famous letter, which was not that favorable to him.

MR. GILBERT: Yeah, at the time it wasn't. [Laughs.] Yeah.

MR. RUBENSTEIN: So how did you manage to convince him to come back after you wrote that letter?

[5] Ted Leonsis, Founder, Chairman, Majority Owner and CEO of Monumental Sports & Entertainment. Monumental Sports owns and operates the Washington Wizards, as well as other Washington sports franchises.
[6] The Detroit Pistons are an NBA team

MR. GILBERT: You know, well, first of all, you know, we'd always gotten along great those five years. It was no issue whatsoever. And we – you know, we describe it, it was sort of this very emotional night. And there was a lot of things that went into that. And clearly if I'd have – I'd call that a failure. That's a failure. That was a bad choice.

MR. RUBENSTEIN: But you convinced him to come back.

MR. GILBERT: Yeah. He wanted to come back home. And we resolved everything. I mean, I went down to Miami and visited him and his team. And literally we talked for 10 minutes about what had happened that night with the decision on whatever, I think it was ESPN, I don't remember the network, and the letter. And then – the last – the next two and a half hours, we just talked about the future and, you know, what the team would look like with him on it, our draft picks, and our assets, and all that stuff. So – you know, you can't – you start holding grudges, as you know, in business and in life, you know, you get to a certain age there'd be nobody to turn left or right to.

MR. RUBENSTEIN: So, he's going to be a free agent at the end of this year?

MR. GILBERT: Well, he's the free agent at the end of every year he's been with us because he basically signs one-year contracts, yes. So, yeah. So, it's no different this year than I think the three of the four years he's been with us.

MR. RUBENSTEIN: OK. So, if he leaves again, you won't be writing another letter.

MR. GILBERT: It'll be a nicer one, for sure.

MR. RUBENSTEIN: A nicer one, OK. [Laughter.]

So, now when you're an owner of a team and your player is LeBron James, do you – can you call him up on the weekends and say: Let's play some pick-up basketball? Or do you, you know, do that? [Laughter.]

MR. GILBERT: No. For sure not. You know, let me tell you something, there's been a few owners – and Ted, you know this – one that went on, like, at halftime and started, I don't know, trying to jam the ball off of one of those platforms, and you get a lift. It didn't turn out well. [Laughter.] I mean, if you want to – you think the ladder's bad, will ruin your reputation, just try doing that. So, you can't – you know, you can't do that kind of stuff. But, you know, yeah, some players you have better relationships than others. But you try to keep it like you would probably in any business to, you know, the people are dealing and running with him daily.

MR. RUBENSTEIN: All right. Let's talk about your main business, which has been the mortgage business.

MR. GILBERT: Yeah.

MR. RUBENSTEIN: So, explain to me, is the new tax law, which I think doesn't help people who want to deduct their property taxes, among other things, and there's some limitations on interest deduction. Is that going to hurt homebuying? And is that going to hurt the mortgage business?

MR. GILBERT: You know, believe it or not, I'm one of these guys from the real estate/mortgage business who doesn't necessarily believe that the interest deduction is the holy grail of real estate motivation in the world. Now, I don't think it's a bad thing by any means, but I think at the end of the day you have a deduction to get to a net rate. So, if the net rate is lower than it would be with a deduction, you know, everybody's better off with the lower net rate, right? So, you know, I know there's a lot of people using that broad-brush thing, as we tend to unfortunately use in this country too much, and say, you well know, without the deduction everything's going to hell in a handbasket. I think, again, it's about – you got to look at more than just, you know, what the interest deduction is.

MR. RUBENSTEIN: All right. So, you're not worried about it particularly?

MR. GILBERT: No, I'm not. I don't think the average American wakes up and says, you know, hey, honey, let's go get a nice interest deduction today and buy that house. I think they're motivated by the home and everything. That's a great thing. That's motivating and it can – it can help you maybe with your taxes. But I think overall to get – I mean, look, I just have a belief that fairer taxes, you know, for everybody, and the capital and the private sector is going to do way more for the country than the public sector. That's just my view in general, so.

MR. RUBENSTEIN: All right. So, lots of people are in the mortgage business. It's been a business a lot of people built companies in. There's a lot of big banks in it, other people. How did you become the biggest in the United States? What did you actually do that others didn't do?

MR. GILBERT: Well, there's a few things. First of all, we used to say we suck less, which was definitely true. [Laughter.] So, everybody in the mortgage business was terrible. We were just less terrible for a while. [Laughter.] That's a truth thing. I can't deny that. But over time – I think what did it for us – first of all, it's what we didn't do is the biggest thing of why we're alive today. In that we didn't do, you know, those subprime loans. If we did it, we're dead, we're out, we're gone, like everybody else. So, we just didn't participate.

And I remember our guys coming to me – you know, our guys meaning women and men, of course – and they – you know, this company's offering this, this, how come we can't compete with it? And I'd look at this stuff and say – and not just me, of course, but our leadership team, people. They'd look at it and say: You know, 100 percent loan to value, with a – you know, a 600 FICO[7] score, 575 FICO score, and no income verification? You know, this stuff, it's a matter of when. You know, no one ever thought that the property value – see, I remember everybody talking about mortgages on homes. And no one ever thought of an endemic, like, across – that you could have a disease when one would catch – you know, you'd catch a foreclosure to the next, to the next, to the next.

