

Sports Wagering

LIONEL SAWYER & COLLINS


ELLEN WHITTEMORE

Sports Wagering

- Sports wagering is a national past-time.
 - The National Gambling Impact Study Commission (NGISC) estimated that as much as \$380 billion is illegally wagered on sporting events each year in the United States. In its final report, the Commission noted that “sports betting [is] the most widespread and popular form of gambling in America.”
 - Overall, Nevada's legal sports wagering represents less than 1 percent of all sports betting nationwide. In 2008, almost \$2.6 billion was legally wagered in Nevada's sports books.
- Professional sports.
 - More bets are placed on the Super Bowl than on any other sporting event of the year, including March Madness.
 - Some have estimated that over \$7 billion is illegally wagered on the Super Bowl each year.
 - Approximately \$81.5 million was wagered on the Super Bowl in Nevada's sports books in 2009, according to the Nevada Gaming Control Board. The sports books returned to a winning percentage taking \$6.7 million or 8.2%.
 - Of the total amount bet on the Super Bowl, only about 1.5 percent is wagered legally; these bets are made by those over age 21 and physically present in the state of Nevada.
 - Approximately two-third of all sports bets in Nevada are place on professional, non-college sporting events.

Sports Wagering

■ Collegiate Sports

- The FBI estimates that more than \$2.5 billion is illegally wagered on March Madness each year.
 - Comparatively, sports book operators estimate \$110 million – less than 5 percent of the illegal take – is wagered on the tournament legally through Nevada's sports books.
- 
- A decorative graphic consisting of several thick, light gray, wavy lines that flow from the right side of the slide towards the left, creating a sense of movement and depth.

