Ungambled

Hedge Sports Bets for Profit

Drew Tabor

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Introduction

I've always been fascinated with hedging and arbitrage - when Kobe Bryant announced his final season in the NBA, I was *sooo close* to buying a bunch of tickets for his final home game before the season, with the plan of reselling them for profit when that final game was closer in.

I didn't, because I decided at the time it was too risky - it wasn't, but I convinced myself it was and passed on buying the tickets. If I had pulled the trigger, I would have 10x'd my money in the span of 6 months. What I overlooked was the potential to hedge. Selling the tickets wasn't an all-or-nothing choice.

That was 2016, and since then my obsession with hedging has only deepened. In 2022, after 10 years working as a software engineer in big tech at Microsoft and Oracle, I quit to refocus my time and energy on building hedging software for sports betting.

That software is now publicly available. It is called Ungambled (www.ungambled.com).

This is the Ungambled story.

Preface 1: What is Ungambled?

Ungambled is how you win at sports betting without gambling. (Get it? Un-gambled)

Why do you care about winning at sports betting? Because you can win *a looooot* of money without taking any financial risk. $10,000 profit in a few months for starters. No foolin'.

If this sounds utterly ridiculous to you, you are not alone. Most people reactively think this a scam. I don't blame them, because the first time you hear about it, it *does* sound like a scam. Everyone knows Vegas always wins, and regular people never win in the long run, right?.... Right?!

It is not a scam. Everything the Ungambled app does is 100% legal in the USA. It is also 100% compliant with the terms and conditions of the online sportsbooks where you bet, provided you don't go out of your way to violate them. The hedges are profitable 100% of the time. I've spent the last 5 years maniacally chasing that trifecta of 100's. At long last, it is here. If you don't believe me, do you believe the Wall Street Journal?

Ungambled is based on a financial trading concept called "hedging." If you've ever heard of a hedge fund, that's where the name comes from. After finishing this book, you'll know how to start your own hedge fund based on hedging sports bets.

Sounds daunting? Bear with me. The math required for hedging is middle-school-level algebra. There's nothing in here you can't understand.

Once you do understand it, I look forward to having you as a customer. 😊

Thanks in advance for reading!

-Drew

Preface 2: How to Use this Book

I have attempted to write this book to be accessible to anyone who is interested, no matter what your existing experience and skill level. We start with the basics, with each chapter building upon the previous ones without any gaps.

If you have never bet before, I recommend reading the book in order. Jumping ahead means you might miss some of the basics and misunderstand the more advanced concepts.

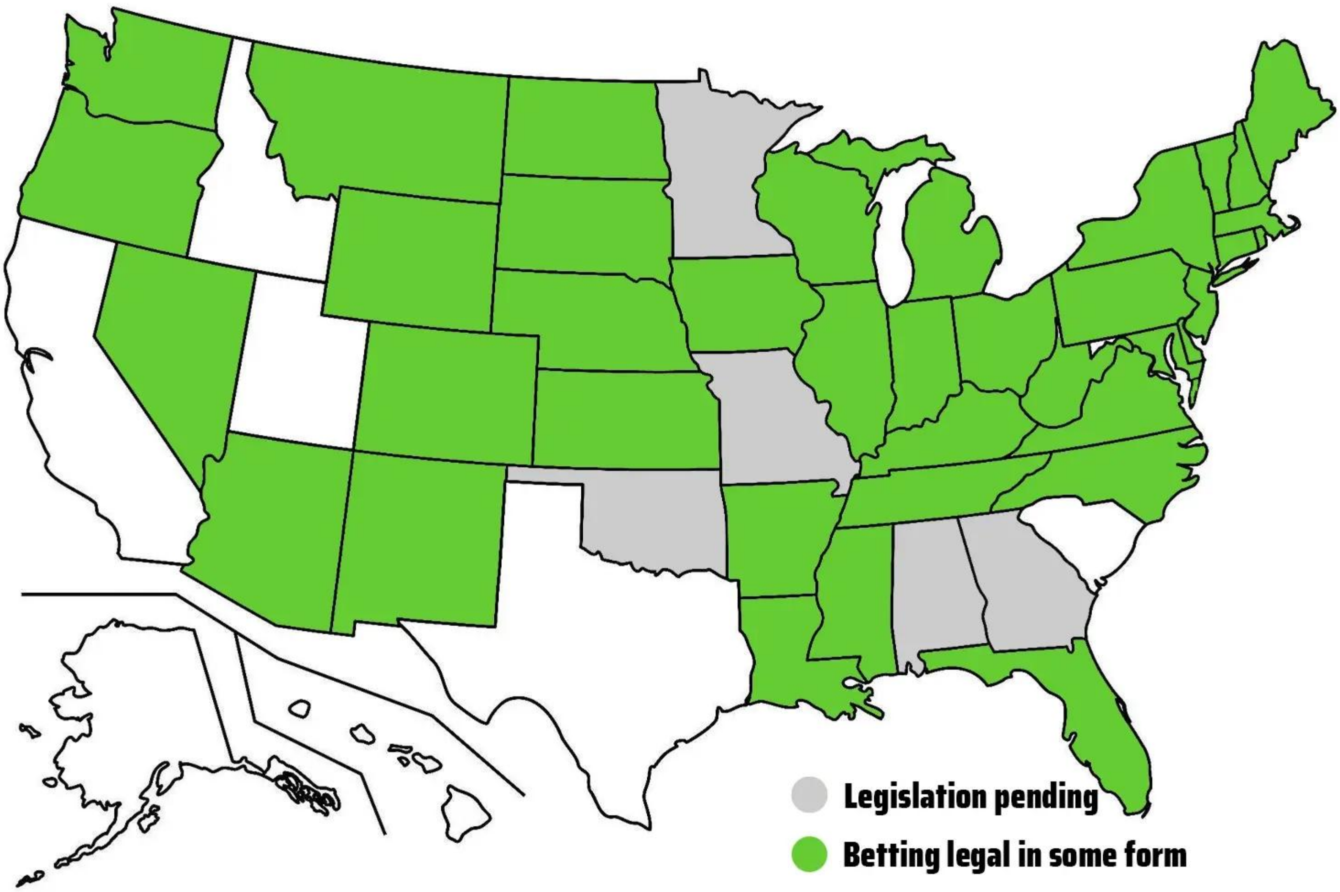
If you are an experienced bettor, I recommend going through the table of contents until you find something new or interesting and starting there. Backtrack if you don't understand something.

If you are already betting professionally, the only new and interesting parts of the book likely will be Account Profiling and Bonus Farming. These sections should provide you with novel strategies and tactics to make each new recreational sportsbook account you use more profitable via more bonuses and higher limits.

The hedging math in this book is the same math the Ungambed app uses. While you can implement these strategies in a do-it-yourself fashion, my goal in creating the Ungambled app is to make it so easy and foolproof to use that no reasonable person would choose DIY over using the app.

Let's dive in.

Chapter 1: Sports Betting in the USA



Before I start beating you over the head with math, let's set the mood by looking at the current sports betting environment in the United States.

History and legality

Sports betting in America went from mostly illegal to fully legal in most states in just a few years.

For decades, sports betting was banned almost everywhere except Nevada. A 1992 federal law called PASPA made it illegal for states to allow sports betting. If you wanted to bet legally, you went to Las Vegas. Everyone else used illegal bookies or sketchy offshore websites.

That changed in May 2018. The Supreme Court ruled that the federal government couldn't force states to keep sports betting illegal. New Jersey had sued for the right to allow it, and they won. Within hours, New Jersey sportsbooks started taking bets.

Since then, over 38 states have legalized sports betting. The rollout has been fast in some places, slow in others. States like New York, New Jersey, and Pennsylvania have full online betting through apps. You can bet from your couch. Other states only allow betting in person at casinos.

Mobile betting is king—about 90% of all bets happen on phones and computers in states that allow it. People want convenience.

Some big states still don't allow it. California has voted it down multiple times because casinos and tribes can't agree on the rules. Texas hasn't legalized it either, despite lots of interest.

Each state makes its own rules. Tax rates, which companies can operate, what sports you can bet on—it all varies. New York taxes sportsbooks at 51%, while Iowa only charges 6.75%. This affects what promotions and odds you'll see.

The legal market is huge and growing—over $11 billion in revenue in 2023.

The bottom line: where you live determines what you can bet on and how. The industry is still new and changing fast, with more states joining and rules evolving.

Ongoing Stigma

Even though sports betting is legal in most states now, a lot of people still treat it like something shady or dangerous.

This makes sense when you consider the history. For 26 years under PASPA, sports betting was associated with illegal bookies, organized crime, and addiction horror stories. If you bet on sports, you were either flying to Vegas or breaking the law. That's a long time for negative associations to sink in.

Many people still see sports bettors as degenerates or addicts, even casual bettors who spend less per month than someone might spend on concert tickets or dining out. There's a double standard—dropping $200 on fancy cocktails is seen as normal, but betting $50 on a football game raises eyebrows.

The media reinforces this. News coverage focuses heavily on problem gambling and bankruptcy stories while rarely covering the millions of people who bet recreationally without issues. It's like only reporting car crashes and never mentioning that most people drive safely every day.

There's another piece of stigma that's even more widespread: the belief that "the house always wins" or "Vegas always wins." You hear this constantly, even from people who've never placed a bet. Sportsbooks actually limit or ban winning players because they cut into profits. That wouldn't happen if Vegas truly "always" won.

This mindset treats sports betting like a slot machine—pure luck where the casino has a mathematical guarantee of winning. People assume that if you're betting on sports, you're automatically losing money over time, no exceptions.

The reality is more nuanced. Yes, sportsbooks build in a profit margin on their odds—typically around 10% on standard bets. And yes, most casual bettors lose money long-term. But unlike casino games with fixed house edges, sports betting involves skill, information, and strategy.

Professional bettors exist and make consistent profits, and it’s not nearly as difficult as you would think. By the end of this book, you will understand many ways to bet profitably on sports.

These stigmas discourage people from approaching sports betting seriously. If you believe it's impossible to win, why bother learning proper strategy or bankroll management? It becomes a self-fulfilling prophecy—people bet recklessly because they assume they'll lose anyway, and then they do lose.

Types of bettors

Let's sort people into four categories of bettors.

