HOW TO PROFIT FROM PARLAYS

The proper use of parlays can be one of the best weapons in your arsenal.

A lot of bettors will tell you parlays are bad bets. Some very good handicappers I've known never use parlays at all. They've dismissed them as being too expensive; too much vigorish. In fact, many 'how-to' books written by good handicappers warn against using parlays by citing the excessive vigorish charges attached to them.

.....But you already know that some bookmakers refuse to accept certain parlay bets, such as parlaying the runline with the total on a baseball game. Some don't even allow parlaying the pointspread with the total on a pro basketball game. Some bookies have much lower betting limits on parlay bets than on 'normal' bets, or even short payouts, such as 11-to-1 on 4-bet parlays, rather than 12-to-one.

Think about it...No bookmaker seems anxious to promote the use of parlay bets. One well-known Las Vegas sportbook manager insists he is protecting bettors from parlays by limiting their use. Meanwhile, he invites us to bet on which team will win the next World Series, charging 30+ percent vigorish on futures bets.

Does any of the above seem a little strange to you?

Let's get real. The truth is, if parlay bets were truly bad for bettors bookmakers would be promoting the hell out of them.

Take a look at this proposition:

TRUE OR FALSE: *A 3-bet parlay paying 6-to-1 has less vigorish than three single bets risking 11 to win ten.*

I am sure you will agree that most sport bettors would answer *"False"* to that statement. Even many very experienced handicappers think a 3-bet parlay has higher vigorish charges than 3 'normal' 11-10 bets.

The statement is true. A 3-bet parlay paying 6-to-1 carries less vigorish than three separate bets risking 11 to win 10.....Here's the proof:

Ignoring ties, eight different outcomes are possible with any three sport bets:

W-W-W
W-W-L
W-L-W
L-W-W
W-L-L
L-W-L
L-L-W
L-L-L

With 8 possible outcomes a bookmaker could get 8 different 3-bet parlays from 8 different bettors on the same three propositions. Let's say that happens, and say each of the 8 different bettors risks $100 to win $600.

When the games are over, seven bettors lose their $100 and the eighth bettor wins $600. The bookmaker, who originally received a total of $800 from the eight different bettors, gives the winner a total of $700.....$600 in winnings plus the $100 originally risked by the bettor. The remaining $100 is profit for the bookmaker.

This is where most gamblers go wrong when figuring the bookmaker's profit. They conclude that since $100 is 12.5% of $800, the bookmaker made a whopping profit of 12.5 percent.

But hold on a minute. Let's take a closer look at what really happened here.....Remember, a 3-bet parlay is exactly that: Three bets. Not one bet. Three bets tied together ("parlayed"). Suppose the three bets were laid individually, rather than as a parlay. Assume a bettor laid $100 on a standard "11-10" bet to win $91, and does win, and then suppose he re-bets the entire $191 on a second bet, and wins again. The payback on the second bet is $191 x 1.91, or $365. Now suppose he risks the entire $365 on yet a third bet and wins again.....$365 x 1.91 = $697. He's won a total of $597. The bettor began with $100, he won all three bets, he ended with $697.

Seen as individual bets, it's easy to see that the bettor risked a lot more than the original $100. He risked $100 on the first bet, then he risked $191 on the second bet, then he risked $365 on the third bet. That's a total risked of $656 on the three bets to win a profit of $597. Note that had he simply risked $100 on a 3-bet parlay he would have ended with $700

2

instead of $697...the 3-bet parlay actually costs slightly less. (It works out to about 4.35% per bet rather than the 4.55% charged on single bets.)

The eight bettors who risked $100 each on the eight different 3-bet parlays did not bet only $800. Not at all. Four of those eight bettors were fated to win their first bet and re-bet everything on the second bet. Two of those four bettors were then bound to win the second bet and re-bet everything on the third bet...Those eight bettors actually bet a total of $2,294, not $800. The $100 that was finally kept by the bookmaker is about 4.35% of $2,294.

