



Exclusive Book Extract

PRACTICAL PUNTING – NOVEMBER 2008

Susan Bain is one of America's leading female punters. She and her husband Ed Bain (www.edbain.com) devised the highly successful 4x30 formula, using trainer stats to select winners. In this exclusive extract from her book "Signers", Susan relates the amazing ups and downs of her betting and business life. A 'signer' in American racing is when a punter wins more than \$600. The punter must then pay tax on the winnings!

One time I witnessed a player win the nearly impossible double-triple bet at Laurel racetrack, for over a \$100,000, and instead of leaving with his winnings, he began to bet wildly.

Though I did not know this horseplayer personally, nor had I any idea of his normal bet size, I saw him lose \$20,000 over the next few races. It was not hard to notice because he was loudly complaining about the loss.

Another player heard his complaint and called the double triple winner "stupid" for blaming the usual scapegoats: the jockey, the trainer and "bad luck".

The self-destructive gambler was overheard to say, "I thought I was going to have a lucky day!" Ed looked at me. "He already had his lucky day, he should have left!"

From this observation, I began to notice quite a few players who would win and then increase not only their bet size, but also the number of bets they made. Some of these players would have been up for the day if they had maintained the same bet size and number; instead they often left the track broke.

When we would notice such a turnaround, Ed would recall one of his mantras. He spoke with a mellow but resonant voice, with the firmness of a Buddhist scholar. "I never want you to leave the track broke!"

I learned that the repetition of certain motifs had a lot to do with the way Ed held himself together as a player and never lost control.

With the understanding of odds came the understanding of why Ed would bet or pass a race. Since the beginning, I simply observed that Ed would often sit through a race without making a bet. Since this whole subculture was strange to me, I would observe every one of Ed's procedures, from folding the Daily Racing Form in different ways to calculating each horse's time in every race. Though I did not know exactly what all of this meant, I did notice that fractional numbers never ran over a four and that 46.4 would turn into 47.0 when he added the next fifth of a second. My mind would think this should have been 46.5 because in school we were trained to use tenths when figuring fractional numbers. In racing, they use fifths.

I learned that the average horse runs its body length in about a fifth of a second. Ed taught me how to calculate the fractions in fifths, the first chore I actually disliked. This became good conditioning because it trained me not to look at the speed of the horse but instead to consider all the other variables. The speed factor can predict winners, and since the public prefers this factor, it is disproportionately fed into the pari-mutuel system (in the form of bets). When the speed factor does predict the winner, more people have to share the returns because more people bet it, so the payoff is less than fair value.

Another of Ed's motifs: "When you decide to make your own bets, by all means have fun, but most of all have a mind of your own. Don't fill it with junk and then 10 years later you discover it does not work." "Junk", of course, was not only misinformation but also factors that the public over bets. Ed knew all about junk because he'd played some of these overbet factors and had decided to learn from his own experience and go his own way.

He was saving me from having to pass through the same initiation rites. Ed enjoyed my many questions and he never made me feel that any question I asked was stupid.

It took three years, but the day finally arrived when I wanted to handicap and make my own bets.

Some time in the early 90s, Ed came to the conclusion that even though there is some excellent statistical information out there, there was no smoking gun, no one piece of information for sale that would make us a living at the track.

This was a key moment in my evolution as a horseplayer: the discovery that if you really want to win consistently, then you have to create your very own methods and generate your own information. Horse betting is essentially an information game.

The pari-mutuel system dictates that the only way to win is to use good information that few or no other bettors use. Much-used information, good as it may be, deflates the payoffs of horses to below fair level.

Ed decided to start saving his racing forms and even though at the time he did not know what their function would be, he made a place for them in one of the closets in the apartment where we lived.

When that closet became full, Racing Forms began to pile up in a second closet. We developed a new perspective on real estate. The number of closets became more important than the number of bedrooms or bathrooms. One afternoon, Ed and I were walking. As he was holding the door open for me, he said, "I know what I am going to do with those forms." It was about time. Once in the door, he continued. "I am going to track trainer stats."