Never bet before

The majority of American adults have never bet on sports before, largely because gambling doesn't appeal to them. They are wary of the dangers that gambling brings – the emotional rush is addicting, and they know the odds are against them winning. That means getting addicted inevitably leads to losing money – sometimes lots of money. Steering clear altogether is a wise choice. Gambling addiction is a serious problem.

If you've never bet before, you have the most to gain from this book. The betting strategies I teach you in this book are not gambling. They are hedging strategies. The very same hedging strategies that hedge funds on Wall Street use to make a 20% ROI every single year. I understand your skepticism. Keep reading.

Recreational

These are the actual gamblers. Walk through a sports bar on a night or weekend – you'll see lots of recreational sports bettors.

Recreational sports bettors bet for fun. Their cumulative losses keep the entire industry profitable. About 98% of bettors are recreational bettors. These are the people sportsbooks want as their customers.

Ungambled is not for recreational bettors. I'm not here to spoil your fun by turning it into a job. Bet responsibly or get help if you need help.

Sharp

Sharp bettors actually win at sports betting. If you didn't think this was possible, I have news for you. It is. It's not even difficult once you know what you're doing.

There are many different strategies sharps use to profitably bet on sports. I will provide you an overview of them, but I don't recommend you pursue most of them.

I recommend you pursue one very specific sharp strategy: hedging.

Pro

Professional bettors make their living betting on sports. This means they are not only winning, but are *reliably* winning, and they know that they are going to continue reliably winning.

I will lead you to the professional betting water, but I can't make you drink. You have to decide to drink on your own. Then you have to actually follow through on your decision.

Chapter 2: The Basics of Sports Betting

Time to learn the basic concepts. Some of this you will already know, and probably some of it will be news. We'll build on these concepts throughout the book.

What is a sportsbook?

A sportsbook is simply a company that accepts bets on sports. They set the odds, take your wagers, and pay you when you win.

In the pre-legal era, this meant physical locations in Las Vegas or illegal bookies. Now it mostly means apps on your phone. DraftKings, FanDuel, BetMGM, Caesars—these are all sportsbooks operating legally in states that allow online betting.

How do sportsbooks work?

Sportsbooks make money through the vigorish (also called juice or vig)—the built-in commission on bets. On a standard 50/50 bet, you typically risk $11 to win $10. That extra $1 is the sportsbook's cut. Even if you win, you're usually not getting paid at true even-money odds.

The sportsbook's goal is to balance the action on both sides of a bet. If they can get equal money on both the favorite and the underdog, they pay the winners with the losers' money and keep the vig as profit. They don't care who wins the game—they care about balancing their books.

How many sportsbooks are there?

In the legal U.S. market, there are roughly 30-40 licensed sportsbook operators, but the market is dominated by a few big players. FanDuel and DraftKings control about 80% of the online betting market combined.

Globally, the number explodes. There are hundreds of licensed sportsbooks operating internationally, with major players in the UK (Bet365, William Hill), Australia (Sportsbet, TAB), and across Europe and Asia. Many of these accept U.S. customers through offshore operations, though legality is murky.

The offshore market adds another layer. Dozens of unregulated books based in countries like Costa Rica, Curacao, and Malta take bets from Americans. These books operate outside U.S. law, offer no consumer protections, and sometimes refuse to pay out winnings. They're popular in states without legal options, but come with significant risk.

Are online sportsbooks safe to use?

Yes, as long as you're using a legally regulated sportsbook in the USA.

Legal sportsbooks operating in states like New York, New Jersey, Pennsylvania, and others are licensed and regulated by state gaming commissions. These regulators require strict security standards, financial audits, and consumer protections. Your money is held in segregated accounts, separate from the company's operating funds. If the sportsbook goes bankrupt, your balance is protected.

Legal books also have to verify your identity, maintain responsible gambling tools, and follow advertising rules. If there's a dispute about a bet, you can file a complaint with the state regulator who has authority to investigate and force resolution. You have legal recourse.

The major operators—FanDuel, DraftKings, BetMGM, Caesars—are publicly traded or owned by established casino companies. They have billions in revenue and strong reputations to protect. They're not going to steal your $500.

The danger is with offshore sportsbooks. Books based in Costa Rica, Curacao, or other countries may look legitimate with slick websites, but they operate outside USA law. They have no regulatory oversight, no consumer protections, and no accountability. Some are legitimate businesses, but many have histories of refusing withdrawals, voiding winning bets arbitrarily, or simply disappearing with customer funds. You have zero legal recourse if something goes wrong.

The rule is simple: if a sportsbook is licensed in your state, it's safe. If it's not licensed in your state—even if it claims to be "legal" or "licensed" somewhere else—you're taking a risk. Check your state's gaming commission website for a list of approved operators.

The Ungambled app takes care of this for you.

How do odds work?

Odds tell you two things: how likely something is to happen and how much you'll win if you bet on it.

In the USA, odds are displayed with a plus or minus sign. This is called American Odds. Negative odds (like -150) mean the bet is a favorite—it is more likely than not to happen, and so you risk more than you win. The number tells you how much you need to bet to win $100. So -150 means you bet $150 to win $100. If you win, you get your $150 back plus $100 profit, for a $250 payout.

Positive odds (like +200) mean the underdog— they are unlikely to win, and so you win more than you risk. The number tells you how much you'd win if you bet $100. So +200 means you bet $100 to win $200. If you win, you get your $100 back plus $200 profit, for a $300 payout.

Even odds are +100 exactly. You bet $100 to win $100, for a $200 payout. These are what the odds would be for 50/50 bets if the sportsbooks didn't add a vig. Typically the odds for 50/50 bets are -110 including the vig.

American Odds expressed as percentage is called implied probability. +200 odds imply a 33.3% likelihood. -200 odds means 66.7% likely.

You don't have to bet exactly $100—that's just the reference point. If you bet $10 at +200, you'd win $20. If you bet $30 at -150, you'd win $20.

I've created a spreadsheet with the math to help you understand. Feel free to download it and play with it.

[Spreadsheet for how American Odds work]

What can you bet on?

You can bet on almost any sport or competition at legal U.S. sportsbooks, though what's available depends on your state's regulations.

The major professional sports dominate the action: NFL, NBA, MLB, NHL, and soccer (MLS, Premier League, Champions League). College sports are huge too—college football and basketball drive massive betting volume, especially during March Madness and bowl season.

Most states prohibit betting on college games involving in-state teams, and some ban college betting entirely. You also can't bet on high school sports anywhere, and youth sports are completely off-limits.

The Olympics, World Cup, and other international events generate huge betting interest. Esports like League of Legends, CS:GO, and Dota 2 are growing betting markets, especially among younger bettors.

Some states allow betting on non-sports events through sportsbooks or prediction markets—awards shows like the Oscars, political elections, entertainment events, and even weather. This varies widely by state and is evolving as regulators figure out what to permit.

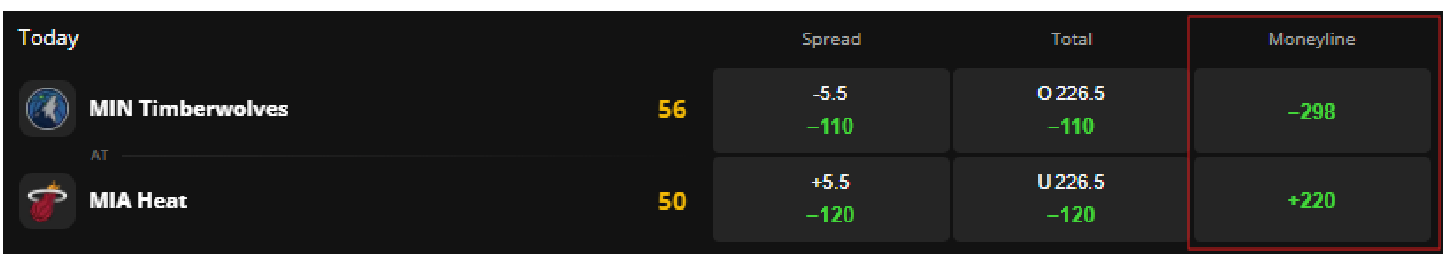
What you can't bet on: anything involving game-fixing concerns or non-competitive outcomes. Most books won't offer markets where participants could easily manipulate results. The NFL banned betting on the coin toss and non-competitive prop bets after concerns about integrity.

Within each sport, you can bet on games, quarters, halves, individual player performances, season-long outcomes, and futures like championship winners. The variety of bet types (spreads, moneylines, totals, props, parlays) massively expands what's available.

If you can think of a sporting event with a competitive outcome, someone is probably offering odds on it.

Each individual event you can bet on is called a market. Let's go through the most common markets.

Moneylines



A moneyline bet is the simplest wager—you're just picking who wins the game.

The odds reflect who's favored. If the Chiefs are -200 against the Broncos at +170, the Chiefs are expected to win. You'd bet $200 to win $100 on the Chiefs, or bet $100 to win $170 on the Broncos.

The bigger the favorite, the more lopsided the odds. A -500 favorite is more likely to win than a -200 favorite.

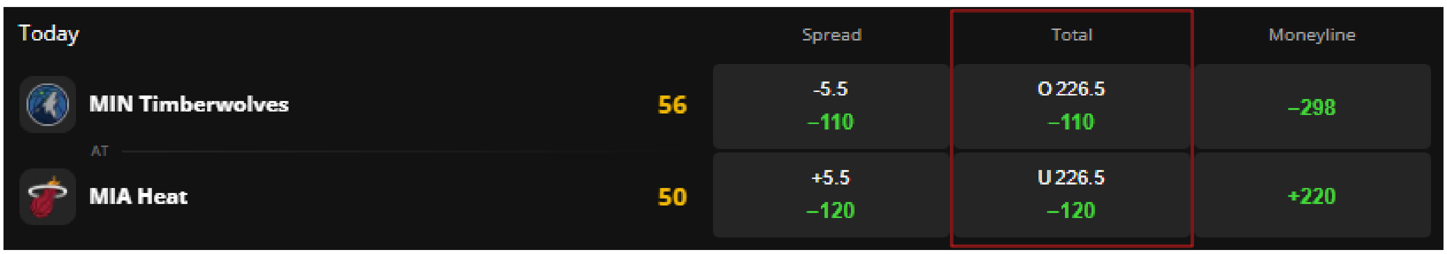
Spreads

A spread bet evens the playing field by giving the underdog a head start in points. If the Chiefs are -7.5 against the Broncos, the Chiefs need to win by more than 7.5 points for a bet on them to pay off. If you bet the Broncos +7.5, they can lose by up to 7 points and you still win the bet.

