

---

# **CASINO OPERATIONS MANAGEMENT**

---

SECOND EDITION

Jim Kilby  
Jim Fox  
Anthony F. Lucas



WILEY

John Wiley & Sons, Inc.



# CONTENTS

	<b>Preface</b>	<b>ix</b>
<b>Chapter 1</b>	<b>THE HISTORY OF MODERN GAMING</b>	<b>1</b>
	Nevada: The Birthplace of Modern Gaming	1
	The Wide Open Gambling Bill	2
	The Bull Pen Casino	3
	The Grandest Club in Southern Nevada	4
	Big-Time Gambling	4
	The Birth of the Las Vegas Strip	5
	Bugsy	5
	Howard Hughes	7
	Modern-Day Las Vegas	8
	Steve Wynn	9
	Sol Kerzner	10
<b>Chapter 2</b>	<b>GAMING CONTROL</b>	<b>13</b>
	History of Gaming Control in Nevada	13
	Atlantic City Gaming	21
	Indian Gaming	24
<b>Chapter 3</b>	<b>GAMING TAXES</b>	<b>35</b>
	Gaming Taxes	35
	Internal Control Systems	39
	Differences Between Nevada's and New Jersey's Internal Controls	41
<b>Chapter 4</b>	<b>CASINO MANAGEMENT</b>	<b>43</b>
	The Management Pyramid	43
	Casino Organizational Structure	43
	Casino Hotel Systems	49
	Staffing	53
<b>Chapter 5</b>	<b>CURRENCY REPORTING</b>	<b>61</b>
	History	61
	Nevada's Regulation 6A Model	63

<b>vi</b>	Contents	
	Title 31 Reporting	74
	Currency Transaction Reporting in Nongaming Areas	81
<b>Chapter 6</b>	<b>CASINO CAGE, CREDIT, AND COLLECTIONS</b>	<b>83</b>
	Casino Cage	83
	Casino Credit	84
	Collections	103
<b>Chapter 7</b>	<b>SLOT MANAGEMENT</b>	<b>107</b>
	Slots	107
	Video Pokers	120
	Floor Configuration	129
	The Slot Floor Layout and Consumer Behavior	133
	Elements of a Successful Slot Servicescape	134
	Determining Slot Win	134
	The Importance of Hit Frequency	135
	Random or Pseudo-Random?	139
<b>Chapter 8</b>	<b>INTRODUCTION TO TABLE GAMES</b>	<b>141</b>
	Dice	141
	Roulette	150
	Blackjack	151
	Baccarat	156
	Keno	158
	Caribbean Stud	161
	Let It Ride	163
	Pai Gow Poker	165
<b>Chapter 9</b>	<b>TABLE GAME OPERATIONS</b>	<b>167</b>
	Table Game Operations	167
	Revenue and Profit per Square Foot	179
	Betting Limits	184
<b>Chapter 10</b>	<b>CASINO ACCOUNTING</b>	<b>193</b>
	Table Drop and Count	193
	Slot Drop and Count	195
	Key Control	197
	Internal Audit	199
	Casino Audit	201
	Statistical Reports	204
<b>Chapter 11</b>	<b>MATHEMATICS OF CASINO GAMES</b>	<b>207</b>
	Dice	207
	Roulette	214
	Blackjack	214

	Baccarat	214
	Keno	216
<b>Chapter 12</b>	<b>ELEMENTS OF AN EFFECTIVE PLAYER RATING SYSTEM</b>	<b>219</b>
	Importance of Player Rating Systems	220
	Actual versus Theoretical Win	220
	Estimation of Average Bet and Time Played	221
	The Player Rating System	221
	Establishing Guidelines	233
	Player Rating Systems	233
<b>Chapter 13</b>	<b>TABLE GAME HOLD AS A MANAGEMENT TOOL</b>	<b>241</b>
	Uses of Table Game Hold	241
	Determinants of Hold	241
	Theoretical Win and Hold	245
	High Table Occupancy May Be Hazardous to Profit	250
<b>Chapter 14</b>	<b>CASINO MARKETING I</b>	<b>255</b>
	The Cost of Match Plays and Nonnegotiables	255
	Match Play: Problems and Solutions	259
	Gambler's Spree	260
	Dead Chips and Chip Warrants	267
	General Slot Marketing	276
	Consumer Choice Factors	279
<b>Chapter 15</b>	<b>CASINO MARKETING II</b>	<b>283</b>
	Rebates on Loss	283
	Player Action Criteria	294
	Table Game Rule Modification as a Marketing Tool	295
<b>Chapter 16</b>	<b>CASINO MARKETING III: THE PREMIUM PLAYER SEGMENT</b>	<b>301</b>
	Defining the Premium-Play Segment	302
	Acquisition Costs Keep Going Up	302
	Deconstructing the Premium-Play Segment	304
	The Hidden Cost of Discounting	304
	The Net Effect of a Premium Play	307
	Quick-Loss-Rebate Policies	308
	Costs of Competing for Premium Play	310
	Discounts for Twenty-one Players	311
	Discounts for Craps Players	312
	Testing a Minimum-Play Constraint	312
	Rationale Behind Discounting	313
	Baccarat Discounting Recommendations	315
	Dangers of Discounting	318

<b>Chapter 17</b>	<b>SPORTS BOOK OPERATIONS</b>	<b>319</b>
	History	319
	Sports Betting	322
	Money Lines	324
	Point Spread Betting	334
<b>Chapter 18</b>	<b>RACE OPERATIONS</b>	<b>343</b>
	Betting at the Track	343
	Types of Races	345
	Types of Bets	346
	Racing Terms	346
	Regulatory Requirements	347
	Race Book Operations	349
<b>Chapter 19</b>	<b>CASINO STATISTICS</b>	<b>357</b>
	Population	357
	Sample	358
	Parameters and Statistics	358
	Average or Mean	358
	Median	359
	Mode	360
	Measures of Dispersion	360
	Range	360
	Variance	361
	Standard Deviation	361
	Weighted Average	364
	Probability Distribution	365
	Expected Value	365
	Calculating the Standard Deviation with Uneven Betting	367
	Sample Game Probabilities, Variances, and Standard Deviations	371
	Our Worst Fears Realized—"A Money Manager"	372
	<b>Appendix: Z Table</b>	<b>377</b>
	<b>Glossary of Casino Terminology</b>	<b>379</b>
	<b>References</b>	<b>391</b>
	<b>Index</b>	<b>397</b>