So, is that why bookmakers don't encourage the use of parlays, - because the bookmaker's commission is slightly lower? No, that doesn't float. His commission is slightly higher on most other parlays. The difference in vigorish is insignificant. In fact, if more bettors used parlays it would result in a *big increase in gross business* for the bookmaker. In effect, $100 bettors would be betting $191 on that second game and $395 on that third game. In effect, that translates to a giant increase in "sales" for the bookmaker. Going by that, it seems that parlays would be a great deal for bookmakers.

If that were the case, you can bet your lungs bookmakers would encourage parlays. There's nothing they would like better than having unsophisticated sports bettors randomly using 2-, 3-, 4-, and 5-or-more-bet parlays.

Then why don't they encourage parlays? The reason is relatively easy to figure out. *Those bettors who understand parlays, who know how and when to use parlays, can use them to their advantage. Bookmakers are afraid of knowledgeable bettors using parlays.*

In the illustration below, column 2 shows the mathematically correct odds of various size parlays, column 3 shows the "fair" payoff relative to a vigorish charge of 4.55%, and column 4 shows your chances of winning the parlay if you have a 55% winning probability on each individual bet. The third column is uniquely important. Those figures show the payoffs most closely equal to the vigorish charges when risking 11 to win 10 on a single bet. Parlays paying less than the numbers in the third column should be avoided altogether. Parlays paying more than the numbers in the third column are significantly BETTER bargains than laying 11 to win ten.

Illustration 1:

Parlay payoffs

1st column = Number of bets in parlay
2nd column = Correct odds of winning all bets in parlay
3rd column = Payoffs roughly equal to 4.55% vigorish
4th column = Odds of winning with 55% expectation per bet

size of parlay	odds with 50% chance per bet	standard '11-10' payoff	odds with 55% chance per bet
2	3 to 1	13 to 5	2.3 to 1
3	7 to 1	6 to 1	5.0 to 1
4	15 to 1	12 to 1	9.9 to 1
5	31 to 1	24 to 1	19.9 to 1
6	63 to 1	48 to 1	35.2 to 1
7	127 to 1	92 to 1	65.8 to 1
8	255 to 1	176 to 1	118.5 to 1
9	511 to 1	337 to 1	215.9 to 1
10	1,023 to 1	645 to 1	394.3 to 1
11	2,047 to 1	1,233 to 1	719.4 to 1
12	4,095 to 1	2,356 to 1	1302.8 to 1

(Odds are rounded)

In real life, some bookmakers pay reasonable odds on small parlays but begin to 'cheat' on larger parlays. Odds of 11-to-1 are commonly offered on 4-bet parlays, for example, although the odds comparable to 11-10 bets are actually 12-to-one. At least one bookmaker we know pays only 20-to-1 on 5-bet parlays, even though he 'should' be offering 24-to-one. Bookmakers that 'cheat' in such a way are taking advantage of the

ignorance of the general betting public. Always be sure you're getting at least the 'fair' odds as listed in column three.

It is important to emphasize _we do NOT recommend the random use of parlays_. Used incorrectly they can and will be disastrous. To restate what we wrote above, make no mistake about it, bookmakers would love average bettors to wade in using lots of random-sized parlays. *It's those pesky wise guys that spoil everything for the bookmakers.* Those few knowledgeable bettors who understand how and when to use parlays can dramatically reduce their downside risk and dramatically increase their profit. We're about to show you how they do it.

2-Bet Parlays:
A 2-bet parlay paying 13 to 5 is slightly more expensive than laying 11-to-10 on two separate bets, but only slightly. 2-bet parlays paying 13-to-5 carry a vigorish charge of about 5.1 percent.

Ignoring ties, four different outcomes are possible with a 2-bet parlay:

W-W
W-L
L-W
L-L

Since four different outcomes are possible a bookmaker could get four different 2-bet parlays from four different bettors on the same two games. Suppose he does, and suppose each of the four bettors risks $100 to win $260 (13-to-5)…..