Spread bets are intentionally balanced to be 50/50 bets, and the odds are usually around -110.

Spreads are the most popular bet type in football and basketball where scoring is higher and margins matter. A bad team can "cover the spread" even if they lose the game, and a favorite can win but fail to cover.

Totals



A totals bet (also called an over/under) is a wager on the combined score of both teams. You're not picking a winner—you're betting whether the total points scored will be over or under a number set by the sportsbook.

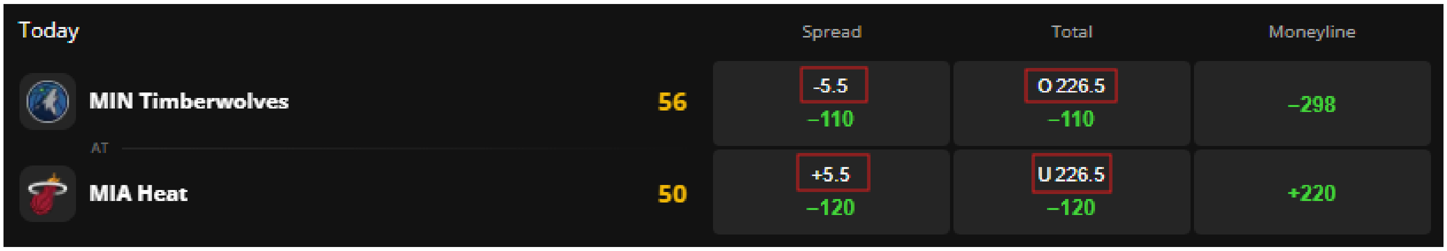
If the total for a Rams vs. 49ers game is set at 47.5, you can bet the over (both teams will combine for 48+ points) or the under (47 or fewer points).

Like spreads, totals usually have -110 odds on both sides. You're betting $110 to win $100 whether you take the over or under.

Totals are popular across all sports. In baseball, it might be 8.5 runs. In basketball, 215.5 points. The logic is the same—over or under the number.

Weather, injuries, pace of play, and team styles all affect totals. A game with two defensive teams and bad weather might have a low total. Two high-powered offenses in a dome might see a high total.

What is a line?

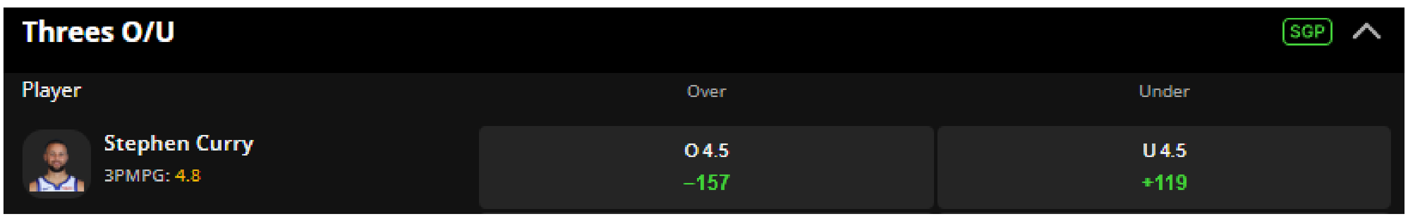


The "line" is the number itself—the spread or total that the sportsbook sets. In "Chiefs -7 (-110)," the line is the -7. The (-110) is the odds or price you're paying to bet that line.

"Chiefs -7" means the Chiefs are favored by 7 points. "Over/under 47.5" means the total line is set at 47.5 points. The line is what balances the market and makes it a coin flip for bettors.

Sportsbooks often offer alternative lines for spreads and totals, too. In addition to Chiefs -7, you can bet Chiefs -6, Chiefs -5, and so on. If Chiefs -7 (-110) represents a coin flip, Chiefs -5 will be priced as a favorite since it is more likely that the Chiefs win by at least 5 than by at least 7. Chiefs -2 will be a larger favorite still.

Props



Propositional (prop) markets are things you can bet on that aren't tied to the final outcome of the game.

Some examples you can bet on:

- Stephen Curry to make at least 4 3-pointers in a game
- Travis Kelce to catch a touchdown pass
- A game to go to overtime

What is a parlay?

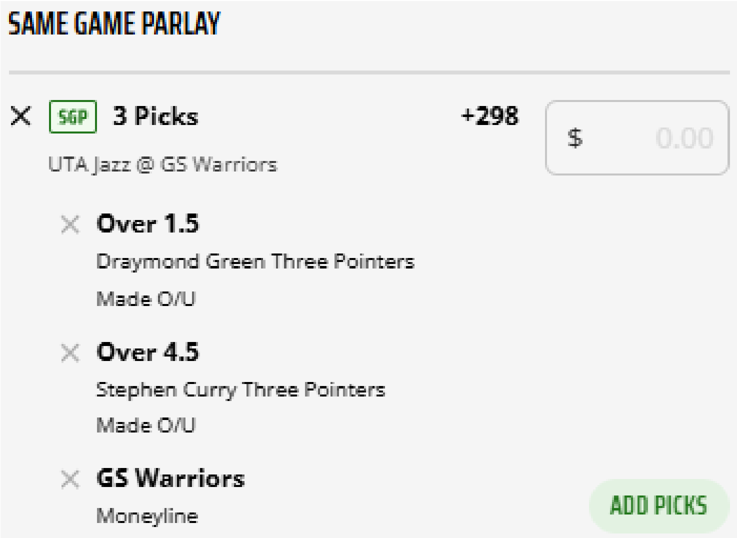
A parlay combines multiple bets into one. All of your picks have to win for the parlay to pay out. If even one loses, the entire parlay loses. The appeal is the payout. Instead of betting three games separately and winning a little on each, you can parlay them together for a much bigger payout.

Each pick is called a "leg". A 3-leg parlay means you are betting on three different things to all happen. If even a single one doesn't, you lose your whole bet.

Sportsbooks love parlays because they're profitable for the house. They charge a vig on each leg of your parlay. The math works against you—the payout doesn't match the true odds of hitting multiple bets.

Recreational bettors love parlays because they're exciting and offer the dream of turning a small bet into a big score. It's lottery-ticket thinking applied to sports betting.

What is a Same Game Parlay?



Same game parlays (SGPs) let you combine multiple bets from a single game—like Chiefs -7, over 47.5, and Patrick Mahomes over 2.5 TD passes.

These are currently the most popular bets in the USA, and the best for the margins of the sportsbooks.

What are “Sharps”, “Squares”, and “Whales”?

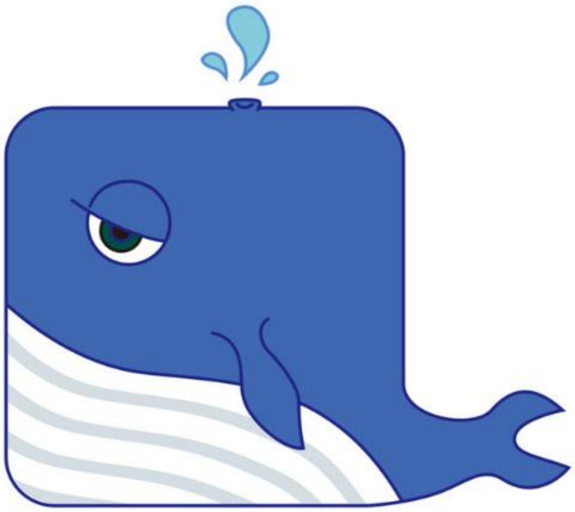
Squares are recreational bettors—casual fans who bet for fun. They bet on their favorite teams, chase big parlays, follow their gut, and make decisions based on emotion or recent headlines. Squares bet popular teams, overs, and favorites. They're the majority of bettors and are where sportsbooks make most of their money.

Sharps are professional or serious bettors who treat betting like an investment. They use data, models, and research to find edges. Sharps bet based on value, not on who they want to win. They shop for the best odds, manage bankroll carefully, and focus on long-term profit, not big parlay scores. Sportsbooks don’t like sharps, because they win in the long run, which means the sportsbooks lose in the long run.

Whales are bettors who wager massive amounts—tens of thousands or even millions of dollars per year. They're the high-rollers of sports betting, and sportsbooks treat them very differently than regular customers.

Most whales are wealthy individuals betting for entertainment, not profit. They can afford to lose six or seven figures annually without it affecting their lifestyle. They're betting on games from courtside seats or luxury suites, often with money that's essentially disposable income.

Sportsbooks love square whales because they generate enormous revenue. A single whale might produce more profit in a year than 10,000 casual bettors combined. Books will bend over backward to keep whales happy—personal VIP hosts, custom betting limits, loss rebates, free trips, event tickets, and preferential treatment on everything.



Chapter 3: Hedging

Now that we're warmed up, we can tackle some more difficult concepts.

What is hedging?

Hedging is placing bets on opposite sides of a market to guarantee a profit, regardless of the outcome.

Here's a simple example:

- Alice will buy an apple from you for $2.
- Bob will sell you an apple for $1.
- You buy Bob's apple for $1 and sell it to Alice for $2.
- You win $1 profit with zero risk. You've locked in a guaranteed return.

Hedging can be applied to any market with buyers and sellers, not just sports betting and fruit. Buying underpriced merchandise on eBay or Facebook marketplace and reselling it for a profit elsewhere is a type of hedging called "arbitrage."

This is the primary strategy hedge funds on Wall Street use to make their profits.