[7] An individual's credit score calculated with software from Fair Isaac Corporation

But it is all connected, because people thought you were dealing with individual customers – because you lose your job and things go down doesn't mean your next-door neighbor. But we learned a big lesson, I think, in this country, that it is – it is a disease.

MR. RUBENSTEIN: Right. All right. So, let me see, you do – Quicken Loans started – and let's go back to the beginning. You graduated from Michigan State.

MR. GILBERT: Yeah. We had a great week there, yeah. Yeah.

MR. RUBENSTEIN: Michigan State?

MR. GILBERT: Yeah. Mmm hmm.

MR. RUBENSTEIN: I assume you were not an athlete, or?

MR. GILBERT: No, not there. [Laughter.]

MR. RUBENSTEIN: Not there, OK.

MR. GILBERT: Nor a doctor or any of that stuff, no.

MR. RUBENSTEIN: OK. And you went to Wayne State Law School. You got your degree. And you finally got your degree recently.

MR. GILBERT: Yeah.

MR. RUBENSTEIN: But –

MR. GILBERT: I went at night. I'd started the business when I started law school, because my mother wanted me to go to law school.

MR. RUBENSTEIN: Your parents had a real estate company?

MR. GILBERT: No, no. They were – well, my dad was in the military for a long time. Then he had a bar in Detroit. And then my mother and him – after he sold the bar, they started selling for Century 21 as real estate agents.

MR. RUBENSTEIN: So, they sold real estate for Century 21.

MR. GILBERT: Yeah.

MR. RUBENSTEIN: And you helped them?

MR. GILBERT: In the yellow coat. Remember those mustard coats? I was so embarrassed to bring my friends over. [Laughter.]

MR. RUBENSTEIN: But you – so you – after you graduated from college you started a company that was a mortgage company, Rock Financial?

MR. GILBERT: Yeah, started in – yeah. And you didn't – at that time it was the middle '80s. You didn't need – there's no such thing as a license or anything. So, I went in one of those shared office suites in the summer of 1985. I guess today they call them WeWork[8], right? But they had the version – they had the version of that which was, you know, beige and gray and ugly and, you know, across my hall was a lie detector guy. True story, the second week a bullet went off, went across the – this is a true story. You know those shared office suites. Think of a dorm hall. Second week in my business, a bullet goes off. There was a guy who went into the lie detector guy across the hall from me.

And they both came out – he said, I don't know, the guy shot the lie detector, because he told me he lied. [Laughter.] But that's not what happened. It went off by mistake. And I had an assistant – I'll never forget this the rest of my life – because I had an assistant who was 19 years old, and long blonde hair. And she's at the desk. And the bullet went just two inches from her head. And then two weeks later I found it in my drawer where I was sitting. So just, you know, inches of life right – things – that happens. You know –

MR. RUBENSTEIN: Well, the guy that shot the bullet, you didn't sell him a mortgage, I guess.

MR. GILBERT: Well, he went to the subprime company down the street, yeah. [Laughter.]

MR. RUBENSTEIN: For sure. So, you started this company. And, you know, lots of people had small mortgage companies. It was you, your brother, one other person.

MR. GILBERT: Yeah.

MR. RUBENSTEIN: And what did you actually do that got you from being a very small, three-person company to the point where you could sell it?

MR. GILBERT: Right. So, you know, mortgage lending in this country has always been, and even to this day is, what we call – or we've termed is localized and it's fragmented. So, it is very difficult – and even more and more difficult now since the mortgage Armageddon 10 years ago, right? I mean, the regulatory hurdles and the capital hurdles and the complications, it's just enormous, right? So that's why most companies, they have sort of a ceiling. Like, they can do 50 loans in a month, 100, if they get some systems they can do 200. So, we made a commitment about 17, 18, 19 years ago.

We said: We're going to put a bunch of people in a room, we're going to get licensed in all 50 states, and we're going to figure out how 3,000 counties close loans across the United States, and do it centralized, do it with technology, and take our time. So, it's not really about money or capital. It's not even about brains. It's about time. It's about willing to go through the – you know, the process and, I guess, lack of a better word, the hell of, you know, getting through this

[8] WeWork is a company that creates work space environments that seek to increase productivity, innovation, and collaboration.

stuff. Now, the bad news is it just was – it was, it was just horrendously detailed – it's rocket science, no pun intended, but it sort of is. But when you get to the other side of that, your barrier of entry become – I mean, for somebody to duplicate it is, requires –

MR. RUBENSTEIN: Well, let's see if I understand. If you want to be in the mortgage business, you have to do two things. You have to get customers. And you then have to get money to give them when they become your customers. So, to get customers you did it online.

MR. GILBERT: Well, we moved to that by –

MR. RUBENSTEIN: But that was later?

MR. GILBERT: Yeah, because, you know, in the '80s no one was really – you know, '90s, even. So, it was by, you know, the turn of the century-ish when – so Intuit had bought us, which owns the Quicken – you know –

MR. RUBENSTEIN: Intuit bought you in –

MR. GILBERT: January 2000.

MR. RUBENSTEIN: 2000.

MR. GILBERT: We got right in under the – I guess February or something – I don't know when it all crashed.

MR. RUBENSTEIN: So, they bought you in 2000. So, they paid like $385 million or something like that. So, you made a lot of money. And you went to work for the company. They renamed it from Rock Financial to Quicken Loans. Where did the name Quicken come from?

