

BEATING THE BOOKIES

Can you make money from gambling?

INTRODUCTION

- ✱ I'm currently working in the gambling industry
- ✱ Which is great when you're introducing yourself to religious people



CAN YOU WIN?

- ✱ William Hill made £81 million in 2009
- ✱ In the same year, Ladbrokes made £74 million
- ✱ Harrah's Entertainment had a revenue of \$10 billion in 2007



SPORTS BETTING

- ✿ You bet on an event to happen, or “back it”
- ✿ The price can be expressed as a fraction, 5/1 means you get £6 back from a £1 bet
- ✿ Or decimally as a price of 6.00



TOTAL BOOK

- ✱ Bookmakers work off a profit margin
- ✱ The size of this profit margin is known as the “total book”
- ✱ Punters would like a 100% book, but anything above this is bookmaker’s profit

Leeds v Chelsea

<i>Leeds</i>	<i>2.00</i>	
	<i>1/2.00</i>	<i>50%</i>
<i>Draw</i>	<i>3.25</i>	
	<i>1/3.25</i>	<i>31%</i>
<i>Chelsea</i>	<i>4.00</i>	
	<i>1/4.00</i>	<i>25%</i>
<i>Total book</i>		<i>106%</i>

PRICING THE MARKET

- ✱ So markets are priced to a percentage markup
- ✱ And the beauty of this is that if the bookmaker can balance their book, they make money whatever
- ✱ So they price markets to create this effect

Leeds v Chelsea

<i>Leeds</i>	<i>1.50</i>	
	<i>1/1.50</i>	<i>67%</i>
<i>Draw</i>	<i>4.50</i>	
	<i>1/4.50</i>	<i>22%</i>
<i>Chelsea</i>	<i>5.88</i>	
	<i>1/5.88</i>	<i>17%</i>
<i>Total book</i>		<i>106%</i>

PRICING THE MARKET

- ✱ Only a very few bookmakers price up the markets
- ✱ Everyone else copies off them
- ✱ And there really isn't much thought put into it

Excel - 2d_lookup4.xls

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Σ f_x 100% ?

	B	C	D	E	F	G
	Frequency					
	1	2	3	4	5	6
\$10.00	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00
\$16.00	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00	\$21.00
\$22.00	\$22.00	\$23.00	\$24.00	\$25.00	\$26.00	\$27.00
\$28.00	\$28.00	\$29.00	\$30.00	\$31.00	\$32.00	\$33.00
\$34.00	\$34.00	\$35.00	\$36.00	\$37.00	\$38.00	\$39.00
\$40.00	\$40.00	\$41.00	\$42.00	\$43.00	\$44.00	\$45.00

BETTER MODELLING

- ✱ One way to beat the bookies would be to build better models
- ✱ But you would need to have really good models
- ✱ And plenty of money to wager



FIX THE GAMES

- ✿ As the old saying goes, you don't make money out of thinking you know what is going to happen; you make money out of knowing what is going to happen
- ✿ And it's still quite common



ARBITRAGE BETTING

- ✱ If you can get preferential prices at a range of different bookmakers, you can bet on every outcome for a guaranteed return

Leeds v Chelsea

Normally: 2.00, 3.50, 3.50
Stake: £3.50, £2.00, £2.00
Winnings: £7.00, £7.00, £7.00

William Hill 1.50, 4.50, **5.88**
Ladbrokes **3.50**, 2.00, 3.50
Bedfred 3.50, **3.50**, 2.00

Stake: £2.75, £2.75, £2.00
Winnings: £9.63, £9.63, £11.76

ARB ROBOTS

- ✿ Because you don't have time to look for arb bets
- ✿ Why not get your robotic slave to do it?



COUNTER TACTICS

- ✱ So there are a few ways to make money on sports betting
- ✱ Unfortunately you can't get away with it for long...



FOBT MACHINES

- ✱ Fixed odds betting terminals
- ✱ Run games such as roulette and virtual horse racing
- ✱ The life and soul of the bookmaking industry



CASINO GAMING

- ✱ The two most popular games are roulette and blackjack
- ✱ So I'm just going to focus on these two
- ✱ Though you may want to try your hand at Weight of Fruit Cake



SYSTEMS

- ✱ There are a lot of betting systems
- ✱ And they are basically all nonsense
- ✱ Mostly due to the Gambler's Fallacy



DOUBLING UP

- ✱ Doubling your stake every time has two affects.
- ✱ One it prevents you from winning any real money.
- ✱ Two is increases your chance of going bust very quickly.