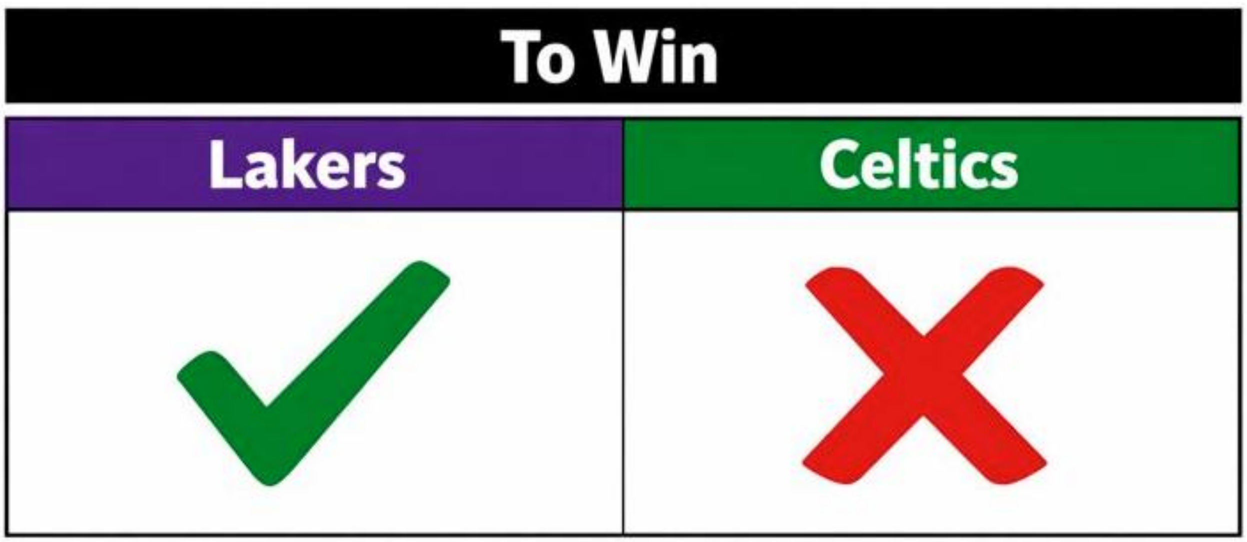
How does hedging sports bets work?

Hedging sports bets works the same way.

In Lakers vs. Celtics, you can "buy" the Lakers to win at one sportsbook and "sell" them winning at another. So at FanDuel you have the Lakers to win, and at DraftKings you have the Celtics to win.

Exactly one bet will win, and exactly one will lose. As long as the math works out, you profit no matter who wins the game. This is the foundational strategy Ungambled is built upon.

An example hedge



Is hedging sports bets legal?

Hedging sports bets is fully legal. It is also fully compliant with sportsbook terms and conditions, provided the two bets in your hedge are each at different sportsbooks.

What are the risks of hedging?

Assuming you've done the math correctly (the Ungambled app does this for you), all of the risk lies in executing the two bets. Once you've successfully placed both of the bets, there is no longer any financial risk.

The biggest execution risk is having the odds of the second bet change after you've placed the first one but before you've placed the second one. In this case, placing the second bet can lock in a guaranteed (small) loss instead of a profit. Some sportsbooks allow you to cancel your bets and get your money back as long as the game hasn't started yet. You can often solve this problem with no loss by simply canceling your first bet when the odds for the second bet change.

The rest of the risks I will lump together under “user error”. If you were supposed to bet Lakers +3.5 and you accidentally bet Lakers -3.5, you done fucked up. Be careful and double-check both bets before placing either one, and you will eliminate these errors.

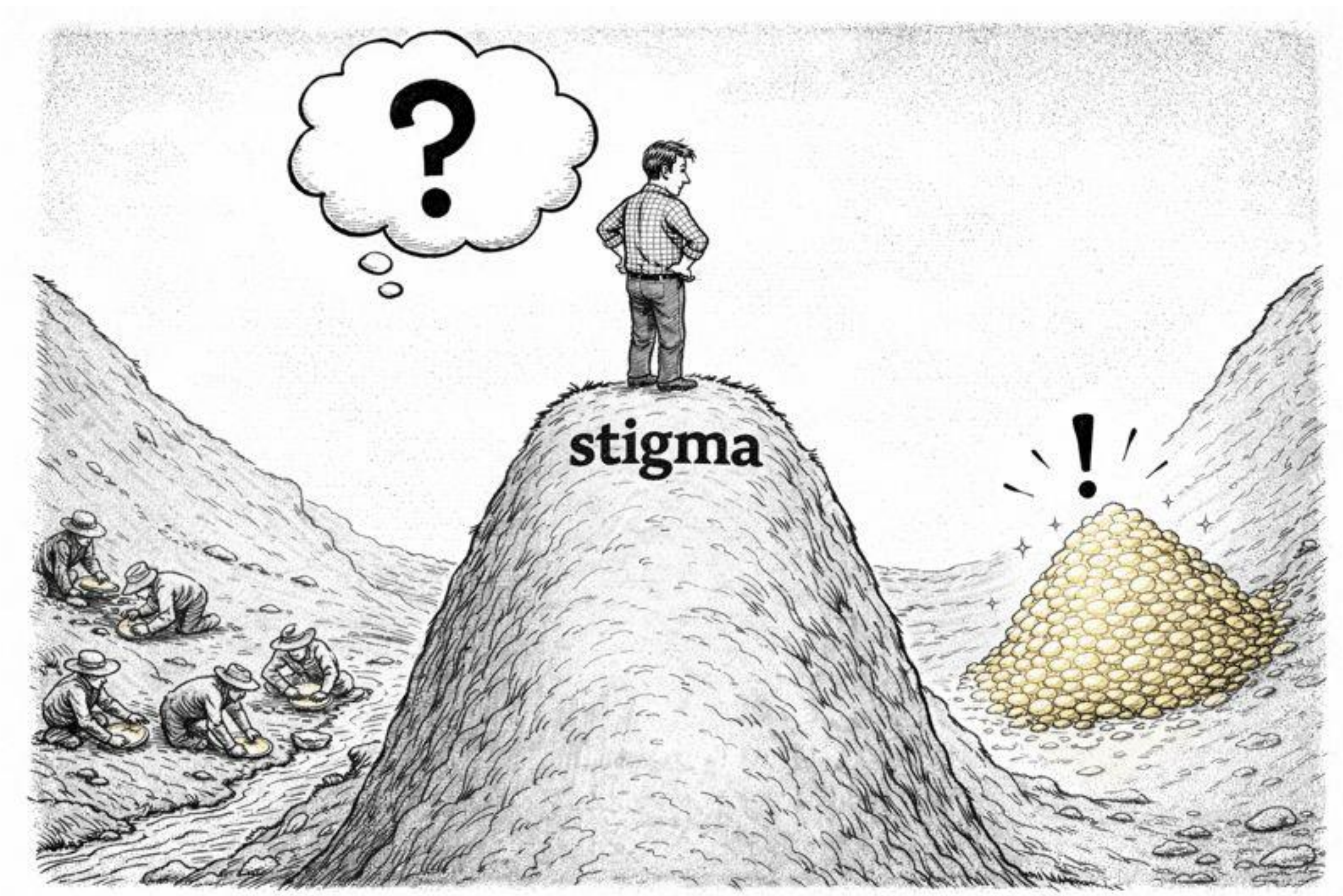
That’s it. Those are the financial risks. Once both sides of your hedge are placed, you’re in the clear and have a profit.

Why isn’t everyone doing this?

Seems like they should be, right? The same people who are happy with a risky 10% ROI after a year in the stock market avoid getting an easy 10% ROI in the sports betting markets after a single day. What gives?

The best answers I’ve found are ignorance and stigma. People don’t know this is possible, otherwise they would be doing it. Legal online sports betting is still in its infancy and the stigma lingers – people don’t want to touch it because it’s “bad” and “Vegas always wins.”

More hedges for us!



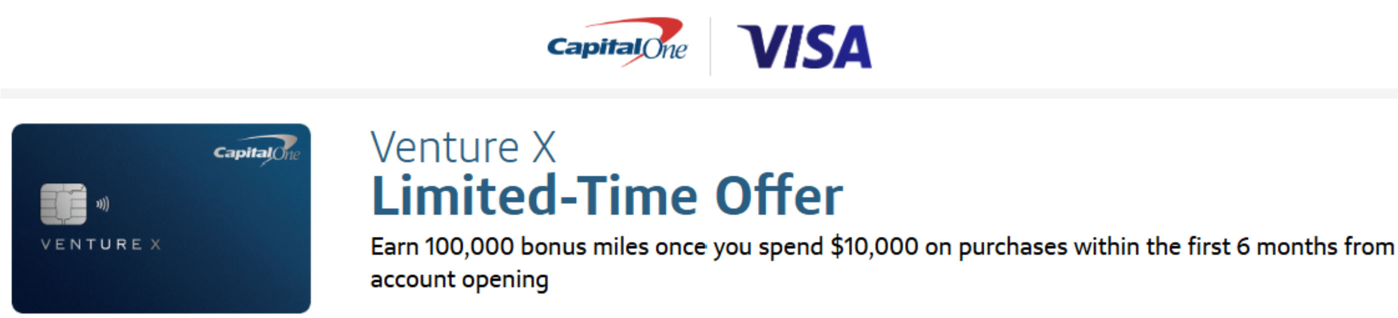
Chapter 4: Bonuses

The Ungambled app focuses primarily on hedging bonuses. Now that we've got a basic understanding of what hedging is, let's dive into bonuses.

Why do sportsbooks offer bonuses?

Sportsbooks offer bonuses to acquire customers and keep them betting. It's marketing, plain and simple.

In this regard, they really aren't any different than any other business. Banks and credit card companies offer similar signup bonuses and cash-back perks for using their services. Grocery stores give out coupons. Most stores offer Black Friday and Cyber Monday deals. It's all marketing.



Signup Bonuses

Signup Bonuses are bonuses only for brand new customers. (Duh)

The reason signup bonuses are so large ($1,000+) is that the sportsbooks are competing for customers—most people aren't hedging their bets across multiple sportsbooks, they just find one or two sportsbooks they like and stick with those. Whichever sportsbook gets the customer first keeps the customer.

These signup bonuses are the main reason I started Ungambled. They are very profitable if hedged properly. Back when I was experimenting in 2021 and 2022, I was able to go to a new state for a few days, sign up for all the sportsbooks, and walk away with over $3,000 profit per state. I got an entire year's worth of rent in one road trip through the Northeast.

Unfortunately, the major sportsbooks no longer offer the same customer multiple signups just for going to different states, but it's still possible to make thousands of dollars in a few days just from signup bonuses.

Bonus Bets

Bonus Bets are credits you can use to place bets. These are the most common type of sportsbook bonus.

Bonus Bets are not withdrawable. If you have a $2,000 Bonus Bet at FanDuel, you can either use it to bet or let it expire. I recommend using it to bet.

Bonus Bets that win only return your winnings, not the stake – the stake is $0 for payout purposes.

A good rule-of-thumb is to shoot for at least 65% of the Bonus Bet value as profit after hedging (i.e. a $100 Bonus Bet should profit at least $65 withdrawable cash). It is possible to get as high as 80-90% by betting on prop markets, but the trade-offs for doing so usually aren't worth it. We'll get more into that in the Bonus Farming chapter.