One bettor wins, three bettors lose. The bookmaker receives a total of $400 from the four bettors and pays the winner a total of $360 - the $260 won plus the $100 the bettor originally risked. The bookmaker keeps $40 as his gross profit.

It can appear that the commission is 10% on the deal. After all, the bookmaker received $400 and kept $40. But, as shown above, that's not actually what happened. Two of the four bettors actually risked a lot more than $400. Two of the four bettors were fated to win the first game, then re-bet their winnings plus their original $100 on the second bet. In essence, they said to the bookmaker, *"I want to risk 1 unit on Team A to beat the spread against Team B, and if they do, I want to risk everything on Team C to beat the spread against Team D."*

From the bookmaker's point of view he actually got a total of $400 in action on the first of the two bets, then he got a total of $382 risked on the second of the two bets ($191 + $191). That's a total of $782 in action from the four bettors, and $40 is 5.1% of $782. That's a vigorish charge about one-half percent higher than the vigorish on a standard 11-10 bet.

If the two bets were laid separately, laying $100 to win $91 on the first bet, then laying the whole $191 to win $174 on the second bet, the bettor would have walked away with $265 in gross profit. That's $5 more profit than if he'd used a 2-bet parlay paying 13-to-five. That's a significant difference in vigorish, but not enough to matter if there was a good reason to use a 2-bet parlay rather than 2 single bets.

You can quickly figure the correct payback on any amount risked when laying 11 to win 10…..Multiply the amount risked by 1.91

Parlays & Bankroll Control

Often, there are good reasons to use parlays. One good reason concerns money management and bankroll control. There are days when you will have upwards of a dozen plays, and with standard single bets that means putting a big percentage of your total bankroll at risk at one time. That is not a healthy situation. Having, say, 15%-20% or even upwards of 25% of your bankroll at risk at one time is a recipe for disaster. It must sooner or later result in having a very bad day. By grouping all or part of those 15-20 bets into 2- and/or 3-bet parlays, you can dramatically reduce your downside risk. Believe it or not, getting hammered to the tune of, say, 1-11 or maybe 3-12 or worse, but losing only 4 or 5 units can make a bad day seem not so bad.

Parlays & Interrelated Events

Another good reason to use parlays concerns 'scenario' bets, and these types of opportunities occur more often than some people think. A 'scenario' bet is when two events are interrelated in some fashion. For example, which of two teams wins an NFL game can often determine whether the total score goes over or under the bookmakers' posted total. If a good defensive team is facing a good offensive team, your opinion of which team figures to win may indicate an opinion on the final score. If you think the team with the good defense will muzzle the other team's offense, why wouldn't the game be low scoring? If you think the team with the good offense will override the other team's good defense, you might like the game to go over the posted total. In other words, *"If Team A wins, the total score is likely to go over; if Team B wins, the score is likely to stay under."*

If you're right, it's easy to see that using a 2-bet parlay naturally enhances the overall odds in your favor, whether you win or lose. If you're right on one bet, you're more likely to be right on both bets, and you'd win 2.6 units with a parlay instead of 1.82 units with two single bets. If you're wrong on one bet, you're more likely to be wrong on both bets, but by using a 2-bet parlay you're protected against losing two units.

Similar situations exist in most all sports. In baseball, if Team A is coming to a game with excellent bats and an excellent pitcher against Team B with excellent bats but a so-so pitcher, you may want to consider a play on Team A coupled with a play on the 'over' (depending, of course, on the posted lines). Or if Team A has an excellent pitcher and good bats and Team B has an average pitcher but terrible bats, how about linking the runline with the 'under' play?

There is a lot of subjectivity involved in such decisions, but it seems obvious that opportunities often present themselves.