Once my initial emotional response had subsided, I realized that this time it would be different, for he would be researching, as he explained, some types of trainer factors that no one else had used. Other players were speed handicappers, but very few used the trainer as the primary factor. This was the information game, finding a type of data that few other players would use. Ed would research the performance of human beings rather than horses. It figured that human beings might be more reliable than their equine partners, though one skeptic would argue that, "The trainer can't talk to the horse."

At our table, with a crab cake lunch before us, Ed enumerated more than 30 research categories. Ed began his work the next day, tracking more than 130 trainer "moves" (tactics), and he did so using a pad and eraser. Neither of us knew how to use a computer, but it was now inevitable that we would belatedly enter the technological era. Even after purchasing our first computer (the best purchase from "the experts" that we have ever made), Ed stubbornly went through eraser after eraser, entering his 130 trainer performance factors by hand.

A week later, Ed was headed for the Penn National OTB to bet two Santa Anita races and he asked me if I wanted to go along. Just that morning I had been in our local courthouse filing some papers regarding our deed. They had a metal detector, so I emptied most of the contents from my purse. These contents happened to include my pocketsize Tomlinson pedigree ratings (before the time we had decided to purchase the two backup copies of his Mudders and Turfers). When Ed and I arrived at the OTB, I opened my purse and I saw it only contained \$20 so I decided to buy a voucher for this amount, relax, and bet for fun.

It was quiet in the OTB since it was still early afternoon so Ed and I had our choice of seats and we sat in front of a bank of TVs. I watched several Fair Grounds post parades and in two separate races, I had noticed horses that looked physically ready and I bet \$2 across the board on each. To my surprise, both hit for double digits. Ed had already made his first bet and his horse came in third so we were waiting for his next wager.

I went back to watching the post parade at the Fair Grounds, and this time I saw a horse that looked amazing. He had a huge arched neck; he was prancing on his toes; and he had a determined look in his eye, coupled with an attitude that was saying to the world, "I am going to kick ass today". As soon as he passed by, another horse came along with exactly the same look and attitude, and suddenly I was faced with a dilemma. I had never seen two horses in one race looking so good.

I borrowed Ed's Equibase Program to examine the race and was happy to learn that it was a 5-furlong Maiden Special Weight race on the turf. I noticed the sire for one of the two horses was Zen. I reached in to fetch my Tomlinson turf pedigree numbers out of my purse and discovered they were not there. I thought, okay, this is the reason you memorize these numbers and I was thinking Zen was a 170 Tomlinson, which would make him capable, though not dominant on the grass.

I checked the other good-looking horse for his sire, and compared all the other sires, to see if any one of them had a true advantage over any other on the grass. It was then that I noticed the five horse was out of Dixieland Band. I gasped.

Just yesterday, for some unknown reason, Ed had mentioned to me that Dixieland Band is an extremely potent sire. He said that horses sired by Dixieland Band "can literally do anything. They can go short, long, run in the mud, on the turf; you name it, this sire can do it."

Strangely, up until yesterday Ed had never said a word to me ever about any sire. So when I saw the Dixieland Band horse, my thoughts were "I can't bet either of the other two horses across the board because Dixieland Band can beat them."

I went to the self-service terminal about two minutes to post and made the decision to box the three horses in a \$1 trifecta for \$6. I finally could sit back down, relax, and check out the odds of my selections. Suddenly, I sat back up and onto the edge of my seat. The odds were 17/1, 50/1 and 40/1. As soon as I noticed those whopping odds, the race was off.

The Dixieland Band horse got the lead right away and was running away from the field. So many thoughts were going through my head, many of them telling myself how so very stupid I was for not having bet the Dixieland Band horse across the board.

The other part of me was more optimistic, daydreaming what a huge trifecta it would be with these longshots one-two-three. I knew in my heart that this would never happen to me, especially since my other two horses were nowhere on the screen.

It was a short race. Only a minute had gone by, with all these contradictory thoughts swirling in my mind, when suddenly the Dixieland Band crossed the wire first and my two other horses followed in second and third!

