

THE ORAL HISTORY OF VIC SALERNO

Vic Salerno has been an icon in the sports betting industry for close to 40 years. His passion for the industry has led to countless innovations that have shaped the way sports books operate today—and he shows no signs of slowing down. From his start at a standalone sports book in Downtown Las Vegas to his most recent venture in pari-mutuel fantasy sports, Mr. Salerno truly has done it all. We are pleased to present Mr. Salerno’s Oral History, and we bet that you will find it as interesting and enthralling as we did.

Tell me a bit about your early life, starting with when and where you were born.

I was born in Alhambra, California which is just east of Los Angeles. I moved to the San Fernando Valley when I was about three years old. I went to a parochial grammar school, Notre Dame High School in Sherman Oaks, a two-year college, Los Angeles Valley College, Cal State Northridge, and before getting my Bachelor’s, I was accepted to Marquette Dental School in Milwaukee, Wisconsin. I attended Marquette for four years to receive my DDS, thus becoming a dentist. I practiced dentistry for eight years in Southern California and then moved to Las Vegas—the natural transition to becoming a bookmaker. That’s it in a nutshell. I had a very successful practice in Marina del Rey, California, but I always loved sports and betting on sports too, so that’s what attracted me here to Las Vegas in 1978. I’m still here 38 years later and loving Las Vegas.

Did you play sports as a child?

Yes, I played baseball, football, and then in high school I played football and was a shot-putter in track and field. I was an average kid growing up.

Did you always want to be a dentist when you were growing up?

Yes, I used to build a lot of models, and I had good dexterity. I liked building different models: planes, ships, cars, etc. My cousin Bev worked with and was married to a dentist. She had a tremendous influence on me. She was about eight years older than me and more like a sister. She always said “You’re going to be a dentist.” During high school, I went to work for her husband, a German-heritage and old-fashioned dentist. He said “The first thing you have to do is to know how to clean properly and make sure that the dental office is

spotless.” He gave me a job working as an assistant to the janitor, then after proving I could properly clean, I was promoted to janitor. This was a very large dental clinic that had about five dentists working there.

After doing a good job working as janitor, he said, “I’ll start training you to be a dental lab technician.” I learned how to make dentures, crowns and bridges. When I started dental school being a lab technician gave me a great advantage over the other students. I used to do more lab work in two days than I did in two years at dental school. While other students were learning how to do crowns and bridges, I was working for dentists doing crowns and bridges for them and tending bar at nights. The hardest part was working two jobs while attending school.

Once I became a dentist, I practiced for eight years. You may consider that a short time, but taking into consideration that I was a dental lab technician for years in high school and college, I had about twenty years in dentistry. Dentistry is a very difficult field to be in, and it has one of the highest rates of suicide. Dentists, are in close physical contact with their patients, and most of the time the patients are awake and afraid of being with you. Dentists get closer to you than your hairdresser or manicurist. And very seldom did I meet a person who liked going to a dentist, so you always have that uncomfortable, unwanted feeling. While patients always said “I hate dentists, but I love you, Doc,” such a long time of hearing patients saying that plays on you, as they’re sitting there with white knuckles and scared to death.

Did you get married while you were in school?

Well, I’ve been married three times. My first wife Diane and I met in college, then we married and moved to Milwaukee so I could go to dental school. We were married for four years. We’re still friends. It was an amicable split. We had no children or any assets, so it made the divorce easier. With my second wife, Judy, we had two children. We were married about twenty-two years and then split up—still good friends. And then I met my third wife, Terina, here in Las Vegas about twenty years ago, and I’ve been with her ever since. It’s been a very successful marriage. I’m very proud of her. She was a graduate in the inaugural class at Boyd Law School and has her LLM from Boston University in tax law. She has helped me understand law and been very instrumental in my success in life.

I have known all the Deans at Boyd from the start of the school until now. Dean Morgan did an unbelievable job leading the UNLV law program, getting it certified so quickly, and now it’s ranked within the top 70 law schools in the country—it was and still is amazing. And the professors that I’ve met that have come to the school have been tremendous. And Dean Dan is keeping up that tradition.

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When was the first time that you ever came to Las Vegas?

My parents used to come to Las Vegas in the 1950's when we lived in LA. The drive wasn't too bad, a lot worse and better in some ways than it is now though. The visit to Las Vegas that stands out most was when we came out July 4th weekend in 1958, which was the grand opening weekend at the Stardust where we were staying. It was an exciting time for a 14-year-old kid. The Stardust had Barney Cipriani, a world class high diver, performing at the pool daily. Our family had been to Las Vegas several times before. My first visit to Las Vegas was when I was about eight or nine years old. I always loved coming here, but it was a little bit tougher when you were a kid then. It's not like today where you can just walk into the casinos. I can remember standing outside the Pioneer Club downtown and my mom would play a slot machine next to the window so I could watch her play, and she could watch me. Things have changed considerably since then.

