Wagering Pools

A look at 18 years of Exacta and Trifecta Payoffs

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Where it Started

Case of the shrinking exacta

Officials blame high-end bettors who use robotic wagering

by Frank Angst

ONE REASON horseplayers suspect that wagering pools have been compromised is the dwindling payouts on winning exacta and trifecta payouts, a trend documented by a THOROUGHBRED TIMES investigation and in statistics presented to a National Thoroughbred Racing Association panel.

Without the advantage of a computer to instantly scan data from thousands of races, a THOROUGHBRED TIMES study of 300 races in 2005-'06 compared with 300 races from at least ten years ago revealed

Looking for overlays

In general, the computers search for mathematical anomalies in the wagering and pump money into those combinations. The computer programs project what payouts should be based on odds for each horse and then search for payouts that offer attractive odds in the multihorse wagers. The programs are capable of punching through 100 to 200 bets a minute.

When exacta and trifecta payouts come up low, Ron Nichol, a director of the Canadian Pari-Mutuel Agency that oversees that country's pari-mutuel pools, said possible explanations include a bettor who has made a stand on a race and placed a large bet, or if favored numbers like one, two, and three hit the board.

But he said low payouts often are attributable to a bettor using robotic wagering. He said the bets are easily recognizable to his investigators. "This type of wagering will show up as steady

bets in strange increments like $11, $17, $7, $29," Nichol said.

Nichol said he does not believe these players have access to the trifecta pools, a blind bet in which potential payouts are not posted, but he does think they have an advantage in that their programs are good enough to project the payouts based on win, place, show, and exacta wagering. He is not sure about the fairness of all this betting, which is allowed.

"I don't know what to think," Nichol said. "Sometimes these players are the reason for low payouts in the triactors [Canadian term for trifectas]. I don't think they have access to the payout information on triactors, but they can program little formulas into their computers to pick up patterns in the win, place, show, and exacta wagering to easily determine where the overlays are in the triactor betting."

With many outlets offering rebates to these high-end players, essentially giving them a lower takeout rate than other bettors, the whales have thrived.

High win rate

According to evidence presented by the Thoroughbred Racing Protective Bureau to the NTRA Wagering System Task Force, total annualized negative settlements incurred by North American Thoroughbred tracks to secondary outlets that offer

THE DOWNS AT ALBUQUERQUE
D-D66B-853C-958C
31-Mar-06 669
Race 7 SANTA ANIT $5
EXACTA $5
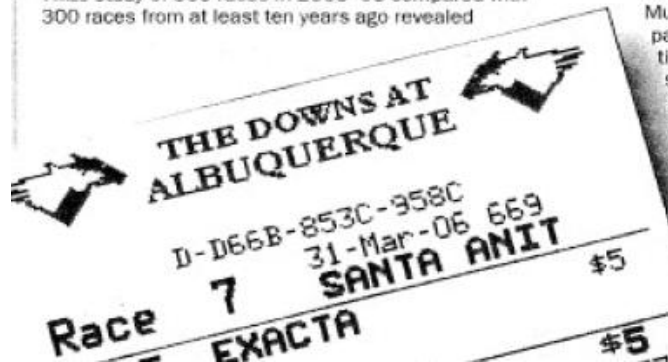
The Data

- Provided by Brisnet
- 12 tracks
- 1992-2005
- All races with Exactas and/or Trifecta
- In digital format
- 196,062 Exacta records
- 145,885 Trifecta records

The Data, continued

- Chart review
  - Being done by hand for select years starting with 1987.
- Requested additional information from each of the selected tracks – such as
  - Take-out rates
  - Hosting of off-track merged pool wagering
 - Any action against rebating sites

The Chart That Says It ALL
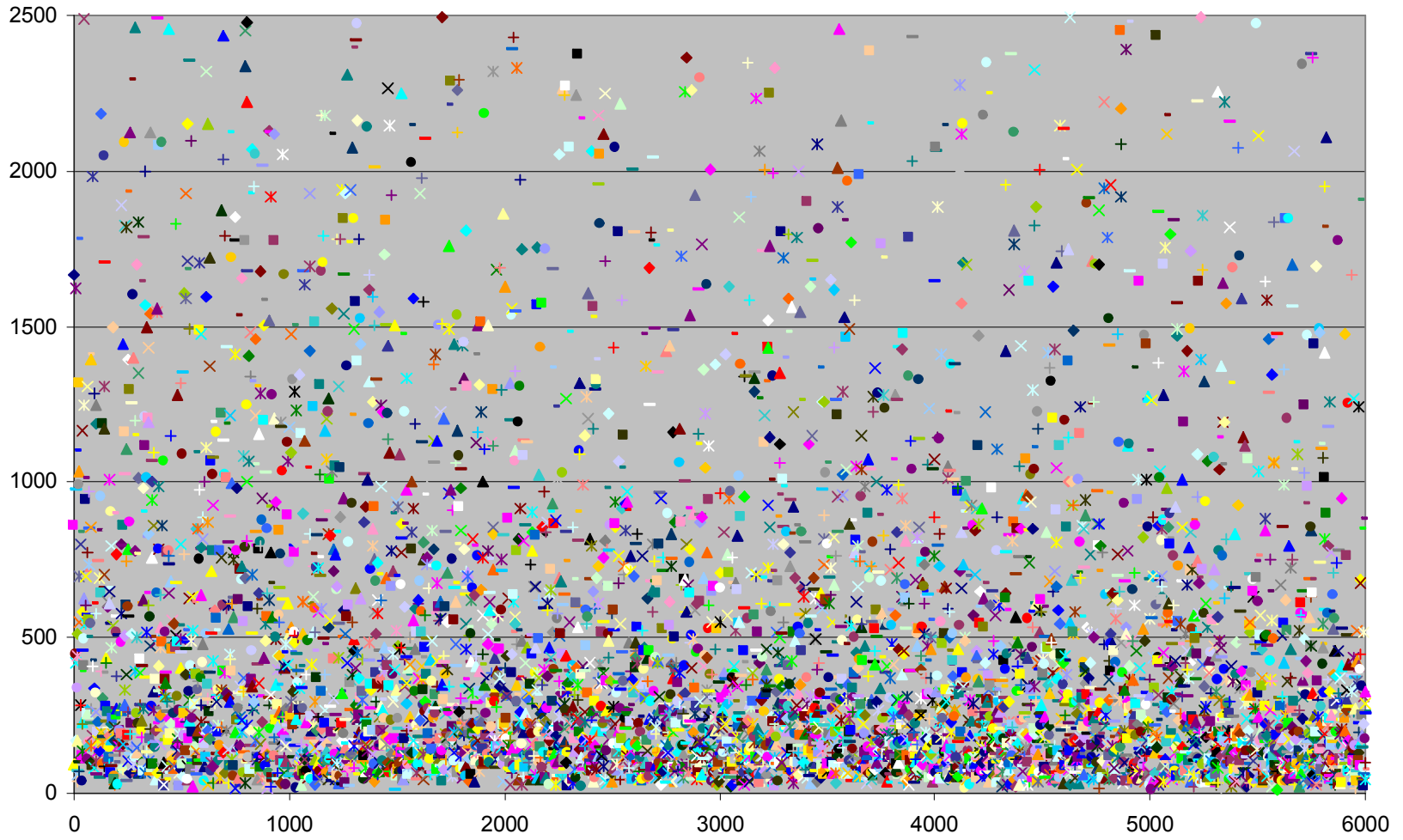
Initial Phase