MR. GILBERT: So, Quicken software, which at one time was, you know, a very, very well known, right? Everybody had it for their checkbook, right, across America. Believe it or not, there's – they just sold the Quicken brand itself, the Quicken software itself. There's still something like 380,000 people – or maybe more now – 750,000 people still use it because it's not online. It's people who want to keep their finances – so, anyway, the idea was that they also were doing TurboTax at the time for, like 20 million people. And the idea was that everybody's tax return would come up and say, hey, by the way, you probably could use a mortgage.

So, when we close in January 2000, I call up their software guys and I say: You know, so let's go. You paid a lot of money for us. And they say, oh, we'll get you in the 2004 version. And I knew at that time it was sort of one of those things, company – they're a good company. They're really well run and they did well over the last – but for us – and so the guy sold it back to us, the CEO, in 2002.

MR. RUBENSTEIN: So, you sold it to them for, let's say, $385 in 2000. 2002 you bought it back for a very, very small price.

MR. GILBERT: Relative, yes.

MR. RUBENSTEIN: Right. OK. So, you then owned the company. And you call it Quicken Loans.

MR. GILBERT: Yeah, we licensed – so we licensed that brand from Intuit.

MR. RUBENSTEIN: So, when you do mortgages, you're doing them, where did you get the money to give people the mortgage? In other words, you don't have a bank, so where did you get the money to give people when you have to give the mortgage to them?

MR. GILBERT: So, we have – we have several billion dollars of short-term lines of credit, where we make the loans. We pull the loans. We securitize the loans. We sell them onto the secondary market – Fannie Mae, Freddie Mac, FHA[9] – who either – you know, some kind of guarantee or insurance when its FHA. And we end up – so we service loans. People make the payments to us. You know, we process it, we pay the taxes, insurance. In the small case in our – because we have the lowest delinquency and default rates in the United States for large lenders – in the small amount of times we have to foreclose, we do that as well. So – or we handle part of that.

MR. RUBENSTEIN: So, you have a small default rate. But if somebody wants to get a mortgage online, they fill out the forms, how do you verify they're not making this up, they're not just from some foreign country with, you know, some fabricated information?

MR. GILBERT: Well, we – OK, so we'll be on the Super Bowl – or the Super Bowl commercial. See, you know, Rocket Mortgage – which is our – you know, you press the button, you get the mortgage. Now, a lot of people say – we ran a Super Bowl commercial two years ago on this point that you're asking. You know, this is like, what's going to happen? It's too easy to get a mortgage. Actually, because you can press a button, everything has now got an electronic digital pipeline to verifications - the fraud levels are almost nonexistent.

So, we tie into payroll services and the IRS for verification of employment. We tie into every bank in the country for assets. We tie into appraisal databases to get values. You know, and we tie into credit bureaus to get credit. So, within eight minutes – by the way we say it's eight minutes, because all the focus groups wouldn't believe it's one or two minutes, which it is. [Laughter.] And, so if there are eight minutes they can say, OK, I can buy, it's eight minutes. [Laughter.]

MR. RUBENSTEIN: So, how long does it take to get a mortgage these days?

MR. GILBERT: So, two minutes.

MR. RUBENSTEIN: Two minutes? [Laughter.]

[9] Federal Housing Administration

MR. GILBERT: I mean, the – well, the original – well, that's where differentiation is. Now, there are – that does not cover yet 100 percent – you know, people have self-employed tax returns, it's a little bit different. It's – but for the, you know, the bread and butter, you have W-2s, two – you know, you've been at your job for two-years plus, and you –

MR. RUBENSTEIN: OK. What's the biggest mortgage you can get?

MR. GILBERT: Today?

MR. RUBENSTEIN: Yeah.

MR. GILBERT: Oh, we can do – well, there's something call jumbo mortgages, right, which is anything over what Fannie Mae and Freddie Mac have at their –

MR. RUBENSTEIN: Right, but do people buy – get $30 million, $40 million mortgages, or you don't do that?

MR. GILBERT: No, those are – we don't do those. And those are rare. At least, where I come from, they're rare. [Laughter.] But the – you know, we do mortgages in the millions – you know, $2-3 million or something.

MR. RUBENSTEIN: So, if you – let's say you make your money three ways. One, you charge people a processing fee, I guess, for applying or getting –

MR. GILBERT: Yeah, actually, we have no processing fees. But we – you know, we have a very sophisticated capital markets group that, you know, pools these loans and slices and dices them. There might be buyers of loans who want the Midwest. There might be others who, you know, they want the whole country. Or there's certain ones that want certain kind of loan to value and lower. So, they're very good at how they –

MR. RUBENSTEIN: Well, so you make your money syndicating or selling the –

MR. GILBERT: Yes.

MR. RUBENSTEIN: And then you service the mortgage.

MR. GILBERT: Then we service the mortgage.

MR. RUBENSTEIN: And so that's where you make your money, servicing and selling.

MR. GILBERT: Correct.

MR. RUBENSTEIN: OK. And there's –

MR. GILBERT: And we're in the title – you know, we have probably the country's largest title escrow company called Title Source. And by the way, we didn't get in that business because we wanted to make money. We got in it because the title providers from a service client experience was just a – it was just a – I mean, dealing with thousands of companies across the United States on a local basis was turning out to be a disaster because bottom line is we're not there. So, if anything goes wrong, they just go Quicken screwed up again and they'll hang up the phone. You know, and we're done. So that reputation was – so we ended up – now that's become a big – it's, like, 3,000 people and it's a full-time –

MR. RUBENSTEIN: But if somebody defaults on the mortgage after you've sold it, does the person who bought the mortgage from you call back to complain, or it's just their responsibility now?