Can you explain more about your transition from living in Marina del Rey and working as a dentist to living in Las Vegas?

Yes, I loved the transition. When I sold my practice there was a transition period of about six months where I would see patients a couple days a week and then fly up here and be here the rest of the week. My office was in Marina del Rey, California overlooking the bay and the Pacific Ocean. I had the best clientele you could have. Marina del Rey is about a couple miles from LAX airport, so a lot of my patients were in the airline industry; I had pilots and what we used to call stewardesses then as patients. They had the best insurance through the airline industry; we haven't had dental insurance like that since then. One of the things that bothered me was Marina del Rey is at the end of the land with only ocean west of it, so the traffic and the congestion were just driving me crazy. That along with the pressures of being a dentist made me think that it's time for a change. At that time, my wife Judy's father, Leroy, was in Nevada and was looking to buy a poker room. But no poker rooms were available. There was a sports book in Downtown Las Vegas that was available, so he bought that. About a year later, I took over the management of Leroy's Horse and Sports Place for him in 1979 until it and its successors and subsidiaries were sold to William Hill PLC in 2012. The transition from dentist in Los Angeles to bookmaker in Las Vegas was exciting.

I loved Las Vegas, it was growing, and there were maybe only 200,000 people here then, so you could get around. We had a home which was considered really outside of town, near Warm Springs and Industrial Roads, that seemed like the end of the world. We now live in Seven Hills, and at that time, nobody ever went to that area. It was at the end of Eastern. Eastern was a dirt road then and ended around Robindale. Seven Hills didn't even exist. It was all dirt, desert and hills. The transition is incredible. But I love Las Vegas. I mean adapting here was great and my children still thank me for moving here

and not staying in Los Angeles.

Any interesting stories from those weekend trips to Las Vegas? Any all-nighters or the like?

Well before I was even married, I used to come up here often. I remember driving up here with guys when I was 18, 19 years old. We would always keep ten dollars in the trunk of the car so we'd have enough gas money to get back. We'd only have maybe 100, 150 dollars to gamble. There also were days when I would go to the Southern California race track in the afternoon with friends. If we did well, we all would get on a plane and come to Las Vegas on a champagne flight, on the old Western Airlines or Hughes Air West. It was really something. All-nighters, sometimes not even having a room, staying at the airport and going back in the morning, that was a big part of growing up. I can remember driving here, and once you would get to the Nevada state line, you're going 100 miles per hour because you can see the light from Las Vegas glowing, and that's when you would drive faster to get there. The trips home were not quite as exciting. The same thing as flying back and forth; incoming flights are always a lot happier than the flights going home. On flights to Las Vegas there were many people playing cards or dealing blackjack. Not so on the outgoing flights—most people were licking their wounds or sleeping. Probably the thing I miss most about Las Vegas is being able to just visit here. There's no place I've been to that matches Las Vegas.

Passengers would play cards on the flight to Las Vegas?

Yes, definitely. They were practicing playing black jack. People always have new systems to try. How to play blackjack, when you hit, when you split, when you stand, etc. So everyone was much happier and more optimistic coming here than ever going home. I guess that's why Las Vegas has been successful.

So it sounds like your children were very supportive of your choice. Was your wife supportive at the time? Were your friends and family supportive?

Well my children were only two and six months old, they didn't have a choice. My father and father-in-law were very supportive. The rest of my family thought it was a very strange move. My mom was completely against the move. Leroy, my father-in-law, was a huge sports fan. He also used to bet on horses and own thoroughbreds. Leroy and I were a match made in heaven. We both loved the same things in life—good friends, gambling, great food and drink, and most important of all, our love for horse racing and sports betting.

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Before you transitioned into living in Las Vegas, did you know very much about the sports betting world?

Yes, I was. It was ironic, I knew a lot more than I could really admit to gaming regulators at that time. As a kid, I was exposed to betting on horses. Those days betting on the horses was the only thing we had to wager on. My dad, my uncles, and everybody else always used to go to the track and play the horses, so I was accustomed to that. And then sports wagering— I became accustomed to that in college and in dental school. We would have football parlay cards to wager on then, so I knew what I was doing.

Knowing what I did at that time was very helpful, but it was hard to explain when the Gaming Control Board or regulators were asking, “You’re a dentist, what do you know about gambling, especially bookmaking?” I remember just explaining to them that I believed I could run a book. You can imagine: I had just sold the dental practice, I had a two-year-old and a six-month old baby, sold our house and bought one over here and all of a sudden— look I’m staring at the Gaming Control Board, and I don’t know if I am going to get licensed. It was a brutal day. They gave me a chance and I told them: “I hope to make you proud of me someday.” That was the start of my career in Nevada. It was very difficult in the beginning. We were a standalone book in downtown Las Vegas, but then law changes enabled us to branch out and have more than one book. And that lead to getting into the technology business for sports books.