- Started with 5 tracks of the 12 (Belmont, Hawthorne, Laurel, Santa Anita, Woodbine)
- Goal was to make initial assessments, and to develop analytical processes
  - Found variations in information reporting
  - Normalized data for take-out effects
  - "Cleaned" based on specific criteria to remove erroneous records
  - Looked at betting interests and betting combinations
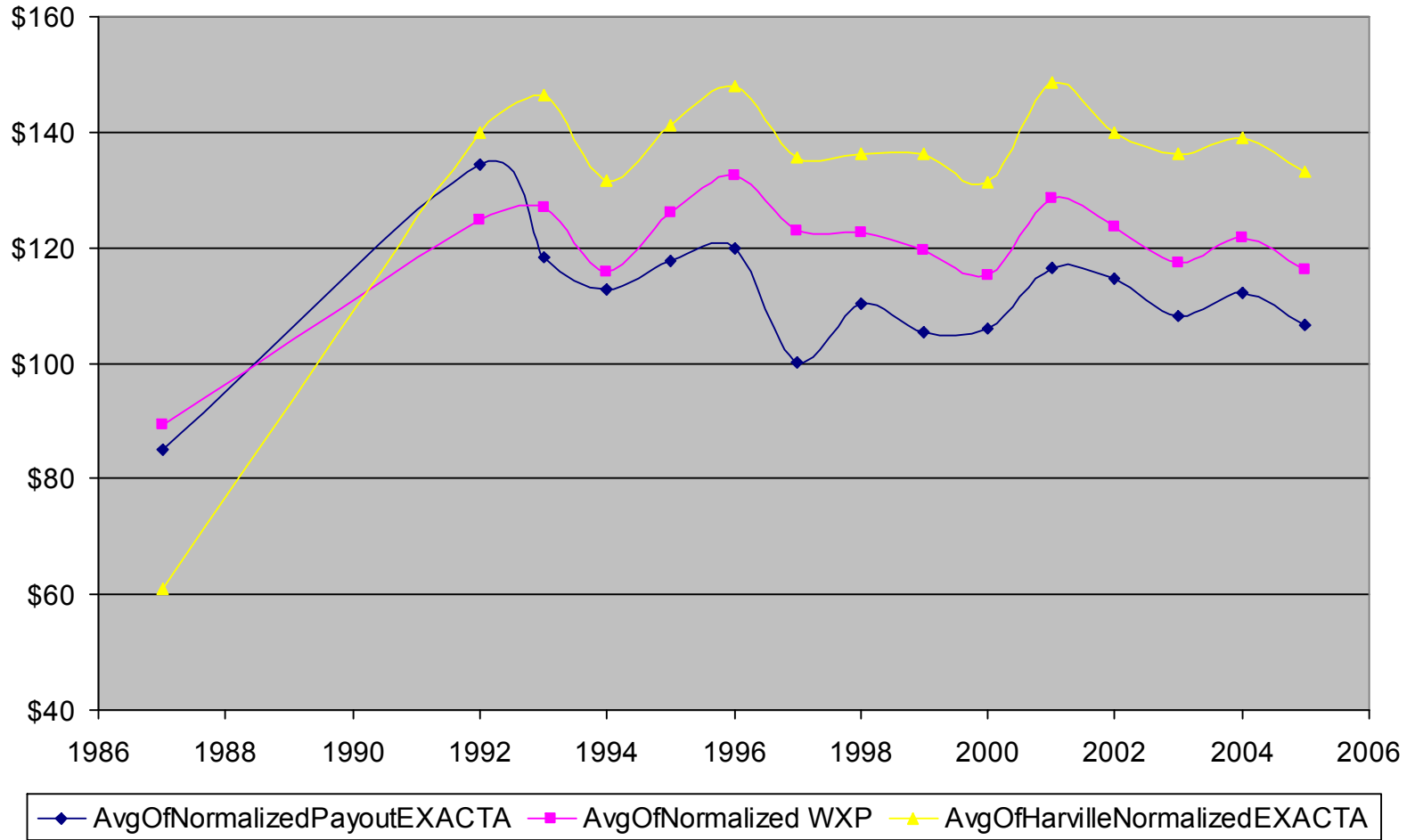- Graphed results

Raw Exacta Payouts

Legend: BEL, HAW, LRL, SA, WO
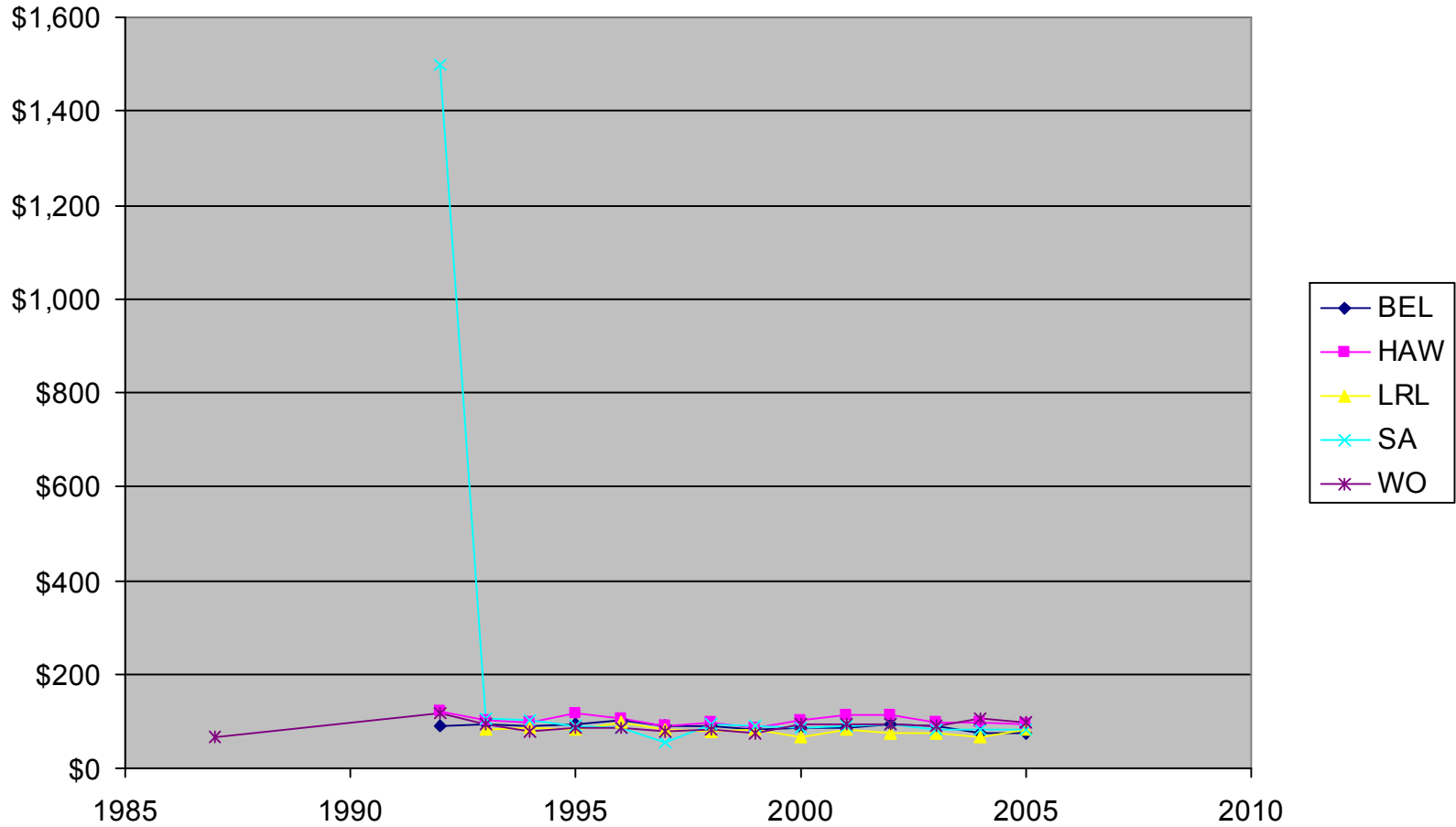
Normalized Exacta Payouts
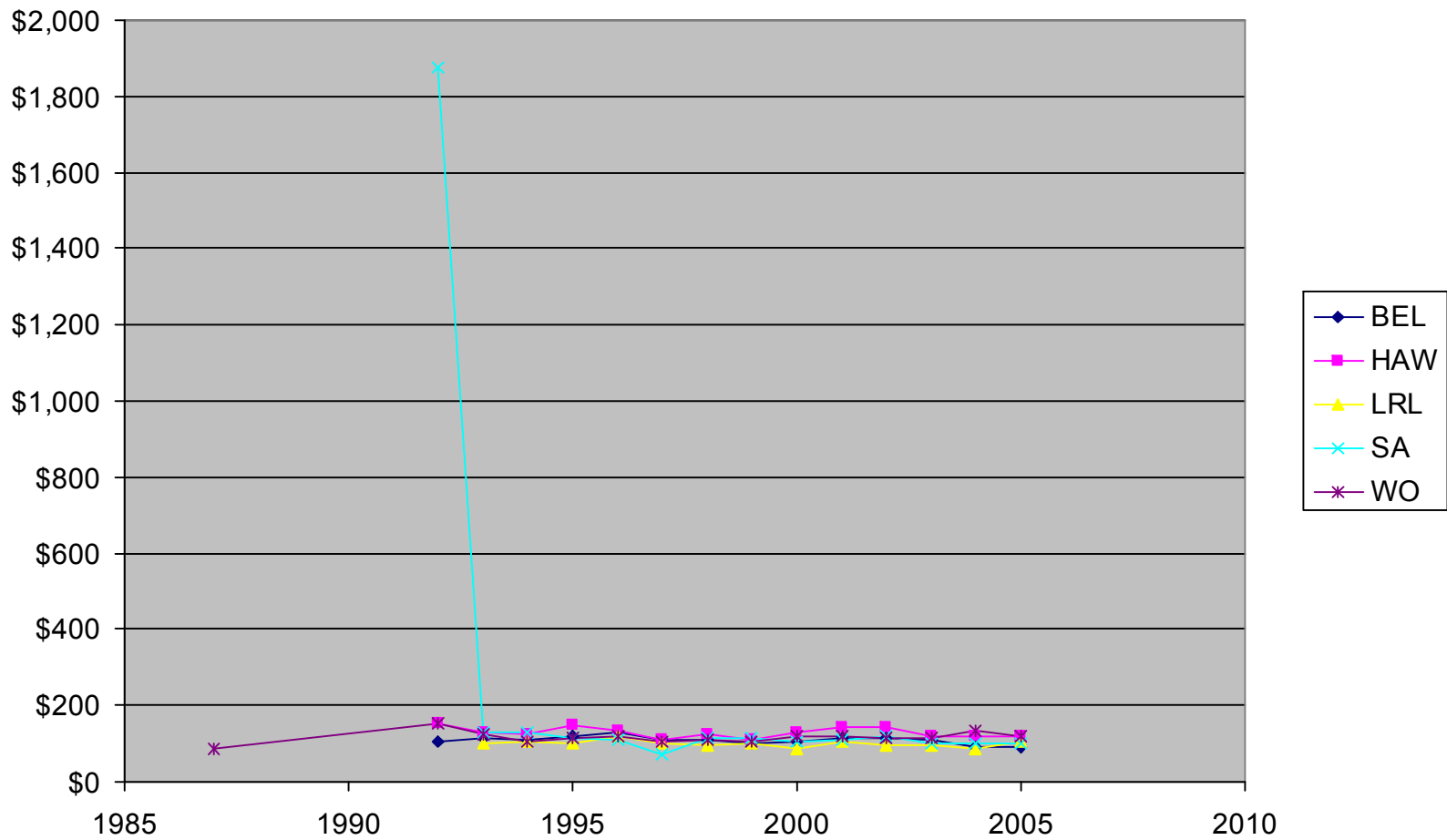
Normalized v. UnNormalized Exacta Payouts
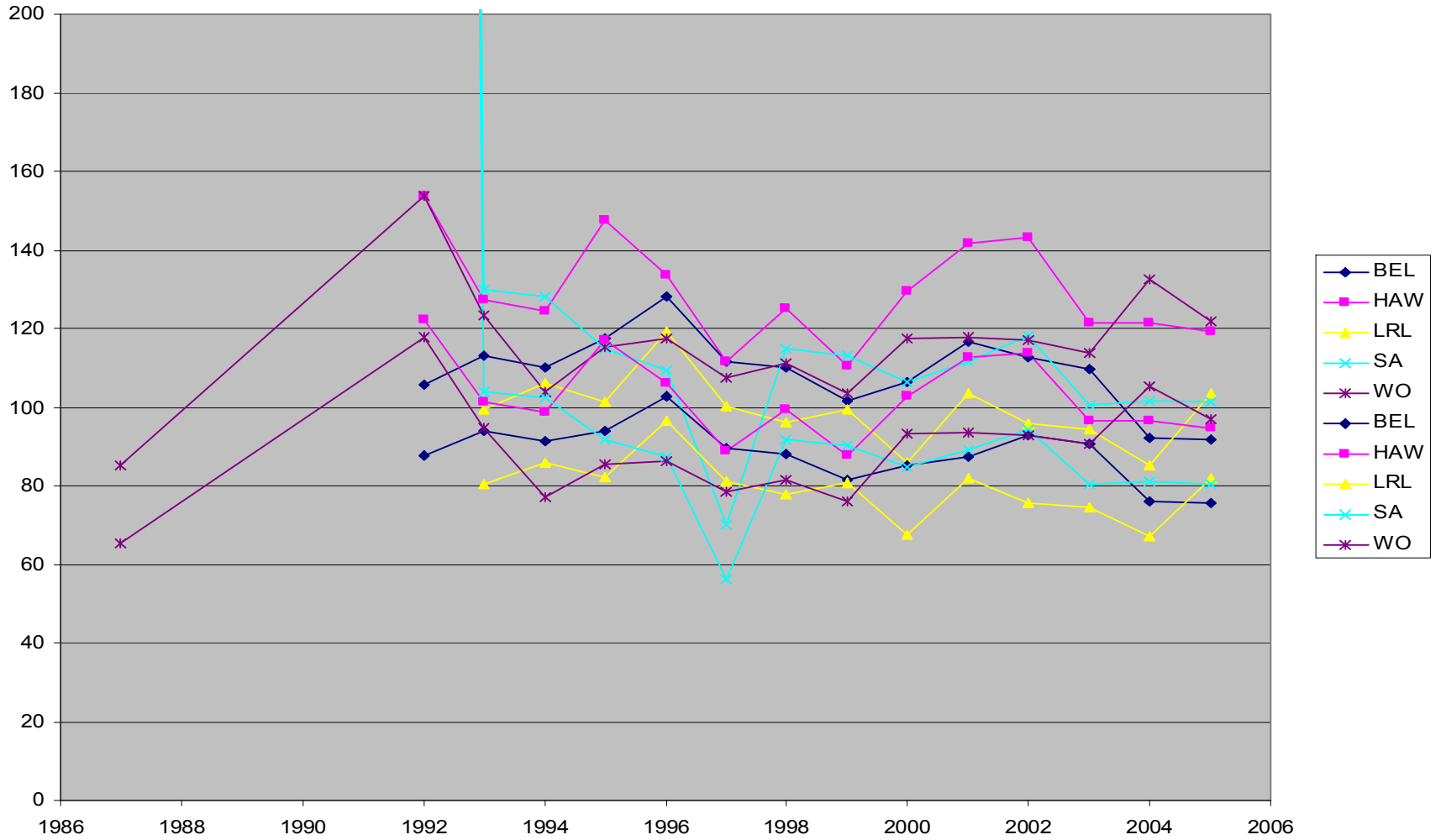
Unnormalized vs Normalized Exacta Payouts for Two Tracks