MR. GILBERT: Well, you know, I think, again, these are in securitized pools, and there's all kinds of metrics and standards and all that. Now, you know, if you start – if you – what happens if your delinquency rates start coming up, then your paper – like, Quicken's paper probably trades higher than somebody else's because of our performance over time. And these are pretty sophisticated – maybe there's a few in the room – these are sophisticated, you know, Wall Street guys who buy these things for their pension funds or insurance companies or themselves, or whatever. Maybe even Carlyle Group.

MR. RUBENSTEIN: Now, today you own a large percentage, maybe three-quarters or more, of the company. It's a privately-owned company.

MR. GILBERT: Yes.

MR. RUBENSTEIN: So, have you ever considered taking it public?

MR. GILBERT: No.

MR. RUBENSTEIN: That's a smart decision.

MR. GILBERT: No, I mean, just because – [laughter] – well, you start really going down the list of why would you go public. So, capital. Well, we don't have a need for capital right now. Well, you could use your currency to acquire – you know, it's funny, this is our – we're 32 years, seven months and, like, something amount of days. The only reason I know that because I wrote an email to the whole company with that about a week ago. And we've done two acquisitions. And we've looked at hundreds – I mean, hundreds.

And the question always becomes for us, you know, can we do it ourselves? Do we want to do it? The risk involved, you know, again as we saw back 10 years, 11 years ago, it's not – I guess it's not the most – you know, I don't know, I don't want to – anybody who's left is pretty good, I guess. But we just never – you know, we were very, very tough on acquiring businesses. So, why – you know, we create a – we have a lot of option-holders, stock holders in the company. The rest of the ownership is inside of the company. So, we create a market for them to buy their stock back.

MR. RUBENSTEIN: So, what you did though was you decided to take your offices, that were in the suburbs of Detroit, and move them to downtown Detroit. Now, that was presumably a risky decision, in the view of some. Why did you decide to move all of your employees – or, more or less all your employees to downtown Detroit, when Detroit had so many problems?

MR. GILBERT: So, we were all over the suburbs, like in probably seven buildings, and four or five miles on average apart, which was very cumbersome, very difficult to get around. Our leases were all coming due at the last – at the end of the last decade, which is still unnamed so I can't refer to it as anything – between zero and 10, OK? And that's a problem, I think, David. Might want to work on that.

MR. RUBENSTEIN: Right. [Laughter.]

MR. GILBERT: But, so, they were all coming due. And we really had a decision. We either could continue on, we either could go to some – find a piece of land ala Silicon Valley-style and get an enclosed campus in the rural part of suburban Detroit. Or, you know, we could make a run for downtown. Now, you know, I'm a fourth-generation Detroiter. So, my grandparents were born there, parents were born there, I was born there, my kids were born there. I guess I'm third. My kids are fourth, as far as – actually, fourth, because my great-grandparents moved, I guess. So, fourth-generation Detroit or something. I'm like a Detroit farmer. And the furthest West I was, was East Lansing, you know, growing up.

So, we're all there. We had pride in our – you know, now, we always heard – now, Detroit was the wealthiest city in the country from, like, the '20s to the '60s, or something like that. Literally per capita the wealthiest city. And everybody who's – you probably have to be five, six, seven years older than I am to have this memory that everybody has, and I heard growing up from everybody – parents, grandparents, others, uncles, aunts – about this – you know, it was almost like a fantasy if you grew up in Detroit about what downtown was like and the energy and the this and that. And from most of our standpoint, if you like – I was the first five years in Detroit itself, but then we moved out.

You know, I moved probably three miles from the city in a middle-class suburb. You know, all you knew was what you saw going to a Tiger[10] game or to a Red Wing[11] game or something. And it wasn't pretty. So, we almost didn't believe – we almost didn't – you know, these people are exaggerating, you know, these older people, whatever. But as you got older, you realized it was true. And I look – I said to myself, now, we have a large employee base and we're hiring a lot more people. I believed in the urban – when I went to other cities, and I don't think I really visited, you know, New Yorks, Chicagos, Washingtons, you know, the other cities that were sort of from an urban standpoint booming, probably until I was close – you know, late 20s, when I really started going and noticing.

And I said, you know, this is – man. Let's just give it – let's give it a shot. Because, you know, what's the downside? So, we went down to 1,400 people first. And I thought that everybody was going to be, like, the other people that we left in the suburbs, they were going to be don't

[10] The Detroit Tigers, a MLB team
[11] The Detroit Red Wings, an NHL team

come here. It was like from day two they all wanted to come down because they realized the energy level – even when I got down there – and this is Detroit seven years ago, or eight years ago, which is nothing like today. But there's something about an urban core and the energy that I never even realized in working. I never worked in one. And it just sort of went from there. But I think we're a way better company because of it.

MR. RUBENSTEIN: Right. So how many employees do you now have living in Detroit – or, working in Detroit?

MR. GILBERT: It's 17 or 18,000 full-time people.

MR. RUBENSTEIN: Seventeen or 18,000. And so, Detroit, with your help, I guess, tried to get to be one of the Amazon headquarters cities. And you didn't get it. Why do you think you didn't get it?