When you took over Leroy’s, what was your day-to-day like in the early days?

We’d be to work by seven in the morning and be there until seven at night. They were 12 hour days. We weren’t open 24 hours. The first race bettors started arriving at nine in the morning for the East Coast races from New York or Florida. At that time we didn’t have simulcasting of the races. When you look at old pictures of Leroy’s, there are no televisions in the place because there was really nothing to show on them. The first big advance was that we’d have audio come through our speaker system that was from a disseminator who would recreate and announce the races. The disseminator would get the results across the race wire. The announcer would then make up, in his mind, the way he thought the race was run. The prices the winning horses paid would then be announced. During the day, we would put the betting odds up on the sports events of that day or weekend. We would accept wagers and adjust our liability on games by changing the odds. The book would close normally after the last horse race was over, usually by seven at night, and we would then check out the remaining ticket writers and close the doors. We then took the undecided bet slips home and would calculate the winners as the games were completed. That was day to day. They were long days, depending on the season—not as long in the winter as in the summer just because of the daylight, as most of the tracks didn’t have lights in the early days.

And then there were sports, of course. In sports, in the late 70's and early 80's, there were very few televised games on, and most of them were tape delayed and were already finished. We only had the three network channels here. It wasn't like it is today where you can see literally almost every professional game. And in college football, there has to be 70% of the college games on television now. It's changed a lot with technology. The biggest thing was really satellite. Leroy's owned one of the first satellite dishes, and being able to get games off the satellites was a tremendous advantage. Having a satellite dish would really fill up your room because people would come to watch the games live.

And was it your idea to bring the satellite dish?

Yes. The first was a C-Band dish, and it cost \$7,000 just for the dish. In the 80's that was a ton of money. I remember a Sugar Ray Leonard fight that was before scramblers and Leroy's got the fight off the satellite. We had the biggest crowd we ever had because we were the only ones with a dish Downtown.

Did that dish pay off financially?

Definitely, because it helped increase the interest in the game. People like to place wagers on games they can see; they want to see how their team is performing, and see the horses running or whatever they were betting on.

Compared to how Las Vegas is now, what changes from 70's and 80's do you miss the most?

When you say Las Vegas, everybody says the good old days. There's no doubt they were good. They were fun days. Most people knew everybody in the city. Our kids went to the same schools, being that there weren't that many schools to go to, so we got to know each other. I like that from back then, but the good old times, when you really think about it, they were fun. But you couldn't do what you can do today without the advances in technology. The casinos were all smoke filled, but now most of the high end ones have better air handlers, they clean the air much better.

And writing tickets, we used to write tickets by hand compared to now it's all computerized. Bookmakers had a difficult time managing liability. We would chart our liability on a piece of paper and with a pencil. We would only chart bets that were \$100 or more. We didn't know that there were ten \$20 bets for every \$100 bet. Liability is much more secure and accurate today in Las Vegas and in life for that matter.

We don't realize how much better we have it now; I mean look at our cars. I had a '56 Chevy, I had a Mustang, and I wouldn't ride in either one of those today. You can take the cheapest car out there today, and it is much more

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comfortable than the cars were back then. I mean, try driving a car without power steering! We just don't realize how the world has changed, but I do miss the days when there weren't traffic jams, and we could name not only all the casinos but all the best restaurants in town. There weren't that many. We only had 3 or 4 of them. But that's what I miss. But things change and if you don't change, the bus is leaving without you.

So I know organized crime had some history in Las Vegas, did that ever cause problems or was that ever a concern for you?

No. I don't know if we were fortunate or not. In the late 70's, most of the so called mob, Spilotro and his associates, were disappearing. They never bothered us at all. I knew his son, who would come into the book and wager. We would read about the mob in the newspaper everyday but I never really experienced or felt any pressure. We never were approached for protection, where you'd have to give them a share of your business. No, never. But we knew it was around, you didn't have to be too smart to know that.

You are known as one of pioneers of sports betting technology, so was there any specific thing that sparked the idea to innovate with technology?

When I started in the business, bet tickets were written on a machine that had triplicate copies, and after writing, the bet clerks would use the time stamp machine to verify the time. During those times there were many scams occurring in the bookmaking business. Past posting was rampant. For example a bettor would ask the ticket writer, or the ticket writer could write a ticket for himself on "Horse #101 for \$10 to win and ten dollars to place." They would write 101 on the ticket, push a button, and the ticket would come out. You would time stamp it, and then after the race, if 101 didn't win it was very easy to change it. If the 104 horse won you could change the horses to 104 by just changing the second 1 in 101 to a 4.