Legend:
- BEL(U)
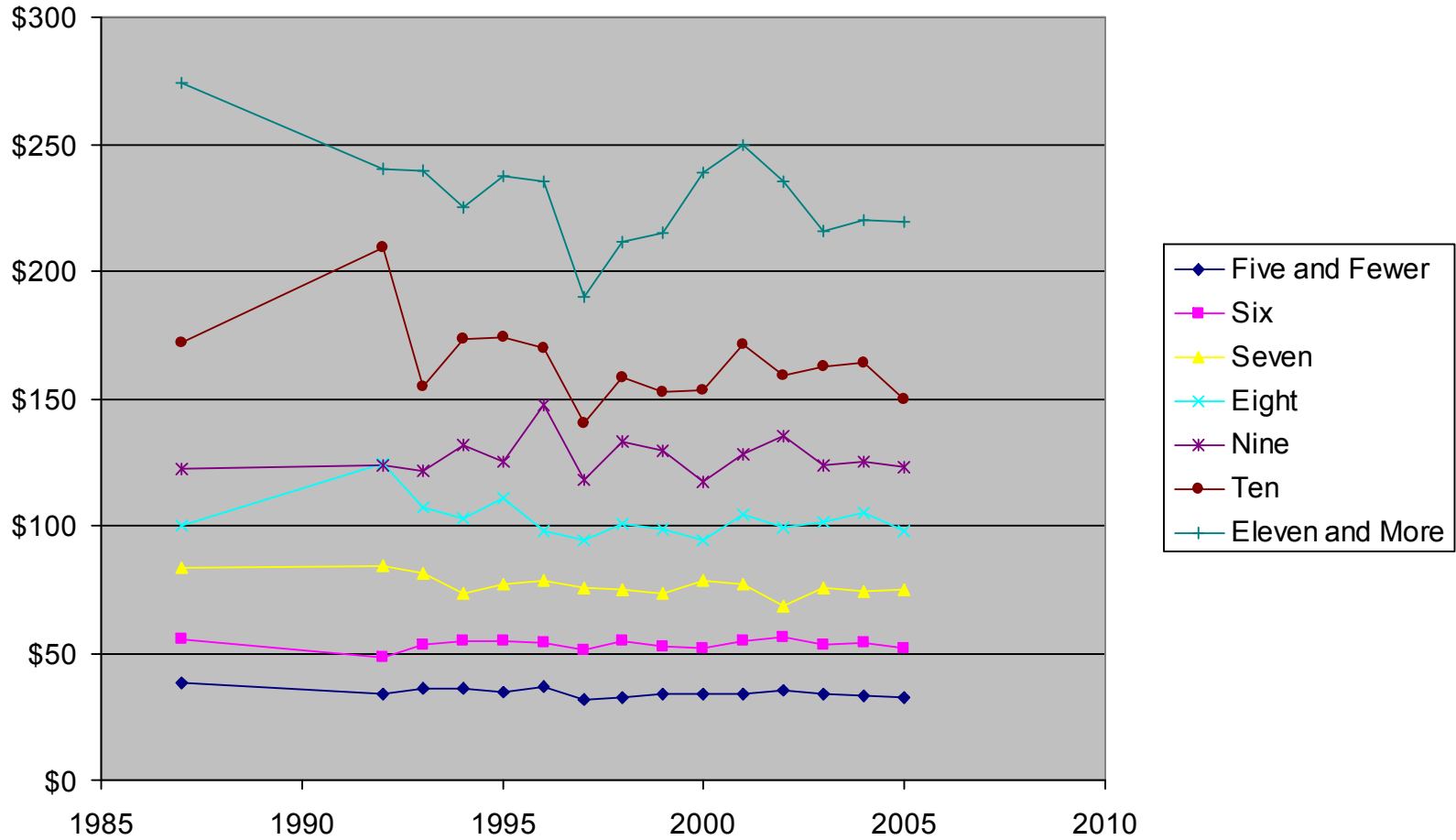- WO(U)
- BEL
- WO
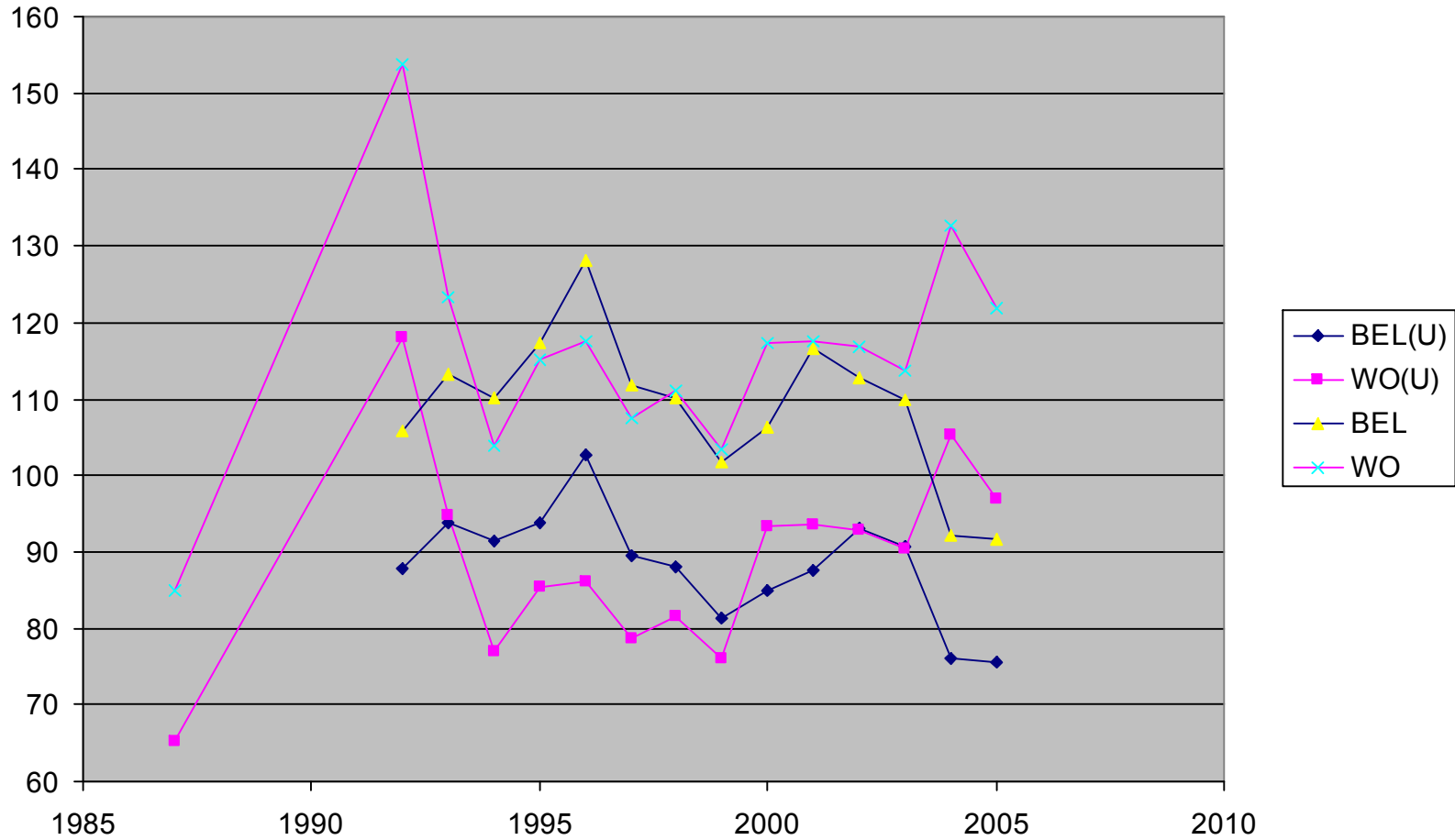
EXACTA: Normalized Payout, WXP, Harville