MR. GILBERT: Well, I think there's several reasons. First of all, no one knows – you know, Amazon's a pretty sophisticated company, going through 238 proposals and all that stuff. And I wrote this little – I don't know what you want to call it – it wasn't like that letter, don't worry. [Laughter.] But it was like this – you know, this email. And really because a lot of people were blaming it on talent and transportation. I definitely believe in the transportation thing, right? But talent, there's all kinds of talent in Detroit, within five hours of Detroit. And people come. Like, if you think about all the people that work in Seattle or work for Microsoft – or, not Microsoft – work for Google or Facebook in their cities, and what percent are from that area? It's going to be, like, 10 percent, 15 percent. People come.

And in this generation particularly, the Millennials, I mean, they – and I talk to a lot of them – they want to impact the outcome of the world. And so, we're a big sort of magnet for that – we sell against – you know, I hate to say New York or Washington, Chicago. You know, they're trying to decide where do I go. Well, now you can come to Detroit and get a great, cool job in a technology company. We are a technology company, there are others. But you also could impact the world real quick. Those other cities, yeah, I'm sure you can do nice things. It's great. You'll do great there. They're great cities. But here – so we use that.

And so, talent, I don't think that was – I think it's reputation. No matter what I say, even what I say up here to any of you, 50 or 60 years of negative reputation – unheard of in the annals of American history probably for a city – is not going to be overcome by my words. But when I get you there, just give me 90 minutes. You'll have a whole different view.

MR. RUBENSTEIN: So, if Detroit doesn't get the headquarters, do you prefer that Washington get it?

MR. GILBERT: Sure.

MR. RUBENSTEIN: OK. [Laughter, applause.] So, Washington is one of the finalists.

MR. GILBERT: I mean, there's a lot of people pulling for Columbus around Cleveland. So, you know, that's possible too.

MR. RUBENSTEIN: So, let me ask you about this. Now you're a fabulously wealthy person, one of the highest listed people in the Forbes 400. I'm sure – first, your mother is alive. And she's seen you achieve this. So, does she tell you how proud she is of you, and does she ever give you any advice about what to do?

MR. GILBERT: You know, mothers are – it just depends on who the mother is. So, like, my – she's – yeah, she does – she does the thing where – she's 87 years old now. So, my dad, you know, he had me later in life. My mother was 15 years younger. My dad would have been 102 years old, actually, coming up, believe it or not, in the next few weeks. But it's – you know, at 87 years old she tells me how she brags at the beauty shop about her son or something, I don't know, or something like that, yeah. [Laughter.] She watches the – oh, she just had hip surgery. And she – I have to tell you, 87, hip surgery, and on an iPad, she figured out how to logon to get the Caps[12] games on her iPad. So, at least she's doing that. She gets more mad about that really anything else. [Laughter.] Me too, really.

MR. RUBENSTEIN: So, on – so, you have this money now. And you did sign the giving pledge. What are you going to do with this money? Where are you giving it?

MR. GILBERT: Well, you know, so Detroit is, you know, one of the biggest sort of – we do a lot of investment, you know, through the business and real estate and all that. But that's for the city. As far as the philanthropic side, there's a whole other side of Detroit that we invest – you know, I do myself, as well as the business itself. And then my oldest son, who was born with neurofibromatosis – in fact, the doctors here in – it's Children's National Medical Center, you know, they saved his life here in Washington. He had a – you know, so. [Applause.]

MR. RUBENSTEIN: Now, I know you have, like, given money to that cause, but explain exactly what that is.

MR. GILBERT: So, he was born with something – and I had never heard of it till – he was our oldest son. He was born – I got to get the year – in 1996. So, he – you know, all of a sudden this – you better go check him out. He's got signs of something called NF or neurofibromatosis.[13] Never heard of it. Most people don't until they know somebody that does. And one out of 3,000 births worldwide. It's a genetic – it was a genetic disease. It was discovered by Francis Collins – a gene – in the University of Michigan, actually, in Ann Arbor, when he was there. And if you have NF, you have a 50 percent chance of giving it to your kid. So, there's families that have this.

Now, neurofibromatosis just means tumors on the nerve. So, they can be anywhere on the body. They can be in your head. They can be anywhere. You can be covered – you've probably seen people who maybe have these little, like, lumps covered up – you know, you see it once in a while. That's what that is. Now, that's a bad case. It could be just on the spine.

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[12] The Washington Capitals, an NHL team
[13] Neurofibromatosis is a genetic disorder that causes tumors to form on nerve tissue.

There's people walking around with it who don't even know they have it, it's such a light case. And for him, it was – and they still are – you know, there are just lesions or tumors along your brain. They're typically malignant – or, excuse me – benign, but they can – they can grow and still kill you or hurt you, so.

MR. RUBENSTEIN: So, you get tumors on any parts of your body, but your son happened to get them in his brain.

MR. GILBERT: Right. That's right.

MR. RUBENSTEIN: And that's affected his vision, is that right?

MR. GILBERT: Yeah. He's almost blind, unfortunately. But he's at Michigan State. He's great. And they have a great program there. And he's in his fourth – he'll be a fifth-year senior. Take five years to graduate. Hopefully next year.

MR. RUBENSTEIN: So, you have four other children.

MR. GILBERT: Yeah. And nobody has – yeah, they're all healthy, doing good.

MR. RUBENSTEIN: And they – how are they affected by your enormous wealth? Do they, you know, get people asking them for money all the time, or? [Laughter.]