1st	£1	50%	1 min
2nd	£2	25%	2 mins
3rd	£4	12.5%	4 mins
4th	£8	6.25%	8 mins
5th	£16	3.13%	1/4 hour
6th	£32	1.57%	1/2 hour
7th	£64	0.79%	1 hour
8th	£128	0.40%	2 hours

BEATING ROULETTE

- ❖ Roulette is a no skill at all game, it's just random
- ❖ But the wheels aren't always perfectly random



BEATING ROULETTE

- ✱ The most famous case was Gonzalo Garcia-Pelayo
- ✱ He took the Casino de Madrid for over €1,000,000
- ✱ Subsequent legal action failed



BLACKJACK

- ✱ Offers the best odds of any casino game - when played well
- ✱ Indeed, if the house stands on “soft 17s” the house edge is only 0.2%



BASIC STRATEGY

Player hand	Dealer's face-up card									
	2	3	4	5	6	7	8	9	10	A
Hard totals (excluding pairs)										
17-20	S	S	S	S	S	S	S	S	S	S
16	S	S	S	S	S	H	H	SU	SU	SU
15	S	S	S	S	S	H	H	H	SU	H
13-14	S	S	S	S	S	H	H	H	H	H
12	H	H	S	S	S	H	H	H	H	H
11	Dh	Dh	Dh	Dh	Dh	Dh	Dh	Dh	Dh	H
10	Dh	Dh	Dh	Dh	Dh	Dh	Dh	Dh	H	H
9	H	Dh	Dh	Dh	Dh	H	H	H	H	H
5-8	H	H	H	H	H	H	H	H	H	H
Soft totals										
	2	3	4	5	6	7	8	9	10	A
A,8 A,9	S	S	S	S	S	S	S	S	S	S
A,7	S	Ds	Ds	Ds	Ds	S	S	H	H	H
A,6	H	Dh	Dh	Dh	Dh	H	H	H	H	H
A,4 A,5	H	H	Dh	Dh	Dh	H	H	H	H	H
A,2 A,3	H	H	H	Dh	Dh	H	H	H	H	H
Pairs										
	2	3	4	5	6	7	8	9	10	A
A,A	SP	SP	SP	SP	SP	SP	SP	SP	SP	SP
10,10	S	S	S	S	S	S	S	S	S	S
9,9	SP	SP	SP	SP	SP	S	SP	SP	S	S
8,8	SP	SP	SP	SP	SP	SP	SP	SP	SP	SP
7,7	SP	SP	SP	SP	SP	SP	H	H	H	H
6,6	SP	SP	SP	SP	SP	H	H	H	H	H
5,5	Dh	Dh	Dh	Dh	Dh	Dh	Dh	Dh	H	H
4,4	H	H	H	SP	SP	H	H	H	H	H
2,2 3,3	SP	SP	SP	SP	SP	SP	H	H	H	H

CARD COUNTING

- ❖ Card counting is nothing new
- ❖ In 1957 Roger Waldwin and Wilbert Cantey published Playing Blackjack to Win



CARD COUNTING

- * Card counting isn't illegal, as much as the casinos would love you to believe it is
- * Though having computer devices to count cards is illegal

-1	<i>10, jack, queen, king</i>
0	<i>8, 9</i>
+1	<i>2, 3, 4, 5, 6, 7</i>

COUNTER TACTICS

- ✿ While it may not be illegal, it's very difficult to do
- ✿ And of course, the casinos will try their best to stop you



TEAM PLAY

- ❖ Popularised in the 1970s
- ❖ “Spotters” would scout out the tables and the summon over “The Big Player”
- ❖ The most famous team was lead by Tommy Hyland



THE MIT YEARS

- ✿ In 1979 MIT ran a course on “How to Gamble if You Must”
- ✿ The following year the first “MIT Bank” was formed



THE MIT YEARS

- ✱ The operation expanded outwards during the 1990's
- ✱ At it's hight, up to 80 students were working the casino floor



BEATING THE CASINO

- ✱ Throughout history people have beaten the house
- ✱ But it's rare because if you win too much, they just blacklist you



CONCLUSION

- ✿ It is possible to make a little bit of money - but not for long
- ✿ Which is nonsense really
- ✿ But still, you could always get lucky...