Parlays & Bet Sizes
Notice in the above examples that we risked the same on the parlays (1 unit) as we risked on the single bets. That's an extremely important thing to know. (For our purposes here, 1 unit equals $100, which can be regarded as 100 percent of whatever your own bet size might be.) Correct money management demands that you risk the same amount on your parlays as you risk on your single bets. If you're risking $500 on your single bets, you must risk $500 on your parlays. To do otherwise constitutes using a progressive betting scheme, and that will cost you money. Most bettors fail to follow this rule because it feels unnatural to risk as much on parlays as on single bets. Most usually, a bettor will want to risk less on parlays than on single plays. Illustration 2, below, can help you understand this important rule. Take the time to study the numbers and outcomes in Illustration 2. Understanding correct bet sizing can make all the difference in the world to your success as a sports bettor.

About Illustration 2:
Understanding the numbers in Illustration 2 (below) is absolutely mandatory for the successful use of parlays. *You must risk the same on parlays as on single bets.* If you can't bring yourself to risk the same on parlays as on single bets, it's best to avoid parlays altogether. You might as well stop reading this.

Illustration 2:

Comparing Parlay Bets To '11-10' Bets

The comparisons below prove the value of risking the same on parlays as on single bets. If you're risking $100 on single bets laying 11 to win 10, you must also risk $100 on your parlays to maintain proper money management.

_____

Results of 600 standard individual '11-10' bets, risking $100 to win $91, with a 56% winning percentage:

336 wins x $91 = $30,576
264 losses x $100 =($26,400)

Net Profit: $4,176
_____

Results of those same 600 individual bets using 300 2-bet parlays risking $100 to win $260 (13 to 5), with a 31.36% winning percentage (0.56 x 0.56 = 0.3136):

94 wins x $260 = $24,440
206 losses x $100 =($20,600)

Net Profit: $3,840
_____

Results of those same 600 individual bets using 200 3-bet parlays risking $100 to win $600 (6 to 1), with a 17.6% winning percentage (0.56 x 0.56 x 0.56 = 0.176):

35 wins x $600 = $21,000
165 losses x $100 =($16,500)

Net Profit: $4,500

Notice in the 600-bet sample in Illustration 2 that $60,000 is risked with single bets @ $100 to win $91, $30,000 is risked with 2-bet parlays @

$100 to win $260, and $20,000 is risked with 3-bet parlays @ $100 to win $600.

Imagine having 600 bets going off all at once. You can see that your expected net profit from the 600 bets is roughly the same, no matter whether you use single bets or parlays, *so long as you risk the same on your parlays as you risk on your single bets.*

The big advantage is, with parlays you have only a fraction of the money at risk as with single bets. The most you could lose using 3-bet parlays is $20,000. That's one-third as much as with single bets. And with 2-bet parlays you'd have only half as much at risk as with single bets. Of course, nobody is likely to have 600 bets going off all at once, but the principle is the same with 15 or 20 bets going off at once. *With the correct use of parlays you can dramatically reduce your downside risk.*

Note that the 11-10 bettor made 7.0% profit on the total amount he put at risk, the 2-bet parlay bettor made 12.8% profit on the total amount he put at risk, and the 3-bet parlay bettor made 22.5% on the total amount he put at risk.

Fewer Winning Tickets:
The bad news about using parlays is that you will have markedly fewer winning tickets. That condition cannot be shrugged off and taken lightly. Going through a few days without a winning ticket can make for a very glum Monday. It is possible to have, say, four 3-bet parlays and to go 2-1 in all four of them. That's not conducive to a good mood. In fact, every 3-bet parlay that goes 2-1 will bother you. All you can do is remind yourself of the times that went 1-2, or 0-3, and you saved money by using a parlay.

On the good side, there will also be times when your single bets could go, say, 3-6, and all 3 winners are grouped in the same 3-bet parlay. That's a cheerer-upper, I assure you. It's a hoot going 3-6 or 3-3 and making a substantial profit. Over the long haul, as the numbers in Illustration 2 show, the 2-1's and 1-2's and 0-3's figure to "even out".