In addition to that scam, your writers would be cheating you in many other ways. They would also unplug the time machine before the race, watch or listen to the results of the race, and then they would plug it back in. For example, if the race was going to be at 1:01 PM, they would unplug the machine at 1:01 PM or sooner. Then, after the race results came in, they'd write the ticket, plug the machine back in, and time stamp it. To alleviate that problem, we hard-wired the clocks to try to stop that from happening. Then, they found out that there were fuses in the time stamp, and they would take the fuse out to stop the clock and later put the fuse back in. Besides that problem, writers would change the amount of a bet: you could change \$10 to a \$100 very simply or change \$10 to \$70. Counterfeit ticketing was crazy. Internal controls were little or none over at the race and sports books. My employees could cheat me and the race and sports book owners could cheat the state, so something had to be done to stop the cheating.

So how do we stop it? The cheating was happening when computers were becoming more common. Computerization was the answer. I wasn't very good at programming, but I met a programmer named Javed Buttar—he was from Pakistan—and we both agreed that we needed to computerize bookmaking to control it. Javed didn't understand our business. He didn't know the difference between a daily double in horseracing and a double header in baseball¹, so we were going to have some challenges. Computerization brought many benefits, as you can imagine. You now knew your risk to the dollar on every horse or team at any time. And time stamping was controlled by the un-accessible computer clock that couldn't be altered in any way. This was the start of Computerized Bookmaking Systems or CBS as it became known.

It took us over a year, probably 18 months. We sat across my desk from each other to program this program that eventually grew to over a million lines of code. I would explain the race and sports business to Javed, and he would program it. Together, we created a system that was great for Leroy's. We felt that it was a product that could be sold to other race and sports books.

Our first client was Gary Austin's. It was on the Strip, where the Wynn sits now. The book was first called the "Rose Bowl." Austin was also known for taking the largest bets, bigger than any of the other places. We installed the system there; and it performed above all expectations.

Farther north on the Strip was the Stardust, and they were the highest volume book in the state. It was the largest book originally designed by Lefty Rosenthal. At that time the Boyd Group was operating the Stardust. They were in the market for a race and sports book computer system. The Gaming Control Board regulators saw how good our system was and how much more control and accountability they could have. The computer system was a game changer as it enabled the book managers to really manage their liabilities so much better. The system had the ability to put in a predicted score, and the system would go through all the bets and would calculate how much you were going to win or lose if that was the final score. That ability aided us with adjusting the odds.

CBS then introduced the first self-service terminals to the industry. They helped locations expand hours and better utilize their employees. Some employees lost their jobs, but not as many as you would think. And the smart employees would move on to higher paying new computer jobs.

CBS's next innovation, in partnership with Leroy's, was sports betting apps on mobile phones. Betting with smart phones presently is approximately

¹ Compare *Daily Double Horse Racing Bet*, BETAMERICA, <https://extra.betamerica.com/betting-info/how-to-bet/daily-double-bet/> (last visited Feb. 9, 2017) (explaining that a "Daily Double" horseracing bet, the bettor tries to select the winning horse in two consecutive races), with *Doubleheader*, DICTIONARY.COM, <http://www.dictionary.com/browse/doubleheader> (last visited Feb. 9, 2017) (defining a "Double Header" as "two games, as of baseball, between the same teams on the same day in immediate succession).

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30% of every of every wager that is placed in Nevada. I will say probably within the next three years over 50% of people placing wagers will use a mobile app.

Some companies already report that mobile wagering accounts for over half of their present business. When a bettor realizes the convenience of a mobile sports betting app, it changes his view of betting on sports. For example, assume there is a baseball game starting in an hour and you want to place a wager. Wherever you live, it is very difficult to get to a sports book. After arriving at the book, you have to find a place to park your car, you walk into the book, and get to stand at the end of a long line. And while waiting in line, you see the odds are changing: sometimes in your favor but most of the time against you.² If you have a mobile account, regardless of where you're physically located, you're at the front of the line making your wager and usually at better odds. It's a huge, huge advantage. It's even better than calling an illegal bookie. This is convenience at its best.

How did you meet Javed?