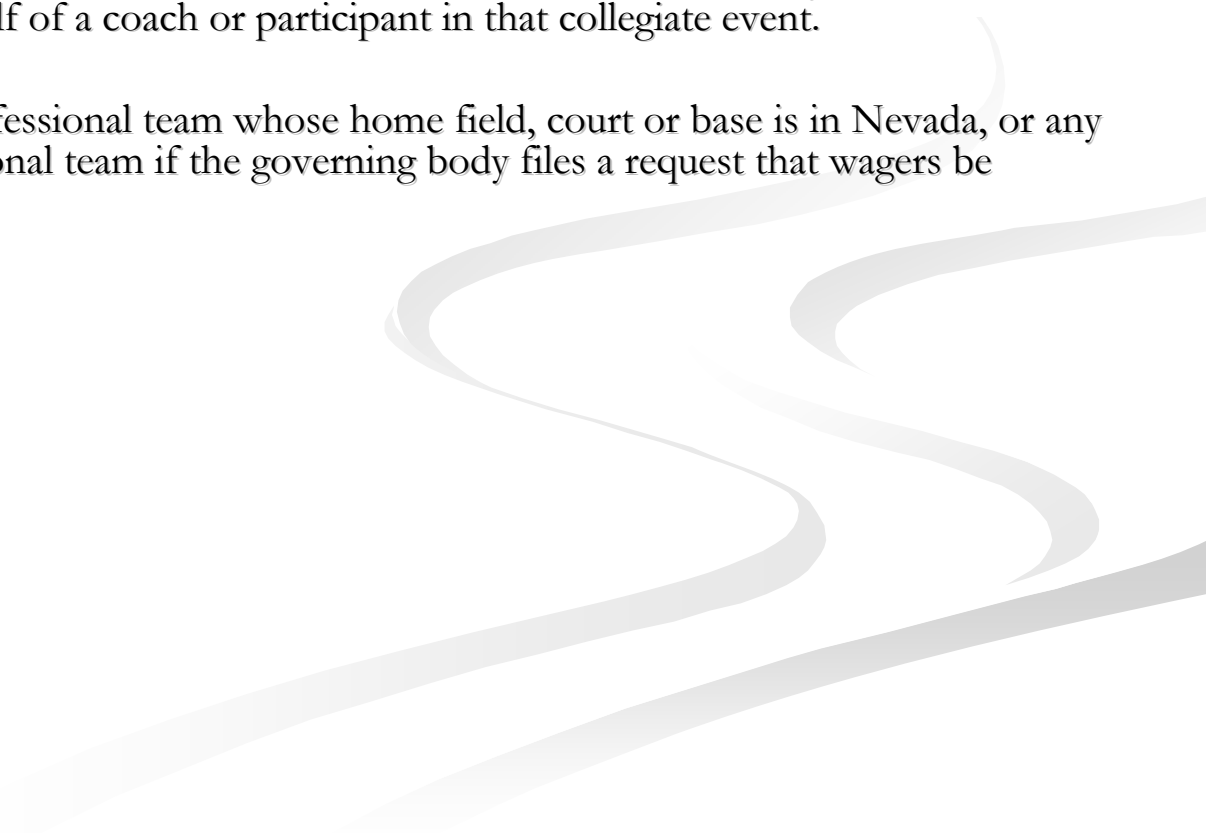
Nevada's legal sports wagering industry

- Sports books are a complement to other legal gambling.
 - Until 1975, Nevada casinos were prohibited from having sports books on their premises. Sports books were predominately small, austere, dimly lit and clouded with smoke.
 - When the prohibition was lifted, the major publicly-traded casino operators began building “superbooks” with state-of-the-art video displays, higher limits and better service.
 - Casino operators began offering football contests and parlay cards, opening sports betting to the casual sports fan.
- Sports books are licensed and regulated by the Nevada Gaming Control Board and Nevada Gaming Commission.
 - The Nevada Gaming Control Board is a three-member full time body, tasked, along with other responsibilities, with investigating the integrity and probity of applicants for licenses under the Nevada Gaming Control Act.
 - The Nevada Gaming Commission is a five-member body which serves as the final decision-maker on licensing and disciplinary matters.
 - Sports book operators must undergo a thorough background investigation prior to being licensed. The investigation has been described as more extensive and intrusive than the highest U.S. security clearance investigation.

Nevada's legal sports wagering industry

- Employees are registered.
 - All employees are registered as gaming employees.
 - All supervisors, individuals who set odds, points spreads or betting lines must submit additional information.
- Reserves for payment of winning wagers must be maintained.
 - Each sports book must maintain an irrevocable reserve equal to the:
 - Amounts held by the sports book on behalf of the patron
 - Amounts accepted by the sports book as wagers on contingencies whose outcomes are not determined
 - Amounts owed but not paid.
 - The reserves are designed to protect the amounts owing to the patrons in the event of a bankruptcy.
- Cash transactions
 - Reported pursuant to Title 31
 - Special restrictions on wagers over \$10,000.
 - Each sports book must obtain identification credentials from the patron.
 - Each sports book must determine if the wager is being placed on behalf of another and if so request identifying information regarding the wagerer.

Nevada's legal sports wagering industry

- Computerized bookmaking system
 - Minimum standards for such systems
 - Prohibited Wagers
 - Any amateur non-collegiate sport or athletic event
 - Any collegiate sport or athletic event which the licensee knows or reasonably should know is being place by, or on behalf of a coach or participant in that collegiate event.
 - Nonsporting events
 - Any event involving a professional team whose home field, court or base is in Nevada, or any event involving a professional team if the governing body files a request that wagers be prohibited
- 

Ensuring the Integrity of the Sport

- Illegal sports wagering harms the integrity of both professional and amateur athletics.
 - Although technically illegal in most states, placing a bet with an alumna of a cross-state rival is common place, as is putting up \$20 to be roundly defeated in an office March Madness pool. Most think that this type of “wagering” is harmless.
 - Illegal bookies operating in our communities and our college campuses are often associated with organized crime. Wagering with these bookies is rarely harmless.
 - Internet gambling sites open to U.S. citizens are illegal. And yet, they proliferate. It is estimated that there are over 1000 internet gambling sites offering sports wagering. These sites are rarely (if ever) regulated to the degree that Nevada sports books are regulated.