MR. GILBERT: You know, it's interesting, because, you know, people think that these kids were born – it's – you know, at least I try to have it not affect them in any way. I mean, if you think about it – in a way it's a curse for kids who are born to this kind of thing because no matter what they do or what they achieve, they're never – you know, they get these comparisons. And you see this with athletes and you see this with wealthier people. So, I mean, I've tried to ground my kids. I mean, they're taking out the garbage. They're doing stuff. They weren't allowed to bring up the Cavaliers from day one, right? From day one there weren't allowed to bring it up, unless somebody brought it up to them, right, then they can answer it.

I mean, you just – I think, to me, it's – whether you're wealthy, middle class, or poor, or whatever – to me it's, you know, how you're raising them, what you put into their soul versus – you know, versus where they came from. If you're paying attention. You know, that's just my view and one family view. I'm sure there's a lot of ways to do it right.

MR. RUBENSTEIN: So, and the Cavaliers, by the way, it's been in the press recently that you were preparing to sell the Cavaliers. Is there any truth to that?

MR. GILBERT: None.

MR. RUBENSTEIN: So –

MR. GILBERT: Totally and completely made up. It's fantasy.

MR. RUBENSTEIN: It's fake news or something like that?

MR. GILBERT: I guess that – if you believe in fake news, that would be categorized in that category, yes. I mean, it's truly remarkable. Then they start reporting on each other. It's like a cannibalistic thing. They start eating their own stuff, that they sometimes make up. So, I don't really – let me tell you, it's a – I got introduced to this. When we bought the team 15 – excuse me – 12 or13 years ago, the first story was across the headline of a Cleveland paper: New ownership groups flies LeBron's mother around in private jet to away games. OK. You know, it's a whole article, detailing and everything. At that time, we'd never met his mother. [Laughter.]

I go, what's going on? I'm like in an alternative universe or something. But, you know, again, I think like anything else, I don't want to broad brush the media, because you have great reporters. Honest, good. And you have some that are – so you can't – I don't want to say they're all – but unfortunately, a few can do a lot of damage.

MR. RUBENSTEIN: Now you traded a player who was a Duke University basketball player named Kyrie Irving. Played 11 games for Duke because he was injured. You drafted him, I think, first. And then you traded him. So, any regrets about trading a player that's maybe leading the Celtics to a championship?

MR. GILBERT: Yeah, well, that race is still got to get run, for sure. But, you know, he – first of all, Kyrie, great guy. I like him personally. And, you know, this was a little bit of a shock to us, although there were signs of it, you know, coming along, you know, as he was coming. It's a very – the NBA – unless you're – you know, you read all this stuff, and I know there's probably a lot of basketball fans, but when you're behind the – I mean, it is bizarre. It's a bizarre, interesting, peculiar, different business, right? You have these superstar players where it's kind of like a business and a name and a brand in themselves.

And then they play for this team that's a brand. Then they play for this league that's a brand. And you have agents in between. You have front offices theoretically representing the team and the ownership – oh, yeah, the ownership group. You got – you know, so there's all these levels and layers. And it's not like in any business. I can't, like, trade my CFO for your chief technology officer. [Laughter.] Like, they can get traded. Like, people get traded, right? I'd ask for a second-round pick if I did that, by the way. [Laughter.]

But –

MR. RUBENSTEIN: So why is there so much discrimination against Jewish basketball players? [Laughter.] There's virtually none in the NBA.

MR. GILBERT: I don't know. But I read recently that there's quite a bit – there's like an all-time high in baseball right now. Which, you know, hey, you have a couple in the NBA, I think. But I'll tell you what, it's just a crazy – it's a crazy dynamic. Now, Kyrie Irving, it's new – I mean, it's public – he asked to be traded. And, you know, I think he wanted to be his own guy. And, you know what, look, you can say, hey, we just won a championship. We've been three straight finals. How can you – how can you do that? That's one side. The other side, you know, I try to take all of you. Like, you only have a certain amount of shelf life as a superstar athlete.

You know, LeBron's a very dominating, all-time best basketball player and personality. And, you know, he only has X amount of years. He wants to be his own – you know, you can understand – you can understand a little bit, right? And so, you know, to me, once somebody crosses that line and sort of demands a trade, and his agent demands a trade and all, it's a hard thing to come back. And people say, why don't you just say no? Well, you know, that's easier said than done. And there's a lot of moves that they could make if they really wanted to. You know, he's got to, maybe got to try hard, I mean, who knows. You're going to demoralize somebody. So, you got to try to work things out.

MR. RUBENSTEIN: So, I assume politicians – now, because you're wealthy – politicians might come to you and say: Give me some campaign contributions. And are you involved in politics? And are you a Democrat, a Republican? Are you –

MR. GILBERT: Yeah, so, first of all we have an office here in Washington because of the mortgage regulatory network which – or infrastructure. It's 50 – we're probably the most regulated industry in the United States almost. Maybe banking and us. We're in the gaming business, but that's more of a state licensing thing. So, we have 50 state regulators, Fannie Mae, Freddie Mac, FHA, VA[14], CFPB[15], the Federal Reserve Board, I could go on and on and on. And there's a huge amount of implication of laws and licensing.