This is an unbelievable story, too, showing you what a small world it is. When I was a dentist in Southern California my dental supply man was Ernie Baer. Ernie, was a good friend; I'd known him since high school. When I moved to Las Vegas, low and behold Ernie was living in Las Vegas, supplying dental supplies to Las Vegas and the southwest on his dental supply route. We became reunited. Ernie was also delivering football parlay cards to sports books in Las Vegas for Jim Feist, who was our third partner originally in CBS, with me and Javed. Ernie said that he met this programmer from Pakistan who was working for Jim, and he had a way that he could control Jim's sports betting tout³ business. One of the services of Jim's business was to give customers the latest betting odds. They would make their money by how many times customers would want an update on the latest odds, but they had no way of tracking it. Javed developed a computer system that knew how many times the customers would call. Ernie told me about the system that Jim had for his business, and then he introduced me to Javed. The introduction by Ernie to Javed was the catalyst for me getting into the technology side of things.

² For more information on why odds change, see *Sports Betting: Why Odds Change — And How to Take Advantage*, HIGH-TECH GAMBLING, <http://www.hightechgambling.com/sport-betting/why-odds-change> (last visited Feb. 9, 2017).

³ A tout service sells opinions, betting lines, and picks for the purchaser to use to place bets on sporting events. See *Tout Service*, SPORTINGCHARTS, <https://www.sportingcharts.com/dictionary/sports-betting/tout-service.aspx> (last visited Feb. 9, 2017).

Were there ever instances where you were thinking of changing a system or upgrading technology that someone pushed back against that idea?

All the time. People in general hate change! The Gaming Control Board wouldn't push back but are still a necessary hurdle in development of new products. They are the gold standard and sometimes that curtails somebody from really spreading their wings and trying new developments.

The casino employees always were against change. They were concerned about losing their jobs, especially when we first started offering our computer system. Employees were afraid they were going to be replaced by computers.

When we first started providing systems to the books, each book had to have a separate system, but then we found out on how you could link them all together by networking the servers. You only need one main server, and that was the introduction of satellite book locations. This networking changed the whole landscape in the industry. Networking made me realize that the economies of scale it created were greater than anyone imagined. This change was accepted by all the licensees that had multiple locations. With networking, licensees only needed one bookmaker, instead of having one at each location, which saved management high-priced employees.

Networking was the idea of Bob Kocienski; he was Vice President of Finance for the Hilton properties in Nevada. Hilton at that time owned and operated the Las Vegas Hilton, Flamingo Hilton, Reno Hilton, and Laughlin Hilton. And with the existing business agreements and laws, they had to buy four systems at the start—one for each property. Bob visited me and said he wanted to network the four properties to one server. That change really upset me, and he'll tell you. I was cussing him, saying, "You son of a gun," you know, "you just ruined my business because I could no longer sell all of these systems!" And he said: "You'll be alright in the future." And he was right because that also allowed Leroy's to operate and network other licensed books. I realized the economies of scale in operating this way, and the business model for our companies completely changed. We went from our dependence on being a computer system supplier to a bookmaker with many locations. Although other people could also network many locations, we were the first in the market. You take a lot of arrows by being first, but you also get the advantage of the head start. I've taken a lot of arrows, had failures and successes, but still feel that if you're not willing to take chances in the window of opportunity—that window closes.

What type of failures? Were those related to technology?

Well, one of our failures was internet gaming. In the late nineties we obtained one of four internet licenses issued in Australia. We opened MegaSports in the capital, Canberra. We were pioneers on the internet, and one of the first to open an online bookmaking operation in Australia. At that time, the Nevada gaming regulators weren't familiar with—not many people were

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familiar with—the internet. This is back in 1999-2000. There were ways then, and there still are ways, that you can beat internet security: for example, by using false proxies⁴ that spoof your location. We had strict internal controls. A customer came to our site wanting to bet \$5, because of the small amount of the bet and a small original deposit, our employee let his guard down and did not follow our internal controls. Sure enough, the bettor was from the Gaming Control Board using a Canadian located URL. The Nevada regulators told us that although they couldn't control us, if we wanted to be in Australia that was fine, but they weren't going to let us be in both places. So we had to either divest ourselves of the Australia operation or the Nevada operation. We opted to stay in Nevada. I wonder now if that was the right decision watching the ultimate success of the internet operations, but overall it was a setback. I think Nevada should be the center of sports betting, but we've given that up by not embracing the internet as its popularity grew. The sports betting world is now offshore in the Caribbean—all illegal. If the Nevada sports book industry with the regulators would have embraced the internet then, Nevada could have remained the center of sports betting.

Many people think that the gaming regulations are being outpaced by technology, and you previously touched on that with how you worked with the regulators when you were implementing new technologies. How else have you seen this manifest itself?

Take telephones, for example, technology is changing very fast. Building the first app was a very difficult process, including going through the Gaming Control Board because they didn't make it easy. Hurdles such as Bluetooth and Wi-Fi had to be turned off on the phone when the customer would make a wager. Blacklists that check to make sure no other applications were running that could compromise your phone had to be maintained. Geo-location was necessary to make sure the bettor could not access the betting app from out of state. There were other restrictions too. Your microphone, your charger, or earphones—if plugged in—had to stop the application from running. We complied with the regulatory authorities in Nevada and then had to get the app into the Apple Store.