Legend: AvgOfNormalizedPayoutEXACTA, AvgOfNormalized WXP, AvgOfHarvilleNormalizedEXACTA

Normalized Clean Exacta Payouts
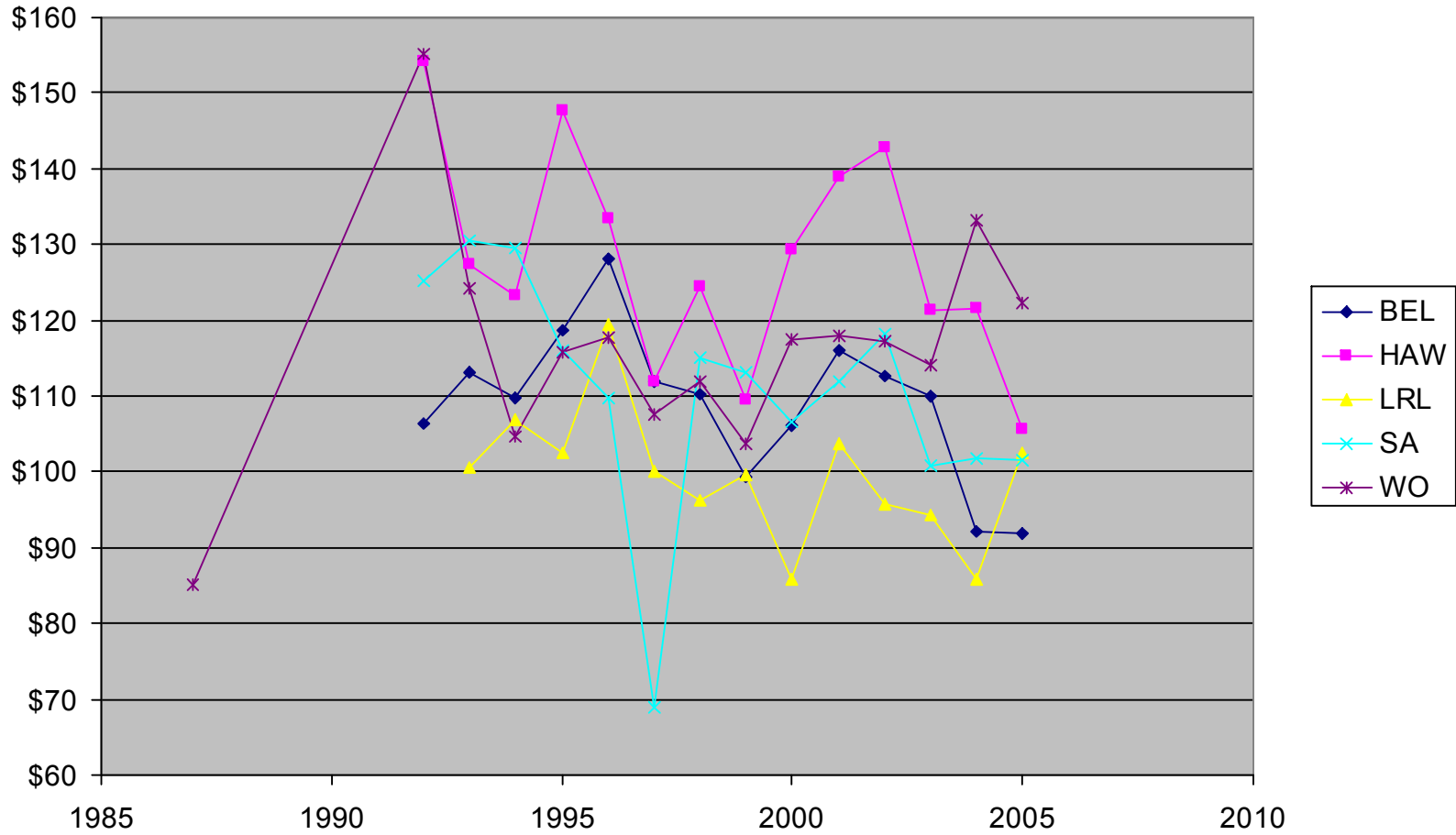
Normalized Payout by Year and Betting Interests for Exacta