We have – believe it or not, we've got, like, 30 full-time people in mortgage banker licensing. So, not the mortgage bankers but the – 30 people, 40 people, who all they do is figure out how these people can remain licensed and in which states should be they be licensed and what kind of continuing education do they have to take, and all this. So, we have an office here in Washington for that purpose of about – I don't know, Shawna[16], are you here? Where are you? You're just a – yeah, so, she's over there. And she's something –

MR. RUBENSTEIN: So, what you're saying is you give to both parties, I assume. [Laughter.]

MR. GILBERT: Yes. Both parties. The state of Michigan, on a local level, prevents – it's the only state in the United States, if you have a casino gaming license you are not allowed to give to any local or state politician – period, end of story. Yeah.

MR. RUBENSTEIN: So, have you met President Trump ever?

MR. GILBERT: Yes, I did meet him twice. I met him – he called me in to talk about the infrastructure – me and some other people – about – you know, from the middle of the country – about what – and he wanted our advice on what the federal government should do if they invest

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[14] Veterans Administration
[15] Consumer Financial Protection Bureau
[16] Reference to a colleague

into infrastructure in urban cores. So, yeah, it was – and the Chicago Cubs[17] were there that day. It was another interesting thing.

MR. RUBENSTEIN: All right. So, you have a fair amount of money. You've got a sports team. You've got a successful business. You've got a great family. So, is there anything you're lacking that you want?

MR. GILBERT: I'd give it all away for my oldest son to be healthy, right? All of it, so. [Applause.]

MR. RUBENSTEIN: Right. What – you know, you're still relatively young, certainly by my standards you're young. You're in your 50s, 56.

MR. GILBERT: Just turned, yeah.

MR. RUBENSTEIN: Just turned 56.

MR. GILBERT: I got the whole year ahead of me at 56.

MR. RUBENSTEIN: So, what is – what do you want to do with the remaining 56 years of your life?

MR. GILBERT: So, I have a three-part sort of – I didn't tell you to ask this question, but I'm glad you did. It's a three part – it's sort of a simple formula. I think I turned – when I turned 50 or 45. You know how that goes. You can't remember anymore. But I said I want to do – in general strokes, if I can impact as many people in a positive way that I possibly can. Number two, have fun while doing so, because if you're not having fun you may as well not do it, right? And number three, build wealth in the process. But the reason I wanted number three to build wealth, is so I can do more of one and two. And that's it.

MR. RUBENSTEIN: So, did you ever consider investing and buying buildings in Washington, D.C.?

MR. GILBERT: No. Definitely not. [Laughter.] But – no, only because they're doing great and the prices are – you know. So, you know. But we were talking to people in Washington, D.C. You know, you're running out of space here. We've got some buildings we're building in Detroit so, you know. [Laughter.] Cheaper rental rates too.

MR. RUBENSTEIN: So, what you want – but of the things you've done, what are you most proud of?

MR. GILBERT: I mean, I'm most proud of my family, for sure. I have five kids and a beautiful wife and all that. I mean, I'm lucky. I came – sometimes – I pinch myself more on that when I'm sitting there looking at them all, and you look at your life and you go, why would she – I

[17] MLB team

don't know why she said yes, but – [laughter] – if she didn't I swear to this day I would probably be single. I would be.

MR. RUBENSTEIN: Where did you meet her?

MR. GILBERT: She came in and tried to sell me office furniture one day. It's a true story. [Laughter.]

MR. RUBENSTEIN: And I've bet she's bought a lot of furniture with your money now. [Laughter.]

MR. GILBERT: Well, in fact – [laughs] – in fact, I gave her one month last month an unlimited budget, and she exceeded it. [Laughter.]

MR. RUBENSTEIN: Right.

MR. GILBERT: Mmm hmm, yeah.

MR. RUBENSTEIN: So, today you must have some goal of what you want to do. What would you like to be most remembered for – being your business career, your philanthropic career, your family, your basketball team?

MR. GILBERT: Well, look, the basketball team is – to deliver Cleveland – I'll just talk about that. It wouldn't be number one, but it would be up there. I mean, to deliver – I'll never forget that day, you know, in Cleveland – which, you know, they have such good people. I mean, you know, just hardworking people who've had, you know, not an easy time over the last, whatever, 25-30 years – and it's been 52 years since they had had a professional championship, thinking their city was cursed and all this business. I mean, they called it "the curse." That was before the letter, but it was the curse. [Laughter.] And they have a lot of – those of you from Cleveland over there, you know what I mean. You know there's always things that happen, you know, when they almost made champion – won championships in football and baseball and all that.

So, it was a beautiful day, that parade that we had now a year and a half ago. And there was a million-three people in downtown going – you want to walk about the country coming together, like white people, black people, old people, young people, rich people, poor people, families – I mean, just in the joy of – you know, on that parade which, by the way, lasted six hours instead an hour and a half because they didn't put barricades, you know, to keep people away from the – and when I went to the police chief after, I said, hey, nothing personal, but barricades for the parade? And he said, damn, we haven't had a parade since '64. We didn't know. We forgot. [Laughter.] You know, so he goes, next year I'll have them.

MR. RUBENSTEIN: So, what do you do for relaxation, other than watch your basketball team, let's say? Do you – are you an athlete, or?

MR. GILBERT: You know, I work out. You know, more functional stuff than the weights like I used to a lot of. And I do a little bit of that. But lately, in the last few years, I'm stuck into this whole physics – quantum physics thing. I kind of, like, get into quantum physics. I go down the YouTube rabbit hole, study quarks, you know, and entanglement and all this kind of crazy. It's just crazy. You got to try it. It's crazy. [Laughter.] I mean, it's crazy. The world at a quantum level is – and those of you – a few – maybe some of you guys know what it is. I mean, you got to check it out.