Ed was sitting next to me with his back sort of pushing into his chair, just studying the screens, when I lost my ability to speak and I started tugging on his shirtsleeve. He looked at me and said, "What?"

I was still mute. I tapped his arm and pointed at the Fair Grounds television screen. He did not understand me and had no clue what I had just bet because I rarely announced my bets to him. Ed plays with the discipline and focus of a statue on Mount Rushmore, so I would have driven him crazy if I told him every wager I made, since I played so often and seemingly with no discipline.

Finally, I blurted out a few words: "I think I hit that trifecta!"

Ed said, "What trifecta, where?" And I said, "At the Fair Grounds, and it's going to be huge!"

Seconds later the race was made official and my three horses were right there on the screen, the 5-10-12. Then the payouts came up, and I saw an amount of \$43,280, and I was thinking that it must be the pick six payout.

Suddenly I realized it was for the \$2 trifecta payout and I had half that amount for \$21,640! You've heard this cliché, people saying they "almost fainted". Well in my case it was for real. Ed had to walk me up to the teller to cash the ticket.

Though there were few people in the place, everyone knew that I had just hit this trifecta and even in my dazed mode, I could hear all the whispers. I received \$15,800 after taxes, all in hundred dollar bills.

Ed and I went home and I laid out the money on our bed and just stared. In this game, money is symbolic. It has to do with either luck or skill. This hit was the combination of the two.

Luck, because Ed had coincidentally mentioned Dixieland Band the previous day, the first time he ever talked about a sire. Skill, because I assimilated the significance of Ed's words and combined it with my memory of the Tomlinson ratings and my study of the Joe Takach video, Beat The Beam. Luck, because all these factors happened to have converged in one single race. Skill, because I was able to synthesize the three types of

evidence. Luck, because it might have been a more intelligent bet to go with Dixieland Band across the board.

Mark Cramer has seen me wager and he tells me that there is a certain amount of inspiration involved, the type used by a jazz musician to improvise on a tune and combine various rhythms and harmonies.

Not being into jazz, I cannot say if Mark is correct. I recognize, humbly, that the luck element plays a role in such scores. But I also know that if the player is not prepared with prior study, knowledge, analysis and self-confidence, he will not be able to profit from a lucky convergence of circumstances.

The next morning our friend, Paul Sumpter, came to visit. Ed had hired him to do the cosmetic repairs to our house. Ed answered the door and was telling Paul that he was thinking about doing more than simple cosmetic repairs to our new house, that we would like to replace all the painted molding with oak, drywall the walls in each room to eliminate the spider cracks in the plaster, and he went on and on with our huge plan.

Paul replied, "No problem, all this can be done, but what happened? Did you hit the lottery or something?" And then Ed opened the door of the bedroom and showed him all the hundred dollar bills laid out on the bed.

Life moves in cycles, with good times and times when things are not so good. When you are in an up cycle, you can expect that you will experience a down one. Yet, when you're self-employed or your entire income is self generated, as Ed's is with racing and mine with the recycling business, you tend to maintain a positive attitude, for when times are tough, you can feel that the good times will return.

During our positive run, we knew it was important to set ourselves up, so we spent over \$70,000 cash to remodel our home in a most stunning way. We purchased our furniture from Italy, bought beautiful oversized area rugs, and installed new computers that would be impossible to fill with business records because we each knew that our home-made business cycle was not going to last.

Before we spun into the inevitable negative succession, we had reached a comfortable level of wealth, thanks to racing and thanks to recycling. I knew we were riding the high part of the cycle, but I failed to see the negative turn coming in my recycling business and could not conceive that bad times in recycling would have an impact on our life in racing.

Ed and I had decided to keep my recycling brokerage company small enough to be able to work from our home and not have the need to hire any employees. We handled a lot of what are referred to as industrial customers, companies that produced large volumes of recyclable paper. Once these contracts were set up, they basically ran themselves. I

took care of our day-to-day operations, but Ed would intervene when necessary, and he did so willingly.