Example Bonus Bet hedge

Bonus Cash

Bonus Cash is functionally the same as regular cash, except you can't withdraw it from your account. You must use it to bet.

The difference between Bonus Cash and Bonus Bets is that your Bonus Cash stake is returned when your bet wins.

Bonus Cash has largely gone away in the United States, but it remains popular internationally. It often comes with strings attached in the form of playthrough requirements. If the playthrough requirement is 5x, that means you have to win 5 bets in a row before you can withdraw any of your winnings. If you lose, the Bonus Cash is gone. Doesn't seem fair, does it?

Fortunately, there's an easy way to liquidate your Bonus Cash… hedging! You hedge your Bonus Cash somewhere else until the Bonus Cash side loses, then withdraw cash from the other sportsbook. Tada!

Example Bonus Cash hedge

Deposit Bonuses

Deposit Bonuses are bonuses you receive for depositing money into your sportsbook accounts.

Deposit Bonuses yield either Bonus Bets or Bonus Cash – they are structured as, “Deposit $2,000 and get $1,000 in Bonus Bets”.

Deposit Bonuses are offered in a few scenarios.

Marketing drip campaigns

A “drip campaign" in marketing is when you send scheduled emails to your new customer for a while so they don’t forget about you.

In the case of sportsbooks, they give you preset bonuses every few days so that you get into the habit of using their app. Some of those bonuses are Deposit Bonuses.

Bust outs

If you lose all of the money you have in a sportsbook account and don’t immediately deposit more, sportsbooks will often give you a Deposit Bonus so you start betting again. They tend to only do this for players profiled as square, not for sharps.

Dormant accounts

If your sportsbook account has been sitting empty for a while (months or years), sometimes the sportsbook will send a Deposit Bonus to try to get you betting again.

This is more frustrating than useful in my experience. The Deposit Bonus will either be for an account in a different state or will have expired before I see the email.

Every now and then the stars align and a sportsbook randomly sends an email with $500 profit in it. Those are the best.

Profit Boosts

Profit Boosts, also known as Odds Boosts, increase the odds/profit of a bet if it wins.

These are common, especially for primetime games and parlays.

[Example Profit Boost hedge]

Bet-and-Get Bonuses

Bet-and-Get Bonuses are the sportsbook equivalent of a buy-one-get-one-free coupon. You place a cash bet, and you get a Bonus Bet.

These require two hedges to profit: hedge the initial bet to get the Bonus Bet, then hedge the Bonus Bet to profit.

Example Bet-and-Get hedge

Bet-and-Get… only if your bet wins

What a difference those few words make. The “only if your bet wins” condition takes a big bite out of your hedging profit, because you only get the Bonus Bet on one of the two outcomes. Instead of expecting a 65% or higher profit, we’re now looking at about 45%.

These are the most complex single bets to hedge, as you need to account for the value of the Bonus Bet for one outcome but not the other. The Ungambled app does this for you automatically.

Example Bet-and-Get on Win hedge

No Sweat Bonuses

A No Sweat Bonus gives you a Bonus Bet only if your bet loses. They are almost identical to Bet-and-Get on Win Bonuses, but you get the Bonus Bet when you lose instead of win.

These were originally called "Risk-free" bets, but regulators decided that name was too misleading. Since then, sportsbooks have come up with creative ways to market these bonuses:

- No Sweat
- Second Chance
- Insurance
- Reset
- Safety Net

[Example No Sweat hedge]

Early Payout Bonuses

Early Payout Bonuses pay out your bet as a winner before the game is over, based on specific conditions. If your team meets the criteria, you get paid immediately—even if they end up losing.

The most common example is "Bet on any NFL team, get paid early if they lead by 17+ points at any time." Your team goes up 28-3 in the first half, your bet is graded as a win and you get paid. If they blow the lead and lose 28-34, you still won you bet.

Unlike other bonuses, these are often reusable – the sportsbook applies them when they're relevant but don't require you to explicitly use them when you place your bet.

These are significant because they create the possibility of *both* sides of your hedge winning, which is usually impossible. If your team goes up 17 and then loses, you win both the losing bet and the winning bet. It's uncommon for this to happen (under 5% chance per hedge), but when it does happen you end up profiting 400% instead of 65%.

I recommend prioritizing books that run these promotions for the cash side of your hedges, especially for large bonuses. Winning $4,000 from a $1,000 Bonus Bet instead of $650 is basically winning the lottery, and a 5% chance is way better than the real lottery. If you're starting with a $10k bankroll and hit one of these, you go from $10k to $14k in one hedge. If you don't hit it, you "only" go up to $10.65k. Win-win.

[Example Early Payout hedge]

Referral Bonuses

Referral bonuses reward you for bringing new customers to a sportsbook. You get a bonus when someone signs up using your referral link and meets certain conditions, like making a deposit or placing their first bet.

The structure varies by book. Some offer flat cash bonuses—refer a friend, get $100. Others give you Bonus Bets or a percentage of your friend's initial deposit. Your friend usually gets an extra bonus too, making it attractive for both of you.

The catch is that your referral has to be a new customer who's never used that sportsbook before. You can't just create multiple accounts yourself—sportsbooks verify your identity, so you only get one account.

Sportsbooks love referral programs because word-of-mouth is their cheapest customer acquisition channel. They'd rather pay you $100 to bring in a friend than spend $200 on Facebook ads to find that same customer.

Referral Bonuses can be a meaningful source of profit if you approach them systematically. Instead of referring one friend to one sportsbook, you refer multiple friends to ALL of the sportsbooks and all of you win extra profits.

The Ungambled app tracks your referral links for you.

Rewards Points

Some sportsbooks offer loyalty programs that give you points for every bet you place, regardless of whether you win or lose. These points can be redeemed for Bonus Bets, merchandise, and other perks.

DraftKings has DK Dollars and Dynasty Rewards. Caesars has Caesars Rewards. Fanatics has Fan Cash. The names differ, but the concept is the same—bet more, earn more. Think of them like airline miles from using a credit card or hotel points for staying at the same hotel chain.

The redemption value for these points is typically pretty bad. You might need to wager $500 just to get $1 worth of rewards points. However, they do add up over time. If you are systematically betting $1m+ per year hedging (this is not as crazy as it sounds), Rewards Points add up to meaningful extra profit.

VIP Bonuses

VIP Bonuses are exclusive offers given to high-volume bettors. If you're betting thousands or tens of thousands per week, sportsbooks will assign you a VIP host who offers personalized perks.

These bonuses go way beyond standard promotions. VIP players get loss rebates (get back 10-20% of weekly losses as Bonus Bets), Profit Boosts on specific bet types, higher betting limits, and so on.

The goal is to keep whales betting. If you lose $50,000 in a month, the sportsbook might give you $5,000-$10,000 back in bonus bets to keep you around. They know you'll likely bet it back and lose again.

VIP programs aren't advertised publicly. You get invited based on your betting volume and how much the book is profiting from you. If you're a winning player, even at high volume, you won't get VIP treatment—you'll get limited or banned instead.

Your VIP host will reach out directly, often via phone or email. They'll offer custom deals, event tickets, trips to Vegas, or hospitality at major sporting events. It's all designed to make you feel valued and keep you betting at their book.

The bonuses can be substantial, but they're not charity. Sportsbooks only offer VIP perks to players who are losing enough to justify the investment. If you're getting VIP treatment, it probably means you're losing more than you think... or your hedges are winning at a different sportsbook and the VIP program doesn't know. Ungambled VIPs are the latter.

Common bonus requirements

Sportsbooks attach restrictions to bonuses that limit how and when you can use them. Understanding these requirements helps you avoid surprises and maximize value.

Minimum Odds

Many bonuses require you to bet at minimum odds, typically -200 or longer (less favored). This prevents you from betting heavy favorites where you're almost guaranteed to win and convert the bonus to cash. If you try to bet at better odds, the bet won't count toward clearing the bonus.

This rarely matters with hedging, as you want to bet your bonuses on large underdogs anyway to maximize leverage.

Maximum Stake

Bonuses always cap how much you can bet at once. A profit boost might be limited to $50 max bet, or Bonus Bets might be capped at $100 each. This is the most significant factor for how much you profit from a single bonus.

Specific Games

Some promotions only apply to certain games or events. "Bet $50 on Monday Night Football, get $10 in Bonus Bets" only works for that specific game. You can't use it on NBA or college football. Read the fine print to know exactly what qualifies. The Ungambled app handles this for you.

Specific Markets

Bonuses may be restricted to certain leagues or bet types - moneylines only, touchdown scorers only, or NBA bets only.

Parlays or SGPs Only

This is the worst restriction for profitability. Some bonuses require parlays or same-game parlays, which are far more complex and lower profit to hedge that single bets. More on these later.

Chapter 5: Expected Value

$$E(x) = \sum_{i=1}^{2} (x_i) P(x_i)$$

$$= (8\%)(0.75) + (-14\%)(0.25)$$

$$= 6\% - 3.5\%$$

$$= 2.5\%$$

Expected value is the primary metric sharps use to figure out which bets to place. This book would not be credible without a chapter on expected value.

What is expected value?

Expected value (EV) is the average outcome you'd expect if you repeated the same action many times. It's a way to measure whether a decision is profitable in the long run, even if any single outcome is unpredictable.

Here's a simple example: You flip a fair coin. Heads, you win $2. Tails, you lose $1. Should you take this bet?

Any single flip is random—you might lose. But if you flip 100 times, you'd expect to win about 50 times (earning $100) and lose about 50 times (losing $50). Your expected value is +$50 over 100 flips, or $0.50 per flip.

The formula is simple: (Probability of winning × Amount you win) - (Probability of losing × Amount you lose).