As strange as it sounds at first, there is a 'good' side to having fewer winning tickets, and it's during losing streaks. Your bankroll will shrink in short, predictable, *expected* increments. The only big unexpected bankroll fluctuations will be on the upside.

Coupling Related Bets for More Profit:

We mentioned at the beginning of this report the advantages of coupling related bets to increase your profit. We want to mention that again. Notice in Illustration 2 that the random use of parlays does NOT figure to make more profit over the long haul. It only guarantees a reduction in your short term risk (and you can be sure a reduction in your risk is not in the bookmakers' best interest.) But there is another big advantage to the skillful use of parlays...

Durng your handicapping of any major sport there will be times when you believe Team A should win and cover the points so long as the game is a high scoring affair. If the game would turn out to be a low scoring game, you doubt that Team A figures to cover the points. At times like this you might want to consider parlaying any bet on the pointspread with a bet on the total score. Let's say you decide the game will be a shoot-out. You like Team A to cover the pointspread and you like the 'over' against the posted total. If you decide to use a 2-bet parlay, you'll be risking only one betting unit on the 2-bet parlay to win 2.6 units, rather than two betting units to win only 1.82 betting units. And if the game goes 'under' and Team A fails to cover (as you predicted), you'd lose only 1 betting unit rather than two. There are always several times during the NFL, NBA, MLB and NHL seasons when we find coupling the total of a game to the pointspread – or moneyline – increases our advantage.

Certainly there will be times when you go 1-1, when Team A covers and the game goes 'under', or when the game goes 'over' and Team A fails to cover, costing you a full unit instead of only 9 percent of a unit, but those times figure to be quickly made up for by the wins. You do the math.

4-Or-More-Bet Parlays:
So long as the payoff is at least 12-to-1 all the mathematics that apply to 2- and 3-bet parlays also apply to 4-bet parlays. In Illustration 2 (above) we could have added 4-bet parlays paying 12-to-1 with a 9.8% chance of winning (0.56 x 0.56 x 0.56 x 0.56 = 0.098). From the 600 total bets you could put together 150 4-bet parlays. You'd figure to lose about 135 of those parlays and win fifteen. You'd end up with a gross profit of $4,500…..About the same gross profit as when using 3-bet parlays.

…..But we do NOT recommend using 4-bet parlays, or 5, or 6, or more, on a serious basis. The problem concerns the length of time between winning tickets. It's prohibitive, and can cause too much draw-down of your bankroll before you hit a payday. The 'calming' effect on your bankroll becomes more like a coma; it's too long-lasting. Your bankroll can bleed to death waiting for that next 4-banger to come in.

Your morale is also a factor that must be considered. It is important for all of us to experience positive reinforcement on a regular basis. We suspect that even if you like using parlays you will prefer mixing single bets with occasional 2-bet parlays and 3-bet parlays. Two-bet parlays are best used to combine interrelated plays, such as pointspreads and totals of the same game. Three-bet parlays are best used to protect your downside risk, such as when you have 10 or more bets going off at once.

From a 3-Bet Parlay to a 2-Bet Parlay to a Single Bet:
When you have a 2-bet parlay on 2 games with different starting times – sequential games - and the first bet loses, you actually have bet nothing at all on that second game. Think about it. Remember, when you place a 2-bet parlay it is as though you are saying to the bookmaker, *"I want to risk 1 unit on Team A to beat the spread against Team B, and if they do, I want to risk everything on Team C to beat the spread against Team D,"* so if that first game loses, what have you risked on that second game?

…..Nothing. If the first game goes off at, say, 1:00 PM and the second game goes off at, say, 7:00 PM, the first bet will be decided long before the second game begins, and if you lose that first bet you've actually *never bet anything at all on that second game.*

In such cases, there is no reason you can't re-bet the second game using a standard single bet. After all, you already handicapped it to win or it would not have been a part of the parlay to begin with, and since you've never bet anything on it (because that first game lost), why not bet it?