Legend:
- Five and Fewer
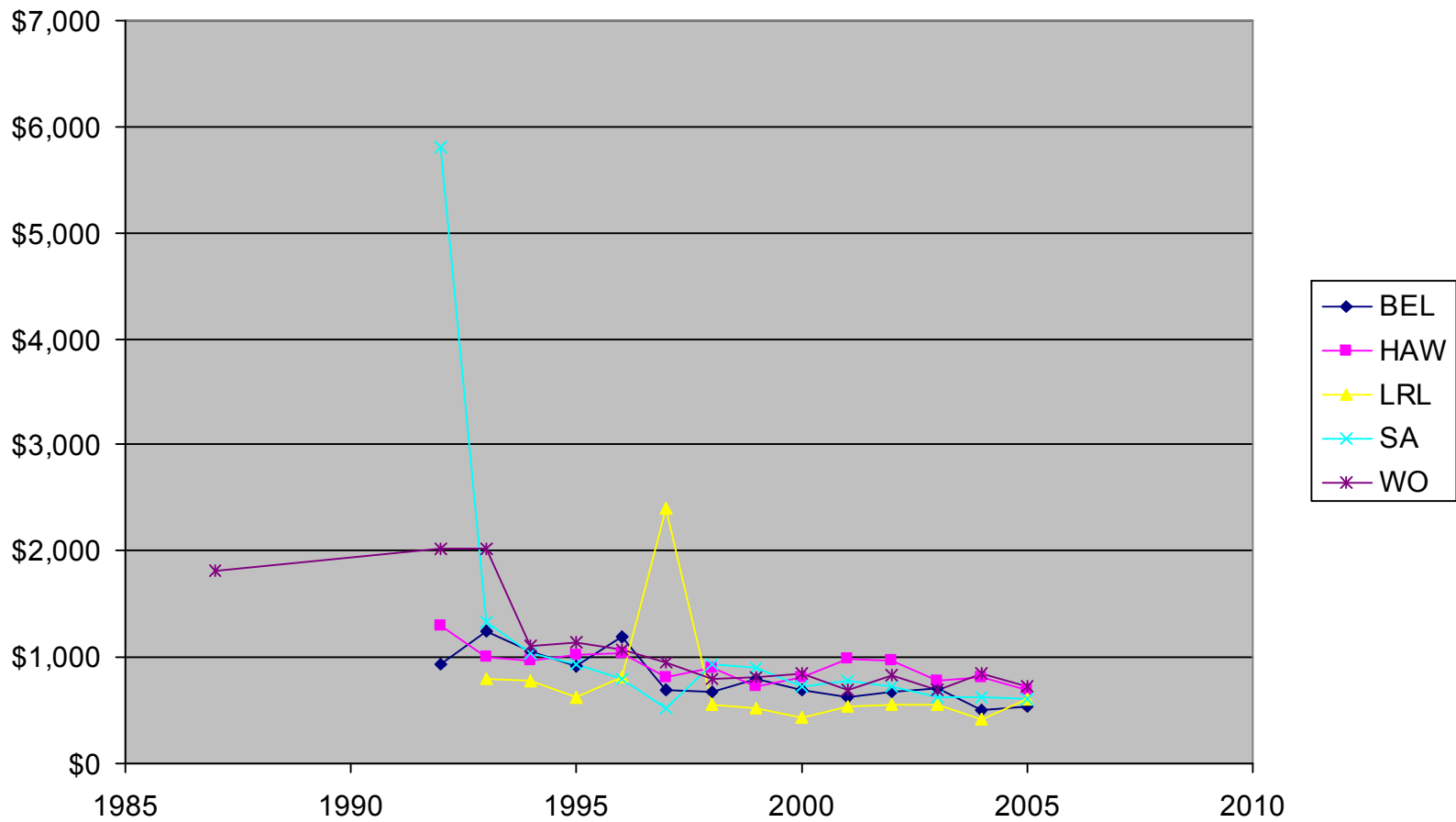- Six
- Seven
- Eight
- Nine
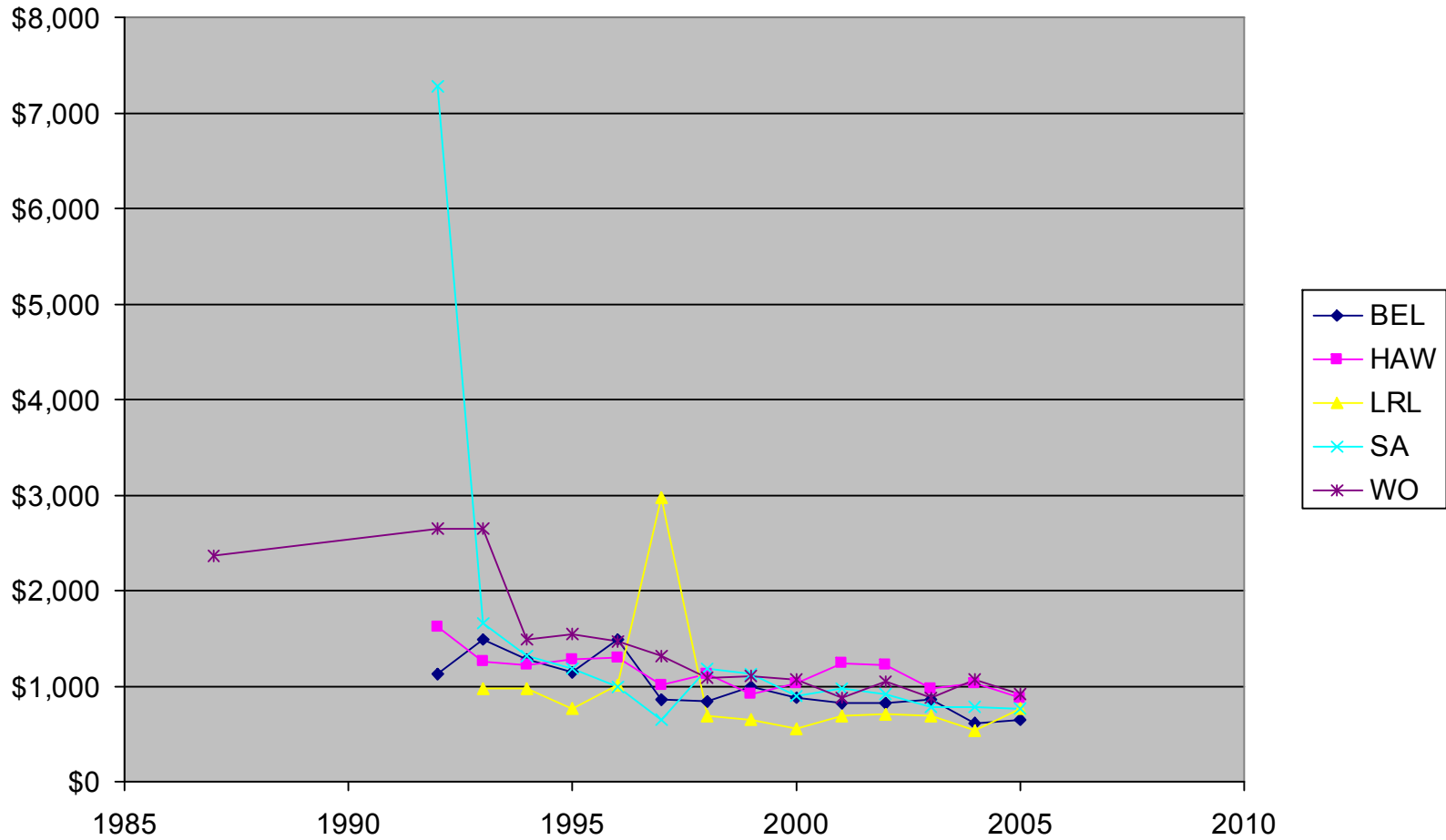- Ten
- Eleven and More