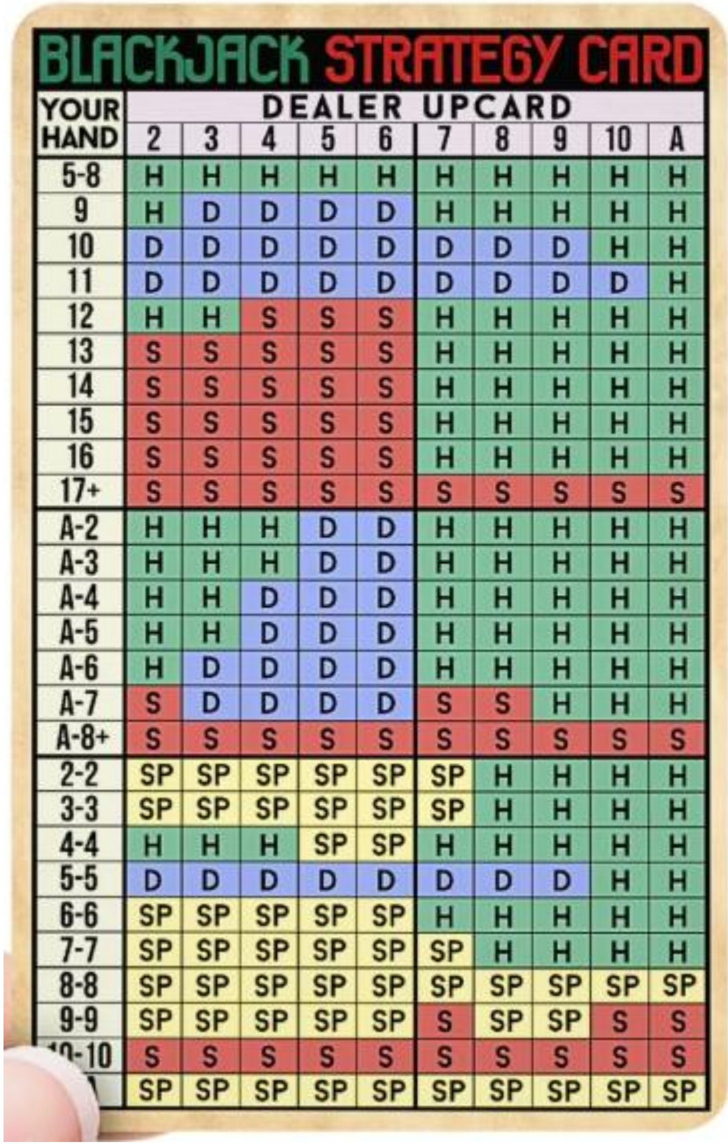
For the coin flip: (50% × $2) - (50% × $1) = $1 - $0.50 = $0.50 EV per flip. You should take this bet as many times as you can, because you average a $0.50 profit per flip.

Positive expected value (+EV) means you profit over time. Negative expected value (-EV) means you lose over time. Zero expected value means you break even.

The lottery is massively -EV. You might win $100 million, but your chances are so low that the average outcome is losing most of your ticket cost. Casinos are built on -EV games—the house edge guarantees they profit long-term while players lose.

Expected value doesn't guarantee outcomes in small samples. You could make +EV decisions and still lose money in the short term due to variance. But over hundreds or thousands of repetitions, your results will trend toward the expected value.

How does EV work for casino games?



BLACKJACK STRATEGY CARD

YOUR HAND	DEALER UPCARD									
	2	3	4	5	6	7	8	9	10	A
5-8	H	H	H	H	H	H	H	H	H	H
9	H	D	D	D	D	H	H	H	H	H
10	D	D	D	D	D	D	D	D	H	H
11	D	D	D	D	D	D	D	D	D	H
12	H	H	S	S	S	H	H	H	H	H
13	S	S	S	S	S	H	H	H	H	H
14	S	S	S	S	S	H	H	H	H	H
15	S	S	S	S	S	H	H	H	H	H
16	S	S	S	S	S	H	H	H	H	H
17+	S	S	S	S	S	S	S	S	S	S
A-2	H	H	H	D	D	H	H	H	H	H
A-3	H	H	H	D	D	H	H	H	H	H
A-4	H	H	D	D	D	H	H	H	H	H
A-5	H	H	D	D	D	H	H	H	H	H
A-6	H	D	D	D	D	H	H	H	H	H
A-7	S	D	D	D	D	S	S	H	H	H
A-8+	S	S	S	S	S	S	S	S	S	S
2-2	SP	SP	SP	SP	SP	SP	H	H	H	H
3-3	SP	SP	SP	SP	SP	SP	H	H	H	H
4-4	H	H	H	SP	SP	H	H	H	H	H
5-5	D	D	D	D	D	D	D	D	H	H
6-6	SP	SP	SP	SP	SP	H	H	H	H	H
7-7	SP	SP	SP	SP	SP	SP	H	H	H	H
8-8	SP	SP	SP	SP	SP	SP	SP	SP	SP	SP
9-9	SP	SP	SP	SP	SP	S	SP	SP	S	S
10-10	S	S	S	S	S	S	S	S	S	S
[illegible]	SP	SP	SP	SP	SP	SP	SP	SP	SP	SP

Casino games have fixed house edges, meaning they're all -EV for players. The casino is guaranteed to profit long-term, and you're guaranteed to lose. The only question is how fast.

Here are common casino games with their expected value when played with perfect strategy:

Blackjack: -0.5% to -1% EV (with perfect basic strategy). This is the best odds in the casino. Card counting can flip it to slightly +EV, which is why casinos ban card counters.

Craps (Pass Line): -1.41% EV. One of the better bets available. Some craps bets have 0% house edge (free odds), but you can only make them after placing a -EV bet first.

Baccarat (Banker bet): -1.06% EV. Simple game, low house edge, popular with high-rollers.

Roulette (American): -5.26% EV. The double-zero gives the house a big edge. European roulette (single zero) is better at -2.70% EV.

Slot Machines: -2% to -15% EV depending on the machine. The casino doesn't even tell you the exact number. Slots are designed to take your money slowly while keeping you entertained.

Keno: -25% to -40% EV. One of the worst bets in the casino. You're basically lighting money on fire.

Pai Gow Poker: -1.46% EV with optimal strategy. Slow-paced game with lots of pushes, so your money lasts longer.

Three Card Poker: -2% to -3.4% EV depending on the bet. Fast action means you lose faster despite reasonable odds.

Even the "best" casino games are still -EV. Over time, you will lose. The house edge is built into the math. Entertainment value is the only reason to play—think of it as paying for the experience, not trying to make money. For these games, Vegas always wins in the long run.

How does EV work for sports bets?

Player/Team	Bet	HROI	Line	Odds	OS Rating ↓	EV	Bet Size
Stephon Castle - SA @ CLE - THU 3/27 @ 07:00 PM ET	Assists	2.1%	U 4.5	-132	13	5.3%	$32
Alex Laferriere - LA @ COL - THU 3/27 @ 10:00 PM ET	Total Shots on Goal	9.1%	U 1.5	+140	11	6.6%	$22
Aaron Nesmith - IND @ WAS - THU 3/27 @ 07:00 PM ET	3-Pointers	9.0%	U 1.5	+145	11	6.7%	$22

Unlike casino games, sports betting doesn't have a fixed house edge on every bet. The expected value depends on whether the odds accurately reflect the true probability of an outcome.

The sportsbook builds in their profit through the vig. A standard bet at -110 on both sides means you risk $110 to win $100. If you win 50% of the time at -110 odds, you're at -4.5% EV—you'll slowly lose money over time.

To break even at -110 odds, you need to win 52.4% of your bets. Anything above that is +EV. Anything below is -EV.

However, not all lines are equally sharp. If a sportsbook posts a line that doesn't match the true probability, there's an edge to exploit.

Example

The true probability of the Chiefs winning might be 60%, but the sportsbook posts them at -120 (implied 54.5% probability). That's a +EV bet—the odds are better than they should be. Over hundreds of bets like this, you'd profit.

The challenge is knowing true probability. Sportsbooks employ professional oddsmakers and use sophisticated models. Beating their lines consistently requires serious research, data, and discipline. This is the part of sports betting that most sharps enjoy. Figuring out which bets are +EV is like a puzzle they solve everyday with their data and models. They need to stay disciplined and bet what the numbers say instead of what their emotions say. Their profitability measures how well they're playing the game.

Most recreational bets are -EV because of the vig and because casual bettors make emotional decisions. Betting on your favorite team, chasing parlays, or betting big favorites on the moneyline are typically -EV plays.

Sharp bettors focus on finding +EV spots—markets where the line is inefficient, information hasn't been priced in yet, or public perception has pushed the odds away from true probability.

The math is simple: if your win rate × payout exceeds your loss rate × stake, you're +EV. Everything else is -EV.

Sports betting without hedging can be +EV if you're disciplined and find edges. But most bettors are -EV because they don't line shop, don't track results, and make impulsive bets.

Hedging doesn't require nearly as much effort.

How can you calculate EV for hedges?

Calculating EV for hedges is simple – calculate your potential winnings on each side, multiply by the probability, and add them together. If both sides are profitable, you have a +EV hedge. All of the Ungambled app hedges are +EV.

[Bonus Bet Hedge EV Example]

There's a catch if you don't hedge

The "true" odds of a bet are unknowable. It is not possible to accurately predict that Luka Doncic will slip on a wet spot on the floor in the first quarter and leave the game. It is not possible to accurately predict the gust of wind that blows the field goal attempt wide left.

If you are hedging, this doesn't matter. You know how much you win on each outcome and that exactly one outcome will win. Exactly how likely each outcome is to win is a trivial concern.

How do you calculate true odds for a market?

Like I said, this is unknowable. The best you can do is make an informed guess based on data. The better you get at guessing, the more profitable you become. Most of the other sports betting literature focuses almost exclusively on this aspect since it's the "fun" part, but I'm barely acknowledging it. Why?

The truth is I don't like to guess. I like to know. I know hedging works. Accurately calculating and guessing at true odds is a rat race that requires constant attention and tweaking.

The NFL changed the distance of an extra point attempt; how does that quantitatively affect point spreads? I don't know and I don't care.

The NBA is adding two new expansion teams; how will that affect scoring with the dilution of talent? Again: don't know, don't care. None of these things impact the hedging math. Simplicity is underrated.

My bread-and-butter skill in the tech world is automation. The gold standard is "set it and forget it." You can do that with hedging, but not with +EV single bets.

If you don't pay attention and update your +EV models regularly, they will get outdated and you will start losing money. Your models may already be bad and you simply got lucky at the beginning and believed they were good. It's a bottomless pit of "maybes", opinions, and guesswork. No thank you.