Ensuring the Integrity of the Sport

- The Nevada sports book industry is interested in ensuring the integrity of sports.
 - Nevada sports books have legal duties as state-licensed, regulated entities to follow, and moral obligations as good corporate citizens to uphold.
 - Commercial gaming companies have an overwhelming financial interest in maintaining the integrity of all games that are offered to the public, particularly those who operate Nevada's sports books within their resorts.
 - The gaming industry will rightfully lose public confidence, and with it the customers on which it depends, if the gaming offered, including sports wagers, is not conducted fairly and honestly.
 - Nevada's legal sports books can lose money if a customer places a sports wager when someone is attempting to manipulate the outcome through point shaving.
 - It is for these reasons that legal sports books take elaborate security measures and cooperate fully and regularly with federal and state law enforcement agencies as well as with the professional sports leagues and the NCAA. Recently, the Nevada gaming industry has taken this to a new level.

Possible Expansion of Sports Wagering in the United States

■ Delaware

- Bill requires the Lottery Director to use his or her authority to reestablish a sports lottery. The sports lottery excludes collegiate sporting events that involve a Delaware college or university. Persons under the age of 21 will not be allowed to participate in the sports lottery.

Possible Expansion of Sports Wagering in the United States

- New Jersey
 - Bill authorizes sports betting in New Jersey casinos only on professional sporting events

Look who's watching

- Integrity Reports from the inside serve as a deterrent to referees, coaches and players who might damage the integrity of the sport by engaging in inappropriate activity.
- The reports assist governing bodies in analyzing trends to tailor education and prevention efforts in the future.
- Reports are provided to regulatory and law enforcement agencies

Integrity Reports

- Weekly Game Analysis including:
 - The opening and closing line from one of the major casino properties located on the Las Vegas strip;
 - The final result of the game;
 - The team's season record after the game;
 - A grade on the team's effort (the grade is based on the team's perceived potential performance versus the actual performance against the consensus line or to the point spread);
 - Whether there was money against the team and the line movement for that particular contest;
 - An *against the spread* result;
 - Win (W), loss (L) or tie (T);
 - Whether the team was a *favorite* regarding the point spread for that game;
 - *Rating* which is the LVSC power rating for the team entering the current game;
 - *Flags* that have been raised as a result of certain variables;
 - *Line Movement Correct* indicates how often the betting public is correct in predicting the outcome of the *against the spread* for that team.

Weekly Opening Lines

Mike Seba	Scott Ramsey	Tony Sinisi	Ken White	Team	Side / Total		LVSC
					Mdn	Avg	Openers
46 ½	49	52	46	STATE U	48	48 ½	48
-14	-18	-17	-14	TECH COLLEGE	-15½	-16	-16
-11	-17½	-8	-14	NEVADA TECH	-12½	-12½	
67	72	65	61	WHITTEMORE STATE	66	66	
Game Circled: NV Tech Starting QB, Joe Cool- Doubtful							
66	54	57	68	PATTERSON STATE	61½	61	60
-15	-13	-13½	-13	ANDREWS COLLEGE	-13	-13½	-13½
Andrews College-QB- James Swift- Out							

Weekly Proposition Bets

MOST FIRST DOWNS:				Dec 01 01:30 PM
				Updated @ Mar 02 05:36 PM
TECH STATE	+1/2 +120		(25) ### WINNER ###	✓
STATE U	-1/2 -140		(21)	
TECH STATE/TECH U – TOTAL SACKS:				Dec 01 01:30 PM
				Updated @ Mar 02 06:09 PM
OVER 4½	-150		(6) ### WINNER ###	✓
UNDER 4½	+130			

Box Score

		STATE U		TECH COLLEGE
First Downs		10		26
Plays		54		85
Total Yards		168		437
Avg Yds per play		3.1		5.1
Rush Yards		12		231
Per Rush		0.5		4.7
Passing Yards		156		206
Yards per Pass		5.4		5.7
Points Per Yards		15.4		25.5
Fumbles Lost		3		1
Interceptions Thrown		1		1
Missed FGs		0		1
Failed 4th Down Conv.		0		1
Kick Off Ret TD		0		0
Punt Ret TD		0		0
Int Ret TD		0		0
Fumble Ret TD		0		0
Boxscore Final		13		24