Getting into the Apple Store was an unbelievable procedure. We would be the first gambling app allowed in their App store. Terina and I went to Apple's Campus in Cupertino, California to meet with Apple's attorneys. We were both in suits, and being dressed this way made us stick out because everyone else was in jeans and t-shirts. On arrival to the designated building, we were met by

⁴ While using a proxy server, a person appears to be accessing the internet from a location different than where they are actually physically located. See Patrick Lambert, *The Basics of Using a Proxy Server for Privacy and Security*, TECHREPUBLIC (Dec. 4, 2012, 10:30 PM), <http://www.techrepublic.com/blog/it-security/the-basics-of-using-a-proxy-server-for-privacy-and-security/>.

a young lady that looked to be about 16 years old. She was dressed in jeans with holes in them. She invited us in and it turned out that she was the vice-president of their legal team.

At that time Apple didn't want to have anything to do with gambling. We went into a conference room with their attorneys and proceeded to use a whiteboard for hours explaining the app and our company. We were a publicly traded company, so we were bound by the SEC—not just Nevada regulators—which at the time, Apple didn't realize. They were worried about somebody winning a big bet, and Apple would be liable for that because we couldn't pay. We explained to them the extent to which we are regulated here, and how we have to have reserves to cover any bet we take or any money that is put on deposit. We were fortunate enough to have them accept us as the first app that was associated with gambling. This was a difficult sale also because we would not be providing them with a revenue stream. Their business model was to get a third of any advertising income from the app. Well, there was no advertising with our app, and it was a free app, so they weren't getting any compensation for this.

So do you think computers will eventually completely replace bookmakers?

Not totally. Computers already are automating a lot of the bookmaking procedures with computer-risk-management systems in Europe. Computers are getting feeds from all games that are in progress, and algorithms are applied to this information; it simultaneously puts out new odds. For example, during a soccer match, the odds on who is going to make the next goal or how many goals will be scored is all done with an algorithm. It does have human oversight, and odds can be changed manually. But most of it is mainly automatic.

I can see automation taking over, but we will always need some human oversight on circumstances that aren't in the algorithm. For example, if in a college basketball game in the first 2 minutes the star gets two fouls, he's not going to play until the second half starts.⁵ This would be an example of a significant event that is probably not in the algorithm. Also, changes in weather conditions, circumstances like these will need human intervention.

So when you watch games, do you ever get to just sit back and enjoy them?

No, there is always a rush to have something on the line. If you bet \$10 on a game, you're going to watch it. But if you've got \$100 on this game, you're

⁵ A player can be disqualified from the remainder of a game for accumulating too many fouls, known as "fouling out." Accordingly, coaches often take players close to "fouling out" out of the game in order to ensure that player can play later. See *Foul Trouble*, SPORTINGCHARTS <https://www.sportingcharts.com/dictionary/nba/foul-trouble.aspx> (last visited Feb. 9, 2017).

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really going to watch it. So there is that rush there dependent on your level of risk. Betting is a form of entertainment that enhances the event.

Have there been any changes that you wish wouldn't have happened, or changes that you wish would come to the industry?

Well, I really want to see new technology make its way through, and there are certain things and certain instances that take too long to get approval. I think it's really because of budgetary constraints on our existing regulators. Billions of dollars go through this industry, and the regulators don't have enough people or a large enough lab. Presently, the process is we go to an independent lab, such as GLI or BMM. They review your product and then report to the regulators that they've tested it and give the regulators their results. The idea originally was that the Gaming Control Board would just have a smaller lab to review the report and approve the product. But what's happened to most people in the industry, it seems, is that we go through the independent lab, and then we still have to go through the full Gaming Control Board process. So now, it's taking twice as long and costing twice as much, and the results are the same. That doesn't make sense to me, and I think that was a bad change. It's one of those changes where the regulators made this change, and this unintended consequence came from it. The regulators thought it would speed things up, but in reality, it's a longer process because they have had to cut down on the number of people in the lab.

So in general, after living in Las Vegas for so long, any other memorable stories that you'd like to share? Anything related to sports or sports betting?

I've seen so much happen in the past 40 years, we'd need a long time to cover them all. I remember jai alai⁶ was big at the original MGM, and that didn't make it. We had a race track in Henderson, near Racetrack Road and Boulder Highway. It was for dog racing, with the intention of bringing horse racing eventually, operated by a family from Arizona, but unfortunately it failed. We've seen every kind of amateur sports league, upstart pro leagues, Canadian Football League, NBA's Utah Jazz and other leagues come here and not succeed.