The best sharps use +EV instead of hedging

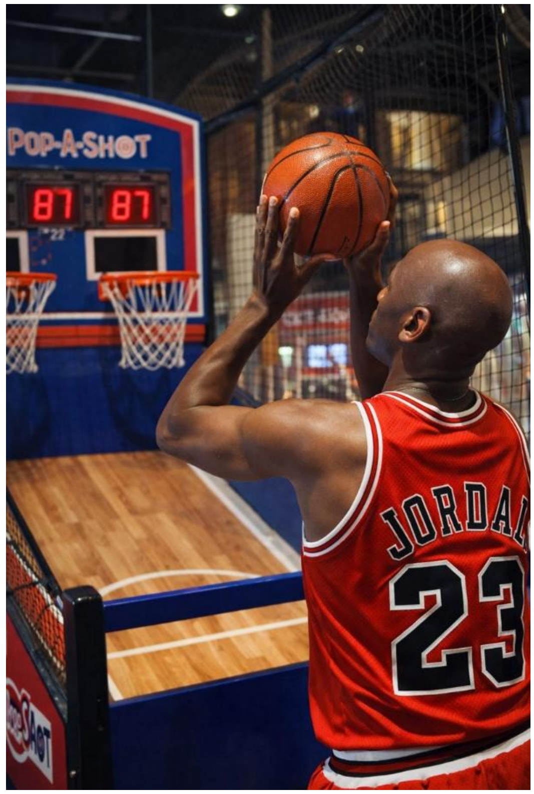
I must give credit where credit is due: a well-executed +EV strategy does outperform hedging financially. It just comes with a lot of emotional ups-and-downs that I'm not interested in. Alas, I am the exception.

The reality is that hedging is boring. It's basically a pure time-for-money trade that lacks the excitement of actual gambling. Hedging is considered a second-class betting strategy among the pros.

Frankly, calculating the true odds well enough to effectively use them to bet a +EV strategy at USA recreational sportsbooks isn't that hard: just use the odds from the market-making sportsbooks (start with Pinnacle and BetCris) as your "true" odds and bet on stuff that is grossly mispriced (10%+ EV edges on props are not hard to find).

The true masters of sports betting are artisans. Their models and calculations go beyond just math and become art. Beating the markets for them is not just a financial endeavor; it is a way of life. It is a passion. Iron sharpens iron, and competing with the best in the world at pricing markets attracts some of the best statisticians in the world. When you become that good at something, the easy wins lose their appeal.

I used to be the #1 ranked Guitar Hero player in the world on expert guitar. Could I have also been #1 on easy or medium guitar? Absolutely. But the desire wasn't there. That would have been a tedious and unsatisfying endeavor. So it is with hedging among the pros: the easier wins lose their appeal when you master the more difficult wins. Magnus Carlsen is not going to take up tic-tac-toe after mastering chess. Michael Jordan is not putting time and effort into Pop-a-Shot.



Chapter 6: Advanced Hedging

The sportsbooks don't offer you bonuses forever. What do you do with your accounts after you've collected all the easy profits from hedging bonuses?

I have good news: there are ways to continue hedging your sports bets without using bonuses. The calculations are easier, but the execution is more difficult and the ROI is lower.

Before we get into the hedging strategies, we need to develop a deeper understanding of how sportsbooks work.

Why do sportsbooks have different odds for the same market?

Consensus	bet365 Bet $5, Get $150 in Bonus Bets Win or Lose	DraftKings Sportsbook Bet $5, Get $200 in Bonus Bets	Fanatics Sportsbook Up to $2,000 in No Sweat Bets	FanDuel Sportsbook Bet $5, Get $250 in Bonus Bets	BetMGM Up to $1,500 in Bonus Bets	Caesars Sportsbook Up to $250 in Bonus Bets
-147	-155	-148	-152	-154	-145	-150
+128	+130	+124	+125	+130	+120	+125

Different sportsbooks post different odds on the same market because they have different customer bases, risk tolerances, and business models.

Customer base differences: A sportsbook with mostly casual bettors might shade their line toward public perception. If 80% of their customers want to bet the Cowboys, they'll move the Cowboys line to make them less attractive and the opponent more attractive. Another sportsbook with sharper customers might keep the line closer to true probability.

Risk management: Each book manages their own risk. One might be comfortable taking $500,000 on one side of a bet. Another might get nervous at $100,000 and move their line earlier to balance action. This creates different odds across books.

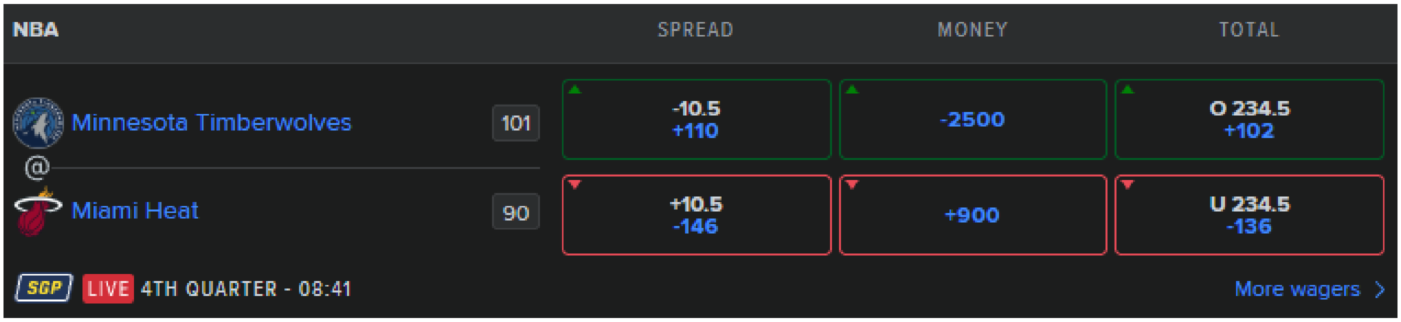
Market making vs. recreational: Books like Pinnacle (offshore) focus on sharp, efficient lines and take action from anyone. Recreational books like FanDuel and DraftKings care more about protecting themselves from sharp money and attracting casual action. Their priorities create different pricing.

Timing: Lines move as money comes in and information changes. Book A might adjust their line immediately when sharp money hits. Book B might be slower to react. Book C might think that customer isn’t actually sharp and not move their line at all.

Liquidity limits: Smaller books or newer markets have less betting volume, so one big bet can move their line significantly. Major books with huge volume are harder to move. This creates temporary price differences.

Vig variations: Some books charge more vig than others. You might see Chiefs -3 (-115) at one book and Chiefs -3 (-105) at another. Same line, same implied probability, different price.

Why do odds change at a sportsbook?



Odds change constantly from when they're first posted until the game starts. There are several reasons why.

Betting action: Sportsbooks adjust odds to balance their risk. If too much money comes in on one side, they'll change the odds to make the other side more attractive. They want roughly equal action on both sides so they profit from the vig regardless of who wins. When sharp bettors place large bets, books respect that action and move the line quickly.

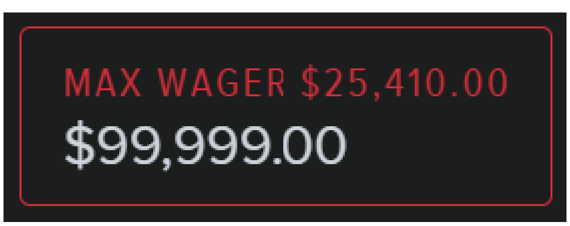
News and information: Injury reports, weather changes, lineup announcements, or any new information affects the probability of outcomes. If a starting quarterback is ruled out an hour before kickoff, the odds change immediately. Weather forecasts showing heavy rain in a high-scoring game will push the total down.

Live betting adjustments: During games, odds update in real-time based on what's happening. If Team A goes up 14-0 in the first quarter, their live moneyline odds drop and the spread adjusts. The odds incorporate everything that's already happened and project the probability of outcomes from the current game state.

Market efficiency: As more information becomes available and more money gets bet, lines become sharper and more accurate. The opening line is the sportsbook's best guess. The closing line reflects the collective wisdom of thousands of bettors and all available information.

These aren't the only reasons odds change, but they give you a general idea of why odds are constantly changing.

What are limits?



Limits dictate the maximum wager a sportsbook will accept on a given bet from a particular player.

Sportsbooks use limits to control their risk exposure. They don't want one bettor placing a massive wager that could wipe out their profits if it wins. Limits also protect books from sharp bettors who have an edge.

There are two types of limits: market and player.

Market Limits

Market limits are the maximum amount a sportsbook will accept on a specific bet without considering the player attempting to place the bet. They vary by sport, league, bet type, and time of day.

Limits are lowest when markets first open, often just a few hundred dollars. Books are testing the market and don't want huge exposure on their initial odds. As games approach and lines sharpen, limits increase. By kickoff, limits might be 10x higher than when the line opened.

Player Limits

Player limits determine the maximum an individual player can bet. Sportsbooks encourage you to set your own limits as a responsible gaming measure.

If you're a winning bettor, sportsbooks will lower your personal limits dramatically. You might be restricted to $50 max bets while other customers can bet $5,000 on the same market. Books protect themselves by limiting or banning winners.

What are the different types of sportsbooks?

Not all sportsbooks operate the same way. Understanding the differences helps you know where to bet and what to expect.

There are five main categories we'll look at: recreational sportsbooks, market makers, exchanges, sweepstakes, and prediction markets.

Recreational sportsbooks

Recreational sportsbooks are what most people use—FanDuel, DraftKings, BetMGM, Caesars, etc. They target casual bettors with heavy marketing, promotions, and user-friendly apps. These books actively limit or ban winning players. They make money from recreational bettors and don't want sharp action. If you're betting seriously and start winning consistently, expect restrictions.

Market makers

Market makers are sportsbooks that take large bets from anyone, including professional bettors. Pinnacle is the most famous example globally, though they don't operate legally in the USA. Market makers set efficient lines, offer lower vig, and don't limit winners. They make money on volume, not on exploiting casual bettors. Their odds are often used as benchmarks by other books. You won't find flashy promotions here, but you will find fair prices and high limits.

Market makers are the best at estimating true odds for a market. Recreational sportsbooks wait until market makers post their odds, then steal them to use as their own initial odds.

Betting exchanges

Exchanges like Sporttrade and Novig work differently—you're betting against other people, not against the house. The exchange just facilitates the transaction and takes a small commission (usually 1-5%) on net winnings. Exchanges are popular internationally but still limited in the USA.

Exchanges are almost exclusively how people trade stocks. There is no “house” on Wall Street, just the New York Stock Exchange where you can trade/bet against other people and businesses.