Team Game Report

Tech State

Date	Opponent	Open Line	Close Line	Res	Rec	Grade	Money Against	Line Move	Game Day Money Against	Game Day Line Move	ATS Result	Favorite	Was game day move correct?	Flg Pts	# of times Side Trading	# of times Total Trading	Rating
9/1	State U	-20	-21.5	W 52-10	1-0	A	No	xx	No	xx	W	Yes	xx	xx	13	xx	182
9/8	at Whittemore Academy	-7	-9	W 20-17	2-0	B	No	xx	No	xx	L	Yes	xx	4	5	1	184.6
9/15	Patterson U	+10.5	+10 Even	L 31-49	2-1	C+	No	xx	Yes	\$ (0.10)	L	No	Yes	xx	15	4	184.8
9/22	Andrews' College	-23	-24.5	W 41-40	3-1	C	No	xx	No	xx	L	Yes	No	3	9	xx	183.3
9/29	Morgan Tech	-22.5	-18	W 35-17	4-1	C+	Yes	4.5 pts	Yes	4.5 pt	L	Yes	Yes	9.5	2	xx	180.8
10/6	at Leslie State	-16	-10	W 26-21	4-2	C+	Yes	xx	Yes	5.0 pt	L	Yes	Yes	10	10	1	177.7
10/13	Tahoe State	-4	-3	L 14-45	4-3	C	Yes	1.0 pt	Yes	1.0 pt	L	Yes	Yes	5	2	2	176
10/20	Nevada Tech	-2	-1.5	L 14-36	4-4	B-	Yes	0.5 pt	Yes	0.5 pt	L	Yes	Yes	5.5	1	4	173.8
10/27	at Vegas State	+21.5	20.5	L 25-28	4-5	B+	No	xx	No	xx	W	No	Yes	Xx	8	xx	172.8
11/3	at Reno State	+18	+19	L 39-76	4-6	B-	Yes	1.0 pt	No	xx	L	No	No	Xx	11	xx	173.6
11/10	Podunk State	+7.5	+7.5	W 73-31	5-6	A	No	xx	No	xx	W	No	xx	Xx	0	1	173.1
11/23	at Upper Nevada	+5.5	+3.5 -130	L 51-65	5-7	B+	No	xx	No	xx	L	No	No	Xx	9	11	175.6
																	176.2

Integrity Reports

■ Weekly Officials Game Logs

- The Result of the game;
- The Opening and Closing Line for the home team;
- Money Against, designating which team had money played against it;
- The Line Movement;
- Game Day Money Against
- Game Day Line Movement
- Against the Spread for the home team;
- Whether the Favorite Covered;
- Count of Line Movements
- Count of Total Moves
- Whether the Game Day Movement was correct.

Officials Game Logs

Doe, Jack

Gm	Date	Visitor	Home	Home Open Line	Home Close Line	Home Result	Money Against	Line Move	Game Day Money Against	Game Day Line Move	Home ATS Result	Did Favorite Cover	Was game day move correct?	# of times Side Trading	# of times Total Trading
1	8/31	Tech State	State U	+21	+21	L19-30	No	xx	No	xx	L	No	xx	14	xx
2	9/8	State U	Whittemore Academy	-14	-13.5	W 37-17	Whittemore	1/2 point	Whittemore	0.5 pt	W	Yes	No	6	0
3	9/15	Whittemore Academy	Andrews' College	-32.5	-32	W 23-9	Andrews	0.5 pt	Andrews	0.5 pt	L	No	Yes	1	xx
4	9/22	Andrews' College	Upper Nevada	-3	-4	W 31-24 ot	Andrews	1.0 pt	Andrews	0.5 pt	W	Yes	Yes	4	0
5	9/29	Upper Nevada	Tech State	+9	+9	L 10-29	No	xx	No	xx	L	Yes	xx	2	2
6	10/6	Leslie State	State U	+2	+3 Even	W 28-26	State U	1.0 pt	No	xx	W	No	xx	9	0

