

## FINANCIAL FRIDAYS

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SCRT IS IN VEGAS- WHAT ARE THE ODDS?

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Greetings from the land of dreams and desires, but no windows or clocks! The Board members of SCRT are gathered here in Las Vegas during the Experience, the industry's premier convention and trade show. We are out here meeting with all of the movers and shakers of the industry, keeping your interests front and center in their minds. A few of us are also hitting a table or two. For those of you who have joined us in Vegas, or for those of you who like to frequent your local gambling establishment, I've decided to dedicate this week's Financial Friday article to a different type of financial analysis- namely, the world of casino odds.

I was brought up in the 60's and 70's in an Italian family in New York City. As such, I was raised in a strict, Catholic family tradition that worshipped the "Three G's"- God, Grandma and Gambling! Ever since I can remember, I have been around card players, horse players, and other characters out of a Damon Runyon novel. I had the bug from early on, and can remember vividly plopping down my quarters at the church bazaar, hoping the wheel would land on my favorite color (red), paying me 4 to 1.

My life on Wall Street introduced me to another, more refined form of gambling. The stock and commodity markets became my personal casinos for a quarter century. Through it all, I managed (barely) to maintain my discipline and bank account. The biggest edge that I had was my innate ability to figure things out in my head in an instant. I know all the odds, and I can steer clear of "sucker bets" in hopes of maximizing my chances.

Let's start the casino tour with some simple rules: first, you can't beat the casino. They don't build billion dollar hotels in the desert for the views. Once we realize this, we move on to the second simple rule: never bet money that you cannot afford to lose. Simple concept, hard to follow. Why else would there be so many ATM machines on the casino floor? The final simple rule: leave when you are ahead. If you do this, no matter how little you are up, you will NEVER be a loser!

On to the odds. Most people play slot machines. They are unassuming, fun to look at, and give you the sense of impending riches on every pull of the lever (sorry, press of the button...ahh, the old days!). Casinos make more money on slot machines than on any other area of the floor. That's ok- you can still do well. Follow these rules: stay away from the "Mega-Jackpot" games (like Wheel of Fortune), as most of the winnings get paid out on the larger prizes. Play the simple, quiet games that pay out about 97% of what they take in. Not bad, and you can still hit it big.

If you make it over to the tables, most of you will try blackjack, roulette or craps. Let's talk about each. Blackjack, or "21," is a game we can all be lucky at, but for some they can be great at it. Believe it or not, if you are great at counting cards (keeping track of the cards dealt, giving you a small window into what is left to see), you can actually give yourself a statistical edge over the casino. It's for that reason that they can ban you from the casino if they suspect you can count! If you decide to play, know two things: there are simple rules for every hand that tell you whether to "hit" or "stay." You can buy a cheat sheet at any novelty store in the casino, and most places let you look at it when you play.

Second, the game goes in streaks, so it is good to raise your bets when you win, and go down when you lose (don't ask me how, but that is the way it works).

Roulette is a great game for passing time while trying to hit it big. You can bet \$10 and win \$350 on a single spin! That attracts lots of players, and the mood around the table is relaxed and fun. There are numerous types of bets to make, from a single number to combos of numbers, to simply odd/even or black/red. The math seems complex but is, in fact, the most simple of any game. Every bet pays according to a theory of 36 slots on the wheel, but there are 38 in total (on most wheels). That gives the house an edge of  $2/38$ , or just over 5% on every roll. High profit for the casino, but high potential for you.

Craps scares even the most experienced gambler. It is the "man's game," and it has its own language and pay structure that confuses the best dealers. At its core, it's a simple dice game that has a simple rule: roll your number, and DON'T roll a 7! Everything else is tougher and more serious. The odds vary from bet to bet, but if you play smart and disciplined and stick to a few wagers, you can almost get your odds to be even with the casino- a great thing! If you ever want to try, go to a table during the midday and they will always be happy to explain it to you.

Every other table at the casino, barring some "Asian Games," has been put there to extract money from you in an entertaining way. Lots of action, side bets, and "almost" reactions are at these tables. They are the midway games at the carnival, fun to look at and try, but difficult to win. Let your buddy play, watch him and enjoy his faces, and keep your cash in your pocket.

Well, I've run on a bit too long. I have to get back to the craps table. There's a young lady on a roll, and I have to get in on some of that. I left out all of those "gambler's luck" superstition stories on purpose, since I'm a disciplined "math guy" who sticks to the odds. But every once in a while, you just have to go with your gut! Hope to get out of here to see you all next week! Wish me luck... I'm going to need it!!