Yearly Betting Interest Average for Exacta
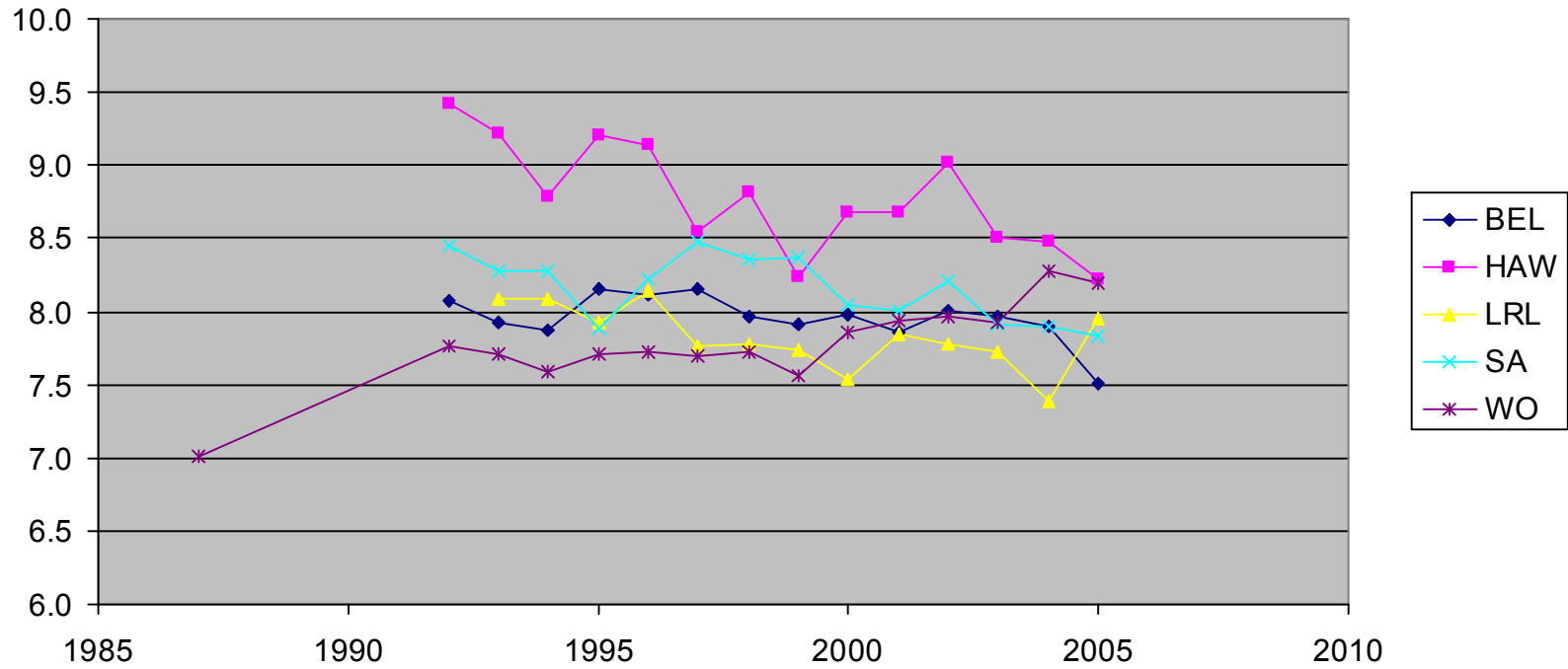
Average Number of Possible Exacta Combinations by Track and Year
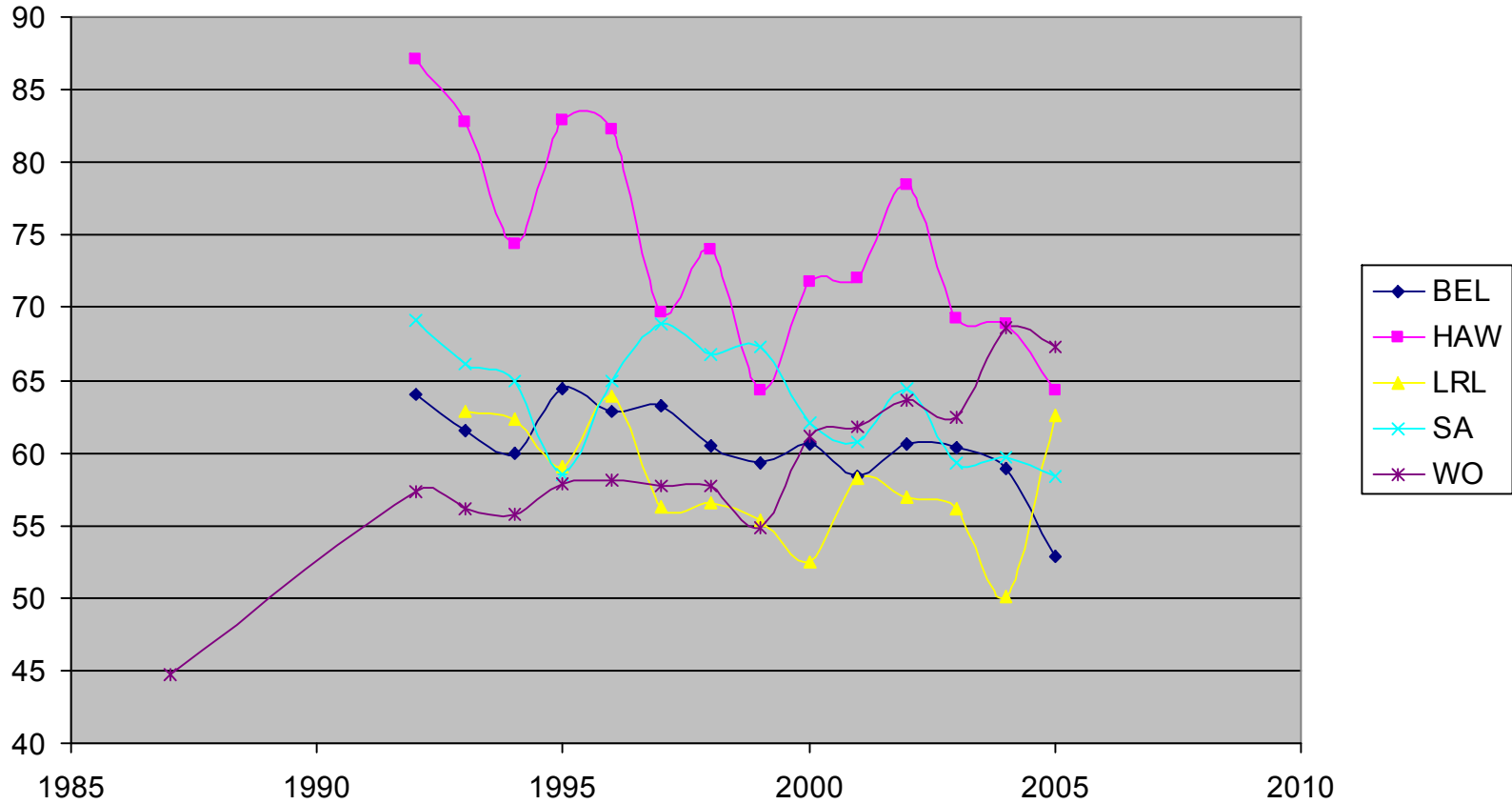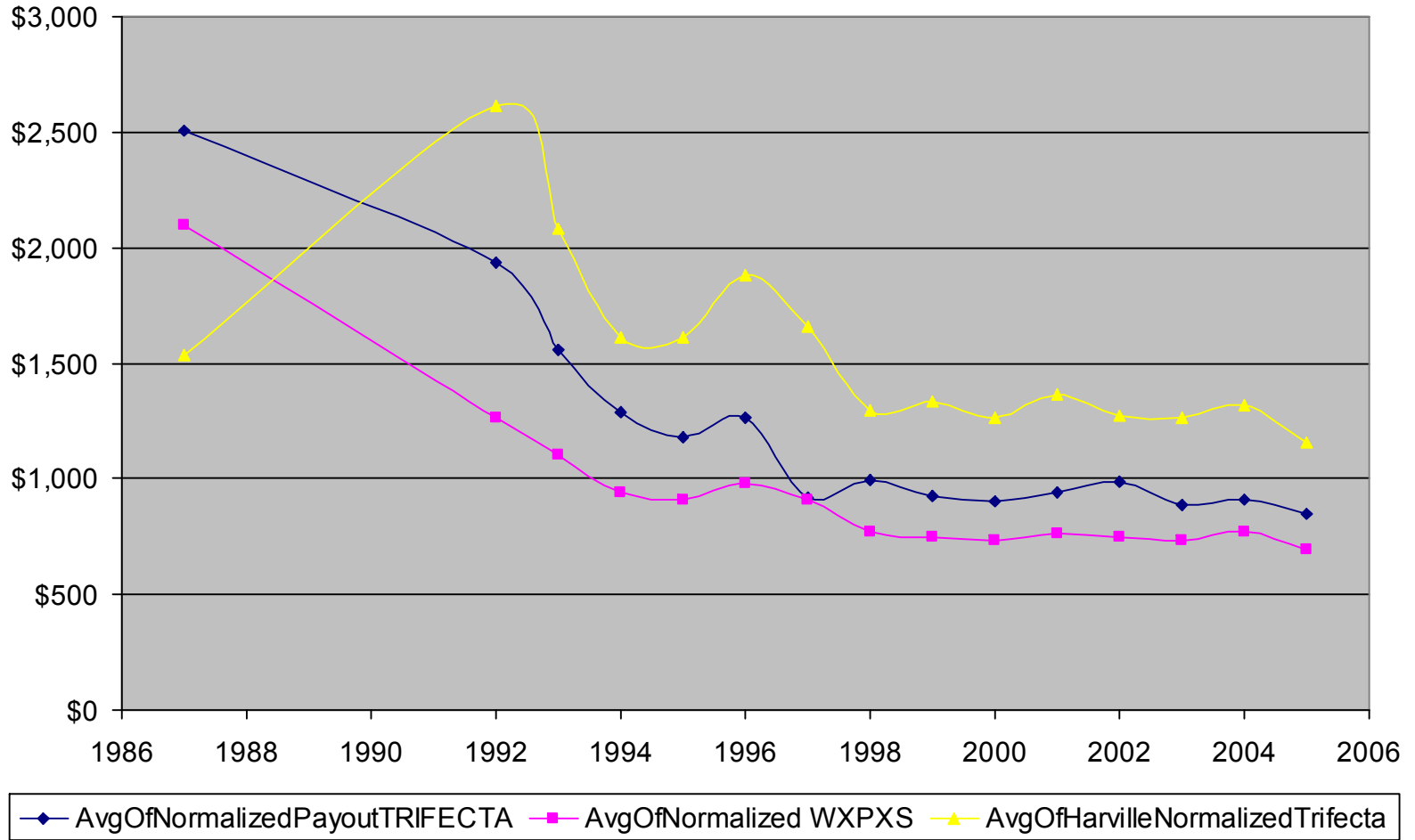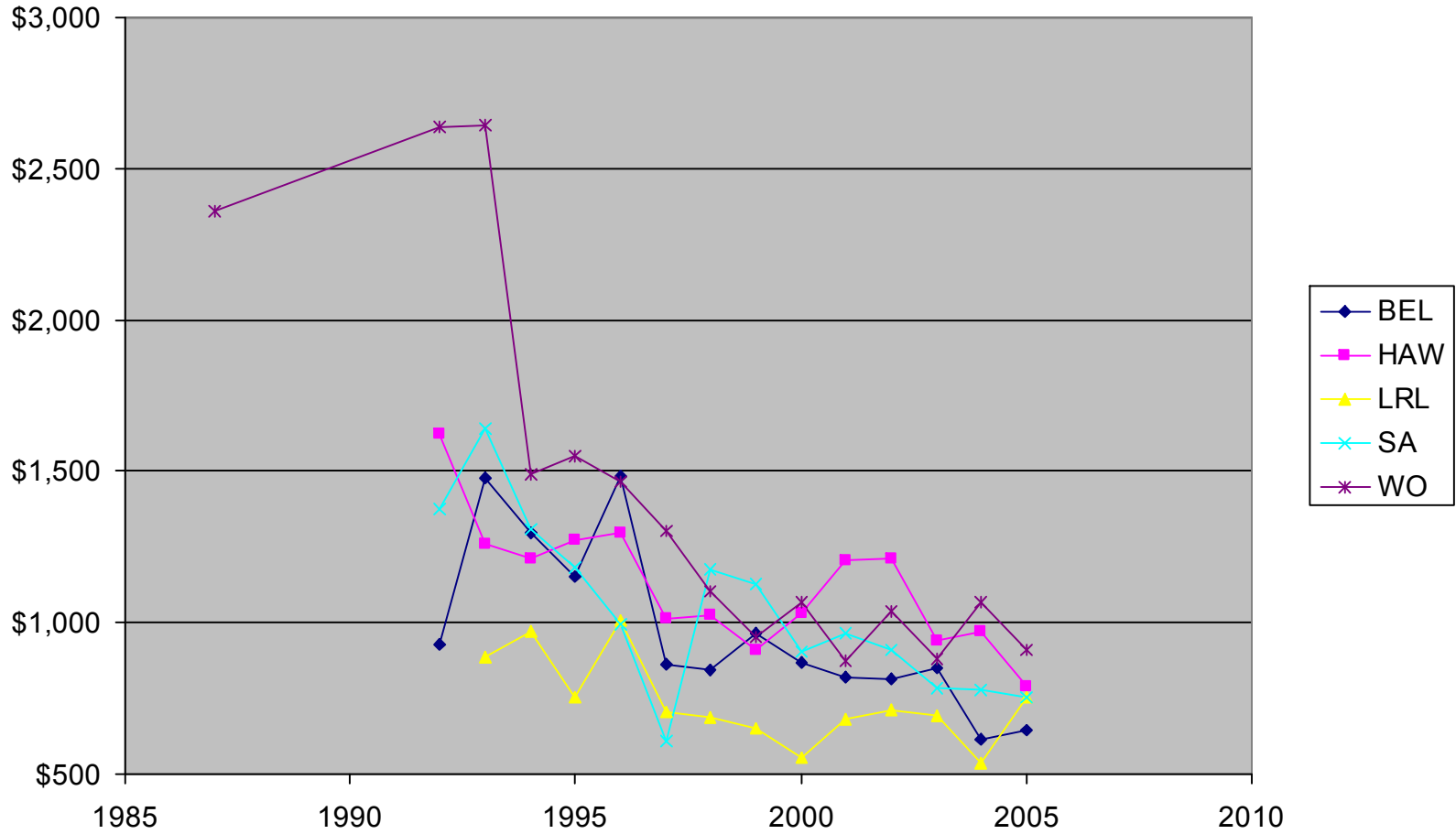
Raw Trifecta Payouts