Gm	Official Position	Referee	Umpire	Linesman	Line judge	Back judge	Field judge	Side judge	Visitor Penalties	Visitor Penalty Yards	Home Penalties	Home Penalty Yards	Total Penalties	Total Penalty Yards
1	Referee	Doe, Jack	Doe, Steve	Poe, Andrew	Doe, Tom	Smith, Joe.	Doe, Andrew	Roe, Otis	7	69	8	60	15	129
2	Referee	Doe, Jack	Doe, Steve	Poe, Andrew	Doe, Tom	Smith, Joe	Doe, Andrew	Roe, Otis	4	32	5	40	9	72
3	Referee	Doe, Jack	Doe, Steve	Poe, Andrew	Doe, Tom	Smith, Joe	Doe, Andrew	Roe, Otis	10	83	12	93	22	176
4	Referee	Doe, Jack	Doe, Steve	Moe, Larry	Floe, Fred	Smith, Joe	Poe, Morgan	Roe, Otis	3	30	5	42	8	72
5	Referee	Doe, Jack	Roe, Rick	Poe, Andrew	Floe, Fred	Smith, Joe	Poe, Morgan	Roe, Otis	6	60	5	31	11	91
6	Referee	Doe, Jack	Roe, Rick	Moe, Larry	Floe, Fred	Smith, Joe	Doe, Andrew	Roe, Otis	6	50	2	10	8	60

May 2008

Integrity Reports

- **An Analysis of Line Movement report**
 - Summarizes the results of the game as far as to whether the betting public is correct in predicting the outcome of the against the spread for that team and that analyzes the Total (sometimes referred to as the Over/Under), which is the number predictive of the total points scored in a game by both teams.
 - To the extent LVSC is able to secure information from licensed Nevada sports books, it also provides a breakdown of information regarding any wagering activity associated with “sharp/professional bettors” and/or “square/casual bettors..”

Opening Lines and Line Moves

MIRAGE				
Date & Time	Visitor		Home	
08/29/2007 11:25	STATE U.		TECH COLLEGE	-20
08/29/2007 14:53	STATE U.		TECH COLLEGE	-20½
08/30/2007 9:18	STATE U.		TECH COLLEGE	-20
08/31//2007 10:16	STATE U.		TECH COLLEGE	-20 -115
08/31/2007 10:52	STATE U.		TECH COLLEGE	-20 -120
08/31/2007 11:14	STATE U.		TECH COLLEGE	-20 -115
08/31/2007 15:00	STATE U.		TECH COLLEGE	-20
09/01/2007 8:44	STATE U.		TECH COLLEGE	-19
09/01/2007 9:22	STATE U.	45½	TECH COLLEGE	-19
09/01/2007 9:35	STATE U.	45½	TECH COLLEGE	-19½
09/01/2007 9:41	STATE U.	45½	TECH COLLEGE	-19
09/01/2007 12:22	STATE U.	45½	TECH COLLEGE	-19½
09/01/2007 12:24	STATE U.	45½	TECH COLLEGE	-19
09/01/2007 13:00	STATE U.	45½	TECH COLLEGE	-18½
09/01/2007 13:01	STATE U.	45½	TECH COLLEGE	-19
09/01/2007 13:02	STATE U.	45½	TECH COLLEGE	-18½
09/01/2007 13:09	STATE U.	45	TECH COLLEGE	-18½
09/01/2007 13:26	STATE U.	45½	TECH COLLEGE	-18½
09/01/2007 13:30	STATE U.	45½	TECH COLLEGE	-19