In the late 1990s we had an arrangement with Georgia Pacific, a well-known paper mill with a plant in Big Island, Virginia. We would sell them hundreds of trailer loads of recyclable fiber on a monthly basis. Our product saved them millions of dollars per year. I had been involved in the recycling industry since 1981, observing the unprecedented rise in consumer demand. I watched the manufacturing sector of this business change recyclables as a filler item to nearly complete consumption of recyclable products.

Recycling primarily feeds off of recyclables. It sounds like a good concept, except quite often, when the supply is great, it dictates a decline in the prices paid. Rarely does the demand from the manufacturing side exceed the supply. However, when this does occur, the prices paid to the consumer for recyclables will rise.

Such was the state of things during this time. In my previous experience of such market dynamics, I had always benefited quite well as a supplier. Basically the manufacturers which in our case were the paper mills, were at the mercy of the market. This meant that in order for them to run recyclable products through their mills, they were required to pay top dollar. This also meant that the only way the paper mills could reduce the cost of their raw materials was to find a less expensive substitute product, produced with the same quality. This is where our company came in.

With my extensive years in the industry, which also involved being a buyer for a paper mill, I had an exceptional knowledge of the very products that these paper mills could use. Ed and I thought ahead, and we had set up a niche for ourselves that involved supplying such alternative quality products in such times when companies wanted them.

We gave this particular mill a verbal exclusive to this product because they assured us a home base no matter what the conditions of the market might be. However, we later discovered they had no understanding that we had planned ahead and previously contracted all the supply sources, that we were basically the only ones who could geographically supply this inexpensive, quality product.

This created the problem that we had never envisioned, for this mill simply could not understand that this specialty grade could not be found just anywhere. It seemed like every other supplier in the world had asserted that THEY could offer the same quality and the same product. In the end, when it was too late, this mill learned that this was not the case.

Ultimately, we got caught up in their learning process and, as a result, we lost almost all our money. In addition, we took out a \$50,000 line of credit on our home to "do the right thing" and paid all of our suppliers, believing we would be reimbursed. Before we knew what hit us, all that money was lost too.

When we were doing well, I used to count Ed's money daily and if he had less than \$2,400 on him, around three days' worth of bets, I'd write him a check to replenish.

If he had more than this, I would take the overage. Now, all of a sudden, we couldn't replenish. Furthermore, the negative influence this was having on us also had a huge impact on our ability to make correct betting decisions. Ed went through another 16-race losing streak. Since Ed averages four bets a day, this streak seemed to go on forever, and it happened to hit us at the very time of year when Gulfstream, Santa Anita and the Fair Grounds were running, historically the period when we did our best.

Now my cushion was gone. No money from recycling and no consistent wins from Ed's bets: our essential bread and butter. Our ship was sinking, or should I say our house was sinking because our \$50,000 line of credit was up for its yearly renewal, and the house was the collateral.

After moving through these stormy times, Ed suddenly seemed to be in the eye of the storm. With the serenity he is known for, he said, "Why don't you put \$100 into your YouBet account and bet on Santa Anita today?"

Ed is possessed by a strange inner awareness of exactly when to tell me to bet. In these flashes of Ed's strange vision, I usually hit big. By this time I was averaging 10 signers a year. In 1999, when the dark business clouds were emptying out upon us, I continued to bet regularly, through the week, in the evenings, and just about every possible moment when I wasn't involved in the negative wave of recycling.

I was aware that I was betting a lot in order to get my mind off the recycling business. Though we were only in February, I already had six signers for the year, yet none were significant enough to get us out of our jam.

It was Wednesday, February 24 when Ed suggested that I bet Santa Anita. There was a pick 6 carryover, so I took a look at the card. Ed and I had played pick 6s in our past, yet neither of us had ever hit one, though we had five out of six so often that we considered this the standard for the play.

The card started with a Vladimir Cerin-trained horse out of Dixieland Band, ridden by Chris Antley, who at the time was Cerin's go-to jock. I had bet the horse to win and I also bet a dollar pick three. When race three arrived, which was the start of the pick 6, I was down to \$80 in the account. I had plotted out a pick 6 wager that cost \$72. After I made the bet I had a nagging worry about a Ron McAnally-trained horse that was running on the turf in Santa Anita's seventh race.