Legend: BEL, HAW, LRL, SA, WO

Normalized Trifecta Payouts

TRI: Normalized Payout, WXPXS, Harville

Legend: AvgOfNormalizedPayoutTRIFECTA — AvgOfNormalized WXPXS — AvgOfHarvilleNormalizedTrifecta

Normalized Clean Trifectas Payouts

Legend:
- BEL
- HAW
- LRL
- SA
- WO

Yearly Betting Interests Average for Trifectas

Legend:
- BEL
- HAW
- LRL
- SA
- WO
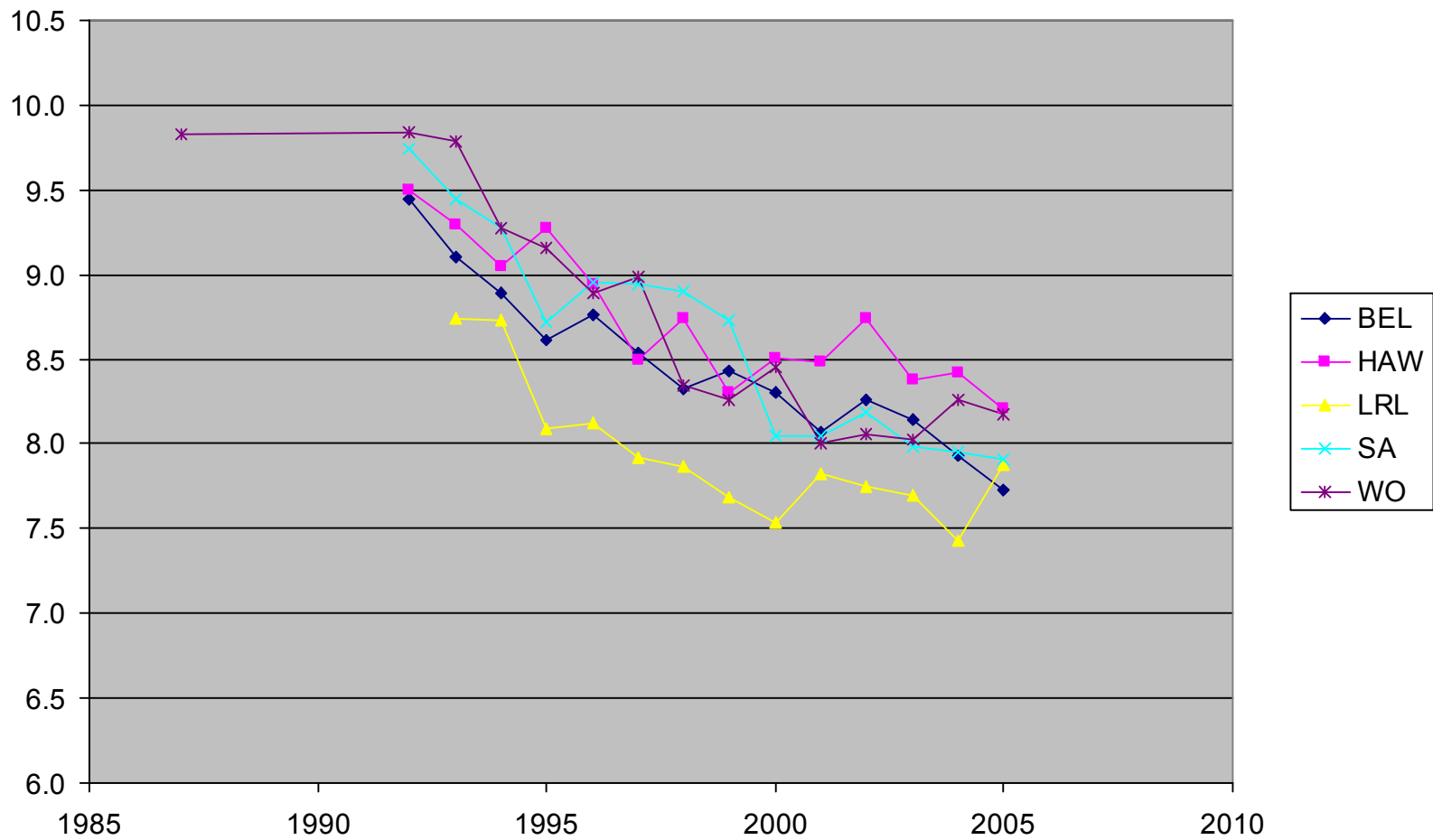
Normalized Payout by Year and Betting Interests for Trifecta
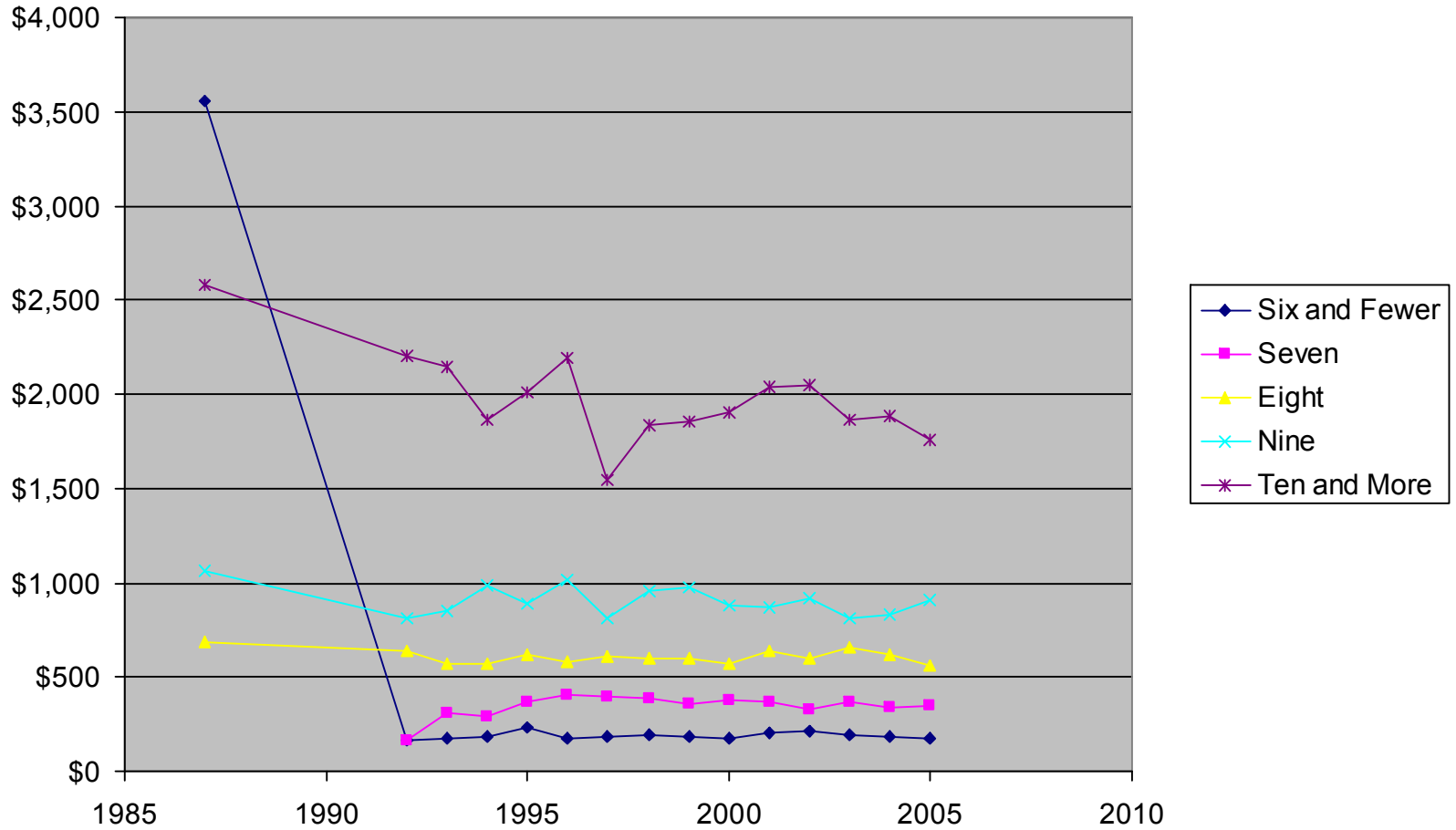
Average Number of Possible Trifecta Combinations by Track and Year for Trifectas
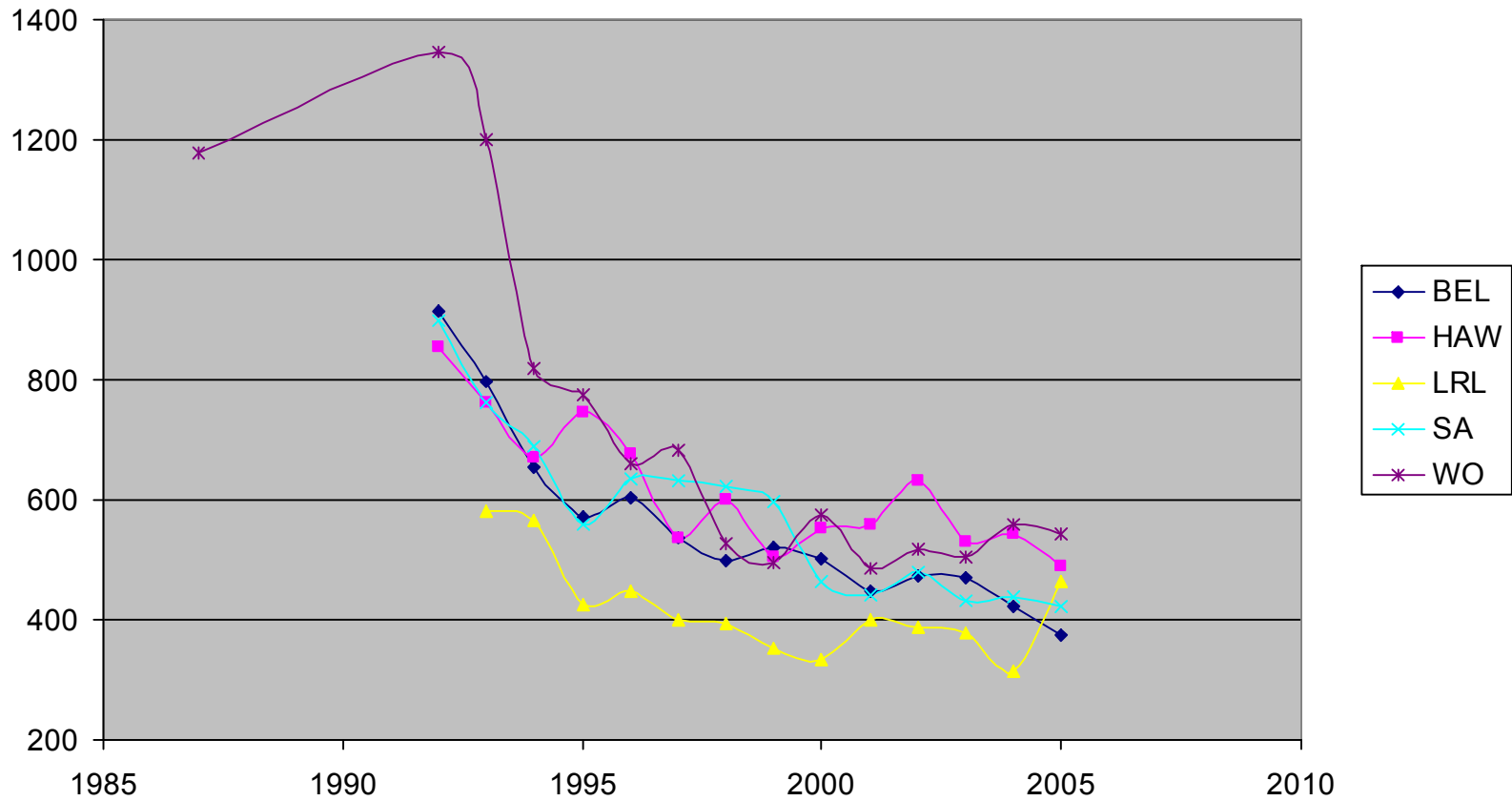
Race Track Industry Program Reports

See this and other student projects at the *Race Track Industry Program Reports* session

- Day: Thursday
- Time: 9:30 – 11:30
- Where: In the Foyer