There have been successful sports enterprises also: The National Final Rodeo, three college basketball final tournaments including the Pac 12, the Triple-A 51's. Today we are a different city with a larger population and a tremendous increase in visitors. We have become home to the NHL's newest franchise. I'd love to see the Raiders move here. I think it's a no-brainer that

⁶ Jai-Alai is played on a court with a hard rubber ball that is caught and thrown using a curved wicker scoop. See *Jai-Alai*, www.jai-alai.info (last visited Feb. 9, 2017).

they would be successful here. Having the new restaurants and professional leagues, world class entertainment, and great resorts keeps the city moving and makes us a first-class city. Hockey is going to be great with 41 home games, and with only 10 home games in an NFL year, those would be sold-out in no-time.

When I used to fly into Las Vegas, you would almost be able to walk onto the tarmac and board your plane. Now you look at what McCarran Airport is today, and it is an example of the growth of Las Vegas. Being a part of something that you see grow and thrive is great. The Las Vegas Convention Authority has done a tremendous job in re-investing in the city. They take a portion out of each dollar and put it back into Las Vegas and the community. It's well spent money. I love to see companies like Switch and Levi's come here. It's great to be a part of something where you see changes all the time. This isn't like Boston. How much can it change? It's already hundreds of years old. I mean we're just 100 years old. I love that part of living here. I've had tourists say, "Everything looks so new!" They're seeing the changes, as well. Las Vegas' growth stimulates me.

One more story. Years ago Senator John McCain wanted us to stop accepting bets on college sports. In those times, we didn't take bets on the UNLV games when they played because we thought customers might think that games were fixed if they won. Now we had to establish the fact that bookmakers are really the police of sports with people who were against sports betting. The legal bookmakers are the ones that are going to get hurt by fixes. If someone bets with inside information and with us, we'll find out and notify the appropriate authorities. No illegal bookmaker can or is going to do that. If all bookmaking is illegal, it is impossible to find out if a game is fixed. People are not going to stop betting on sports. They are going to continue whether it is legal or not. Since we started accepting wagers on UNLV, we have never had anyone question the integrity of those games. How will we find out someone is doing something wrong if we are not policing games like we do?

Las Vegas just got a professional hockey team, and there are talks about possibly receiving an NFL team. How do you see this changes effecting the betting industry specifically?

These would be definitely positive for our industry. The number of tourists we're going to get from other NHL cities coming here to watch their teams play Las Vegas and probably get a bet or two down with our sports books here will increase our revenues and attract new visitors.

So how did you feel about being inducted in a gaming of the hall of fame?

Unbelievable. I never saw it coming, I never considered myself that exceptional to get that honor. I was dumbfounded by it. It feels great, and I guess there were some things that I did, with the aid of tremendous co-workers,

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that made positive changes in the industry. There are a couple other guys that I'd like to see in the gaming hall of fame that came out of our business. I've really been thinking about doing just a bookmaker's hall of fame and starting that with some older guys and giving a lot of the guys the posthumous honor that they deserve, for the role that they played in the days that I went through. Steve Wynn said at Jackie Gaughan's funeral that nobody likes getting old, but one of the great things about getting old is that you got to know all of the guys that were heroes in the past. I wouldn't trade that experience for years, ever. To get to know guys like Bob Martin, Sonny Reizner or Herbie Hoops, these guys and others were legends in the sports betting industry. Guys that you've probably never heard of, but they deserve some acknowledgement. Books should be written, and honor given to them. They and many others helped me get to my induction in the hall of fame. It is a tremendous honor being in the gaming hall of fame. I don't think that I would have made the hall of fame of dentistry, even though I was a very good dentist and have some patients that are still around that could tell you that. Another great thing about being here for 40 years, is getting to know people, your assemblymen, your senators, the governor, the mayors. If you live in a large metropolitan area like Los Angeles, there is no shot that you're going to get to know your US Senators, unless you're in politics. That's really what's so great about Nevada.

What is your favorite professional sport team? Or are you even allowed to have one?

I am going to tell you the answer that I give to everybody. I hate them all equally. As a bookmaker, you realize that you can't have a favorite team. For example, imagine the Giants are playing the Jets, and people are betting it all on the Giants. As the bookmaker, you're going to hate the Giants that night. The next week the Giants are playing the Patriots, and you need the Giants to win—then the Giants are your favorite team that night. So no, I have no favorite professional teams. In college sports, I like Marquette because I went there and UNLV in college basketball. Those are really my only favorite teams.

So what would be something that you would like to tell someone who has never placed a bet, whether on a sports team or by playing fantasy sports?