MR. RUBENSTEIN: I'm going to do it right after this.

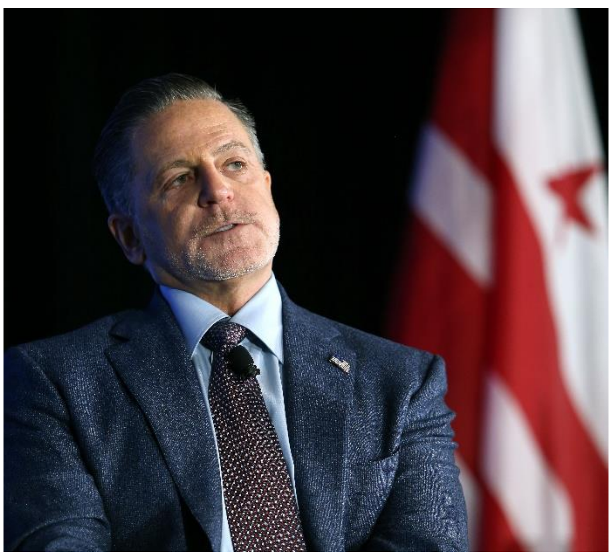
MR. GILBERT: Yeah, sure. You know. [Laughter.]

MR. RUBENSTEIN: So, you've had this great career. I want to thank you very much for coming by. And thank you very much. Let me give you a gift.

MR. GILBERT: Well, thank you. It's been a pleasure. [Applause.]

MR. RUBENSTEIN: This is an original map of the District of Columbia.

MR. GILBERT: Thank you very much.



Dan Gilbert
Founder and Chairman, Quicken Loans Inc.,
Founder and Chairman, Rock Ventures LLC
Majority Owner, Cleveland Cavaliers

Dan Gilbert is Founder and Chairman of Quicken Loans Inc., the nation's second largest mortgage lender. He is also Founder and Chairman of Rock Ventures LLC, the umbrella entity for his portfolio of business and real estate investments, and majority owner of the 2016 NBA

Champion Cleveland Cavaliers. Rock Ventures and its more than 100 affiliated companies across the country employ more than 30,000 team members.

Between 2013 and 2016, Detroit-based Quicken Loans closed more than $300 billion in home loan volume across all 50 states, and in 2016, for the seventh consecutive year, earned J.D. Power's highest rating for client satisfaction among all U.S. mortgage lenders. Quicken Loans is No. 1 on Computerworld magazine's "100 Best Places to Work in IT" and has been named one of FORTUNE Magazine's "100 Best Companies to Work For" for 14 consecutive years.

Gilbert is also a shareholder in several sports-related consumer and technology businesses, including a leading wall graphics company (Fathead), electronic ticketing company (Flash Seats) and innovative sports equipment helmet maker (Xenith). In February 2016, Gilbert co-founded Detroit-based StockX, the world's first "stock market of things." StockX develops, markets and operates an online and app-based live marketplace for the sale and distribution of high-demand consumer products, including sneakers, watches and handbags.

Gilbert began moving his Family of Companies to Detroit's central business district in 2010 in an effort to help lead the transformation of a great American city. In January 2010, Gilbert co-founded Bedrock Detroit, a full-service real estate firm specializing in acquiring, leasing, financing, and managing commercial and residential space. Since then, Bedrock and its affiliates have invested more than $5.6 billion in acquiring and developing more than 100 commercial properties accounting for more than 16 million square feet in the city's urban core. Thousands of jobs have been created, and today nearly 17,000 Rock Ventures team members work in downtown Detroit.

Gilbert also founded JACK Entertainment, a developer and owner of unique urban casinos in downtown Cleveland, Cincinnati and Baltimore. In 2013, the company also acquired Detroit's Greektown Casino-Hotel, which will be renamed JACK Detroit Casino-Hotel in May 2018.

In March 2013, Rock Ventures, in collaboration with the Downtown Detroit Partnership and Detroit Economic Growth Corporation, unveiled and implemented a visionary placemaking and retail plan centered on creating activity and vibrant, distinct destinations to draw people to the region using a multifaceted approach to the planning, design and management of public spaces.

Gilbert is a Founder and Principal of Detroit Venture Partners (DVP), a venture capital firm that funds startup and early-stage technology companies in Detroit. He is also a Founding Partner of Detroit-based private equity group Rockbridge Growth Equity LLC, which invests in growing businesses in the financial services, Internet technology, consumer-direct marketing and the sports and entertainment industries across the United States.

In September 2013, Gilbert was named co-chair of the Blight Removal Task Force. The group, appointed by the Obama Administration, published a detailed plan in May 2014 to remove all blighted structures and lots in the city of Detroit. He also serves as Vice Chairman of the M-1 RAIL initiative. The 6.6-mile modern streetcar system, known as QLINE, is designed to spur economic development and improve downtown and midtown Detroit's transportation infrastructure.

Gilbert serves on the boards of the Cleveland Clinic, the Washington D.C.-based Children's National Medical Center and the Children's Tumor Foundation, which is focused on finding a cure for the genetic disorder neurofibromatosis.

He earned his bachelor's degree from Michigan State University and his law degree from Wayne State University.