Ed had just manually completed some stats that involved trainers and their go-to jocks. Chris McCarron was on McAnally's horse. I went upstairs to check with Ed to see if the McAnally-McCarron combination was one of his big stats. Sure enough it was. With only

\$8 left in my account, I had to carve out a saver bet that would feature this McAnally horse. I ended up singling four races. Reanalyzing the trainer stats, I decided upon two horses in the two remaining races, sat down, and hoped for the best.

We had Direct TV and were able to pick up Fox Sports West 2, which showed the last two races at Santa Anita. By the time the McAnally race came up, I had hit the first four races and was alive on both the \$72 ticket and the \$8 backup ticket. Ed and I finished dinner and went upstairs to watch this race. Gilbou, the McAnally trained horse, won at 8/1 and I was left with one horse and one race. I had singled the horse Good Fellow Robin because he was owned and trained by low percentage trainer Thomas Ray Bell II and Eddie Delahoussaye was in the irons.

After years of playing Santa Anita, rumor had it that the prima donna (referred to as Eddie D) would not stay for the last race unless he felt he had a winner. This jockey factor, coupled with the fact that Bell was an "owner and trainer" who needed to hit, led to my decision to stand alone.

The cliché of the "nervous wreck" fit me perfectly in the moments leading up to the last race. I knew that five out of six was usually a signer, but I also knew that the winner of every race had been a double-digit payout but for one.

If I were to hit this pick 6, the payout would be an amount that our bank would take notice of. Enough to save our house.

To avoid driving Ed crazy, I stopped pacing the floor and went downstairs to wash the dishes. I wanted so badly to say to Ed, "If we hit this, our troubles were over", but if I said so I feared I would jinx the win. I never knew until this moment just how superstitious I could be.

Ed had to come downstairs to tell me the horses were loading into the gate. By the time we arrived in front of the TV, they were off. My horse took the lead and seemed to be going fast. "Too fast," I thought to myself. When they reached the turn Eddie D seemed to be sitting still, as if he didn't need to ask the horse to go. Ed had always said to me, "If the jockey is still on the horse on the turn, you have a shot, if he's all out, you don't".

I looked to Ed for confirmation.

"Eddie's stock still, isn't he Ed?"

"He sure is. He's frozen."

We both watched him pull away. Just when I thought we were in the clear, another horse came flying around all the others and was moving fast on to Good Fellow Robin. I

hollered, "Come on Finish Line!" and Eddie D and Good Fellow Robin crossed the line first!

When the official sign was posted, I started to hyperventilate. I got a cramp in my side and slumped over. A whole lifetime passed by while waiting for the payout to come up on the screen: skydiving, paper mills, home improvement, wild stabs at the pick 4. Kurt Hoover appeared on the screen. "Well," he exclaimed. "The pick 6 paid really good. There were three winning tickets, each for \$88,411."

I wept. We had just hit our first pick 6 and no one in the world knew but us, that we had just saved our house. It was too late to drive to Bethesda and go to Pines of Rome. Instead, we got on the computer and pulled up my YouBet account, clicking on balance. It said we had "\$67,000 after taxes".

Ed needed to hear this out loud, so he phoned the YouBet betting number. The lady asked for the account number and Ed rattled it off. Then came the password and Ed responded as if he were speaking to a child, nice and clear. The operator said, "You have \$67,000." Ed responded, "Doesn't that sound good?"

The operator congratulated us. Since our money was in Pennsylvania, Ed asked for directions so we could drive there the next day and pick it up. Now all we needed was to make sure we had enough for the gas.

We drove through a blizzard to Meadowlands, Pennsylvania and picked up \$67,000 in cash, handed to us in a brown paper bag. We used the money to pay off the line of credit on our house and we invested the remainder in the stock market. We bought shares of YouBet.

Signers by Susan Bain is available from edbain.com