I would tell them that in tonight's game, if I gave you \$100 to bet on it, after the game, let me know how much more pleasure you experienced in watching it. If you liked it, then try it with your own money and you will enjoy it even more. Then I would explain to them how bookmaking is one of the most honest professions there is in the world. For example, let's say tonight the Lakers are playing against the Bucks, and they're a 3.5-point favorite. You place a wager on the Lakers and know that if they win by 4, you win. If they don't, you lose. It's black and white. If you go to your dentist, you don't know if he's good or bad. If you go to a restaurant you don't know if it is good or

bad. Same thing goes for attorneys. I don't know of another profession that you know what you're getting when you pay for it. Wagering is really the most honest and fair thing you can do. There are very few disagreements after a bet is made. It's a contract and it's in black and white. You don't have to go to paragraph 24, subsection A, little number 2 to figure it out. That's really what I like about bookmaking.

One more important thing is never wager more than you can afford to lose. This is for entertainment. All bills must be paid before betting. One thing I've learned as a bookmaker is that only about one percent of people can make a living at beating the odds. But at the end of the day, watching a game is more exciting if you've bet on it.

So where else do you see the industry going in the future?

I've been saying this for a lot of years, but I really see the sports betting industry going national. It's really a bitter-sweet thing because Nevada's has had a monopoly on legal sports wagering for years. Major events, such as March Madness and the Super Bowl fill a lot of hotel rooms. The reason: it's legal to bet here. There is too much money being bet illegally across our nation with none of the proceeds benefitting federal, state, or local coffers.

I remember years ago the Utah Jazz basketball team wasn't drawing very big crowds when they were in Salt Lake City, so they wanted to come down here and play 11 home games in Las Vegas. We had a big deal about betting on the games, and we had to go in front of the gaming control board and gaming commission. We told the team that they couldn't tell us what we could do, but to play nice, we told them we wouldn't take bets when they played here. They wound up only playing three or four games; they never played the 11 games. They just left us and went away. That's when I got to know David Stern. At the time, I was president of a bookmaker association, and Stern said, "betting will ruin the integrity of the game." We tried to explain to him that betting does the complete opposite—it maintains the integrity of the game. So today it feels great when the current NBA commissioner agrees with us publicly. Our thoughts: "What took you so long?" Therefore, I see sports betting becoming national.

Fantasy sports might be the precursor to legalized sports wagering nationwide because laws like the UIGEA allow fantasy but not sports betting.⁷ There are obstacles, but once a state legalizes it, whether New Jersey or Iowa, the rest will follow. It's no different than what we saw with the Native American gaming popping up all over, or after Atlantic City sprung up, or what started with riverboats and led to big casinos. There's a lot of money in sports betting. The estimates, in my opinion, are very low to what it truly is. With technology, I can't tell you what the next thing is, but I'm sure it's going to

⁷ For more information on the Unlawful Internet Gambling Enforcement Act of 2006, see 31 U.S.C. §§ 5361-5367 (2012).

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make sports wagering easier and faster. This generation wants instant gratification, wants things to happen now. They don't want to sit and watch the whole game for three or four hours. Things like in-game betting challenge this generation. E-sports is going to be tremendous. I want to be a part of that. I have some requests in with the gaming control board now to be able to accept wagers on a common pooling—or pari-mutuel system—to book e-sports. E-sports tournaments are the second most watched thing to the Super Bowl. There's one coming up around Thanksgiving where they've sold out the Oakland Coliseum where the Golden State Warriors play. It's an invitational, there will only be the best teams, and there's a million dollars in prizes. That's where the future is.

People hate change and get afraid of change. They ask: "Well, do we really want to be the first?" Just go out and do it. You have to weigh the factors: "Does this mean that I'll have a big enough of a head start to be successful before someone else copies me, or am I going to be shot down?" A lot of times you get shot down, but remember, the window of opportunity is only open for so long. A lot of times, it is better to take that opportunity, otherwise you'll never advance if you don't try. That's what I try to live by. Sometimes that advice is hard to take.

So I've noticed that USFantasy⁸ is kind of new and interesting, you're constantly innovating.

Yes, we are five weeks old now. We're starting slow, but just to tell you about the future right now: we just yesterday presented Colorado with a contract to start fantasy wagering there, so that is very exciting for us. We'll be the only legal type of sports wagering that is there. Starting the USFantasy pari-mutuel system here, the biggest competition has been regular sports betting, which is the way we all know how to bet. So it will be interesting to see what happens with it in Colorado. I've always wanted to see legal fantasy sports go national and have common pooling across state lines. I've always wanted Nevada to be the first, but Nevada's powers that be are having trouble realizing that Nevada really could be the home of fantasy for the US. That's my latest dream, and hopefully we'll make it.

⁸ For more information on USFantasy, see www.usfantasy.com.