…And, of course, the same guidelines apply when you start with a 3-bet parlay on 3 sequential games. If the first game of the parlay goes off at, say, 1:00 PM, and loses, and the other 2 plays go off at, say, 7:00 PM, there is no reason you can't re-bet the 2 late games by using a 2-bet parlay. After all, since the early game lost, *you didn't bet anything on the other 2 games.* In theory, you could start with a 3-banger, lose the first game, make a 2-banger of the remaining 2 games, lose the second game, and lay a single bet on the third game.

Summary:
 You can tell from the tone of this report that we like parlays. They can be used effectively both as a defensive weapon and as an offensive weapon. It would be easy to conclude that we recommend using them, and we certainly do, but that recommendation must carry a disclaimer. The key is in understanding the proper use of parlays, and in knowing the correct bet size to use. To hammer home the point one more time, if you can't bring yourself to risk the same on parlays as you risk on single bets, it's best not

to use parlays at all. They can play havoc on an otherwise correct money management system. Be sure to understand and digest the numbers in Illustration 2 of this report.

Two-bet parlays of 11-10 bets carry slightly more vigorish than either single 11-10 bets or 3-bet parlays. With 11-10 bets, 2-bet parlays are best used as a offensive weapon combining two related events, such as a pointspread and over/under of the same game.

Two-bet parlays of moneyline bets, such as used in baseball, can be used both as an offensive weapon and as a defensive weapon, and they can also be used indiscriminately, at will, just for the hell of it.

Three-bet parlays of 11-10 bets or moneyline bets are best used as a defensive weapon, protecting yourself from having too much of your bankroll at risk at the same time. On those days when you have, say, 15 plays going off more or less at the same time, you can protect your downside risk by combining some or all of those plays into 3-bet parlays.

Three-bet parlays can also be used indiscriminately, at will, so long as you're ready for long waits between payoffs.

------//-----

Illustration 3:

Multiple-Bet Probabilities

The probability of 'B' or more wins from 'A' number of bets when the probability-per-individual-bet is...

A	B	.500	.525	.550	.575	.600	.625	.650
2	1	.750	.774	.797	.819	.840	.859	.877
	2	.250	.276	.302	.331	.360	.391	.422
3	1	.875	.893	.909	.923	.936	.947	.957
	2	.500	.538	.575	.612	.648	.683	.719
	3	.125	.145	.166	.190	.216	.244	.275
4	1	.938	.949	.959	.967	.974	.980	.985
	2	.688	.724	.759	.790	.822	.849	.874
	3	.312	.351	.391	.432	.476	.519	.563
	4	.062	.076	.092	.109	.130	.153	.179
5	1	.969	.976	.982	.986	.990	.993	.995
	2	.812	.841	.869	.892	.913	.930	.945
	3	.500	.546	.593	.638	.683	.724	.764
	4	.188	.220	.256	.295	.337	.381	.428
	5	.031	.040	.050	.063	.078	.095	.116
6	1	.984	.989	.992	.994	.996	.997	.998
	2	.891	.912	.931	.946	.959	.970	.977
	3	.656	.702	.745	.784	.821	.854	.882
	4	.344	.392	.442	.492	.545	.597	.647
	5	.109	.135	.164	.196	.234	.275	.319
	6	.016	.021	.028	.036	.047	.060	.075
7	1	.992	.995	.996	.997	.998	.999	.999
	2	.938	.953	.964	.974	.981	.987	.991
	3	.773	.813	.847	.878	.904	.926	.944
	4	.500	.555	.608	.661	.710	.757	.800
	5	.227	.270	.316	.367	.420	.475	.532
	6	.062	.081	.102	.129	.159	.193	.234
	7	.008	.011	.015	.021	.028	.037	.049