Appendix

■ Glossary of Terms

- ACTION – A bet
- ATS – Against the Spread
- BAD BEAT – Tough loss
- CHALK – Favorite
- CHURN – The effect of betting and rebetting money.
- CIRCLE GAME – Game where action is limited due to uncertainties about weather, injuries, conference, etc.
- COVER – For the favorite, winning by more than the point spread. For the underdog, winning outright or losing by less than the point spread.
- DOG – The underdog in a sporting event.
- EARN – Practical hold percentage.
- EDGE – Advantage
- EXOTIC BET – Action other than a straight bet or parlay.
- EXPOSURE – The amount of money the sports book actually stands to lose on a game or a race.
- EXTENSION – The amount of money the house theoretically will risk losing on a game or a race.
- FAVORITE – The team predicted to win the game. The favorite price will usually have a minus sign in front of the point spread.

Appendix

■ Glossary of Terms

- **FIRING** – Betting a lot. A player who is “firing” is wagering large sums of money.
- **FORM** – Expected performance according to how a team looks on paper.
- **HANDLE** – Total dollar amount of bets taken.
- **HEDGE** – Bet the opposite of your original wager in order to reduce the amount of liability you have on a game.
- **HOLD** – The percentage the house wins
- **HOME FIELD ADVANTAGE** – Edge the home team is expected to have as a result of familiarity with the playing area, favorable demographics and effect of travel on the visiting team.
- **LIMIT** – maximum bet accepted by the house before the price will be changed.
- **LINE** – The betting proposition on a game and/or payoff odds on the bet.
- **LONGSHOT** – Large underdog.
- **MIDDLED** - To win both sides of a game. For example, if you bet the underdog +3 ½ and the favorite -2 ½ and the favorite wins by 3, you’ve **MIDDLED** the book. The book has been **MIDDLED**.
- **NEUTRAL SITE** – Arena, court or field where neither side has a home field advantage.
- **OFF THE BOARD** - Game where no bets are being accepted.
- **OVERLAY** – When the odds on a proposition are in favor of the bettor rather than the house.

Appendix

■ Glossary of Terms

- PARLAY – A bet with two or more teams where all the teams must win for the bettor to be successful.
- PICK (PK) or PICK'EM – A game where neither team is favored.
- PRACTICAL HOLD PERCENTAGE – The amount won by a bookmaker divided by the total amount booked.
- PRESS – To bet a larger amount than usual.
- PRICE – Line or point spread.
- RUNDOWN – Line update.
- SCALPER – One who attempts to profit from the differences in odds from book to book by betting both sides of the same game at different prices. Very similar to a MIDDLE.
- SCRATCH – Withdraw; cancel.
- SIDE – The team a player wagers on.
- TO SIDE A GAME – To win one side and tie the other. For example, if you lay $-2 \frac{1}{2}$ and take 3 on the same game and the favorite wins by 3 you have SIDED the book. The book has been SIDED.
- STEAM – Heavy action on one side of a game.
- STRAIGHT BET – A bet on just one team.
- THEORETICAL HOLD PERCENTAGE – The edge the bookmaker would have IF the odds guaranteed him a constant commission regardless of the outcome.
- TOSS UP – Game where the line is close to pick'em.

Las Vegas Sports Consultants

- LVSC sets the opening line on all professional and amateur sporting events and monitors casino line movements to establish the consensus line
 - Weekly Proposition Bets
 - Over/Under Win Totals For All Teams
 - Future Odds
- Regulated by the Nevada Gaming Control Board and Nevada Gaming Commission
- Kenny White, Chief Operating Officer, is a renowned sports analyst providing odds to Nevada's sports books for over 20 years. Prior to becoming an owner of LVSC in 2003, he ran Nevada Sports Executives, an independent information service. Kenny is an acknowledged expert in the field of sports pricing, and has been featured in articles and television programs in media as diverse as the Wall Street Journal, ESPN and the Discovery Channel.
- A staff of professional sports analysts:
 - Nine individuals with over 100 years of combined experience
 - Registered with the Nevada Gaming Control Board
- Providing sports pricing and consulting services to licensed Nevada sports books. LVSC does not offer services to offshore sports books