When you want to buy or sell a stock at brokerages like Fidelity and Robinhood, they take care of interacting with the exchanges on your behalf.

Sweepstakes

Sweepstakes sportsbooks like Fliff and Rebet use a legal loophole to operate in states without legal sports betting. They use a "sweepstakes coins" model—you can't directly buy bets, but you purchase coins that can be used for play. You also receive free "sweeps coins" that can be redeemed for real money prizes. It's a workaround that mimics real-money betting while technically staying outside gambling regulations. The odds are usually worse than legal books, limits are lower, and withdrawal can be slow, but they are an option.

Prediction markets

Prediction markets like Kalshi and Polymarket let you trade on the outcome of future events—elections, economic indicators, and increasingly, sports. Prediction markets blur the line with traditional sportsbooks, and regulation is still evolving. Some operate legally under CFTC oversight, others in regulatory gray areas.

What is arbitrage?

Book	Odds	Bet	$ Profit
	-200	$1,070	$35.00
SPORTSBOOK & CASINO	+220	$500	$30.00

Arbitrage (often called "arbing") is hedging all possible outcomes of an event across different sportsbooks to guarantee a profit regardless of the result. Usually, arbing is done in markets that have two mutually exclusive outcomes, like the ones we’ve looked at so far.

It works by exploiting price differences between sportsbooks. When sportsbooks disagree enough on the odds, you can bet both sides and lock in a profit with zero financial risk. As long as you place both bets successfully, you profit.

The difficulty betting arbitrage is speed: you need to place both bets quickly before the odds change. The main risk is placing the first of your two bets successfully and having the odds for the second one change before you could place it at the odds you wanted. When this happens, you can either cancel your first bet or place the second one at worse odds to lock in a small net loss.

Player limits have an outsized effect on arbitrage profits. Getting a 2% ROI on a $1,000 arb in 60 seconds extrapolates to a $1,200 hourly rate. Getting 2% on a $10 arb isn't worth the effort.

Arbitrage is very simple to detect and calculate. Using American odds, if the odds of all outcomes sum to more than 0, you have arbitrage.

Arbitrage example

Arbitrage opportunities grow with the number of different sportsbook accounts you have. You will have access to a lot more arbitrage with 20 sportsbooks than with two. The reason is that arbitrage is born from volatility in the markets. And oh boy, is there a lot of volatility.

Volatility within sports betting markets

Let's piece together some of the concepts we've gone through already to get a sense of how much volatility there is:

- Sportsbooks come up with, and change, their odds independently
- Sportsbooks have different business models and charge different amounts of vig
- Sportsbooks change their odds based on their individual risk exposure
- Sharps have different models for calculating "true" odds, some of which are contradictory
- Squares bet emotionally, not financially
- Sportsbooks react at different speeds to meaningful news like injuries. Much injury news is itself ambiguous – how do you price "Questionable to play?"
- Sportsbooks offer thousands of betting markets everyday
- The entire lifetime of a market can be as short as a few hours. The Lakers moneyline against the Celtics this week is not the same as the Lakers moneyline against the Celtics last week. It's an entirely new market. Everyone is coming up with their "true" odds from scratch on short notice.
- Different players in different states have access to different sportsbooks. Many pros also bet at international sportsbooks.

There is no central authority managing the prices within the markets across all the sportsbooks. The prices evolve based on actual people placing bets in real time.

Can you feel the Invisible Hand reaching out to you?

The markets become more efficient

This is largely true, but I want to punch people in the face who say this like its meaningful.

Do you know why markets become more efficient? BECAUSE OTHER PEOPLE ARE BETTING THE INEFFICIENCIES! The markets become more efficient for the passive observer, but to the active participant they are wildly inefficient.

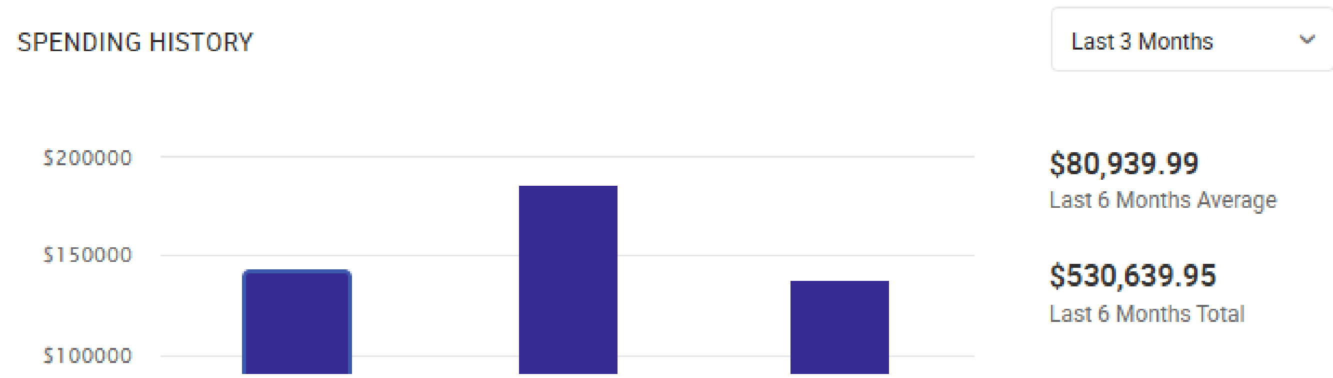
Online sports betting is the most inefficient financial vertical I have ever seen. Securities markets are efficient because hedge funds have bots betting arbitrage in a fraction of a second. Sports betting arbitrage opportunities exist for several *minutes*. A friend of mine has been arbing recreational USA sportsbooks only from his outdated iPhone for 5 years and is still winning $40k/year with severely limited accounts. Do you know any people in real life winning $40k/year with no financial risk from trading stocks? Didn't think so.

I believe they will stay inefficient for the participants, for all of the reasons I listed above. There is no powerful centralizing force.

Goldman Sachs has the capital to buy all the arbitrage in a fraction of a second, but not the distribution. There are no business sportsbook accounts, only individuals with valid SSNs. The "true" odds of a market is unknowable, so there will always be competition to outguess the sportsbooks and other players.

This is a HUGE opportunity for owner-operators to open their own sports betting hedge funds. We'll get more into that later.

What is churning?



Churning is very similar to arbitrage, but with the profit margin coming from outside the sportsbooks.

Let's say you have the GBank credit card that gives you 1% cash back on sportsbook deposits (pictured). You deposit $1,000 into two sportsbooks, giving you $10 cash back. You then hedge the bets at profitable odds, withdraw your $1,000, and use it to pay your credit card bill. You're left with a $10 profit in non-taxable Rewards Points from the credit card, and some additional Rewards Points at the sportsbooks.

Other ways to churn sports bets include using sportsbook gift cards. Some credit cards offer 5% cash back at certain retailers who will sell you a $1,000 sportsbook gift card for $1,000. You get $50 in cash back for buying, depositing, and churning the gift card.

Churning is hugely popular outside of sports betting but has largely been overshadowed by arbitrage within sports betting.

Churning example

What are middles?

A middle is when you bet both sides of a game at different lines, creating a range where both bets can win. Unlike a hedge where one bet always loses, a middle gives you a chance to win both bets simultaneously.

The Early Payout Bonuses we looked at earlier are one kind of middle. Bonus Bets and Profit Boosts can be used to easily create +EV middles at the cost of some guaranteed profits.

Most middles that don't use bonuses revolve around small differences in the line for a market.

For example, let's say the total for a game at one sportsbook is 215.5 at +105 odds and the total for another is 214.5 at -105 odds. Most of the time this is a standard hedge: you bet $105 on Over 214.5 and $100 on Under 215.5, one wins and one loses, and you get your money back. But if you get lucky and the total is exactly 215, both bets win and you double your money.

Middle example

Dynamic Hedging

What is dynamic hedging?

Dynamic hedging involves placing the bets in your hedge at different times. Despite being a type of hedge, this is more of a risky EV strategy because the future odds are unknowable. And for the most part, it's a bad EV strategy.

Let's go through a quick example before I explain why it's bad. Let's say you bet on the Lakers moneyline at +150 at noon. You decide to wait to hedge the Celtics moneyline because Jaylen Brown is a game-time decision to play. After the Celtics announce Jaylen Brown is out for the game, the odds change and the odds are now Lakers +120, Celtics -140. Now you can place your Celtics bet and capture dynamic arbitrage, whereas before the injury news, you couldn't.

The main reason this is bad is because you already have the Lakers moneyline at a better-than-market price. From a pure EV perspective, you're better off letting it ride with the Lakers than hedging.

Sharps who are confident in their calculation of "true" odds make the same argument against most hedging: if you can figure out which of the two bets is +EV, only place that one and you win more in the long run. If you dynamically hedge all of your open +EV bets, you can be fairly sure that all your unhedged bets that you thought were +EV are actually -EV and you just shorted your actual +EV bets.

The outlook gets a little rosier when you consider use cases for bonuses, especially SGP Bonuses.

In-play hedging

Some Bonus Bets require you to bet on a live game (in-play). If you want to hedge this Bonus Bet, your options for placing the cash hedge are either before the game starts or during the game. Odds change much faster during the game than before, so I prefer placing the cash hedge about 5 minutes before the game starts. Sometimes the in-play odds move in your favor and sometimes they don't, but the Bonus Bet is profitably hedged either way.

Parlay Hedging

BETMGM

1. Eagles ML
2. Over 45.5
3. Barkley Over 1.5 TDs

1. Eagles ML
2. Under 45.5

Fanatics Sportsbook

1. Eagles ML
2. Over 45.5
3. Barkley Under 1.5 TDs

1. Chiefs ML

Parlay hedging differs from single bet hedging in that you need to hedge more than 2 total outcomes. The number of possible outcomes you need to hedge grows exponentially with the number of legs in the parlay. A 2-leg parlay has 4 possible outcomes, a 3-leg parlay has 8, a 4-leg has 16, and so on.

However, this doesn't mean you need to place that many bets to hedge all the outcomes (although you certainly can). We can do some clever math and hedge a 2-leg parlay with 3 total bets. We can do a 3-leg parlay with 4 total bets.

2-leg Parlays

Let's look at moneyline parlays between two NBA games: Heat vs. Wizards at 7pm and Lakers vs. Celtics at 10pm.

There are 4 total combinations of teams that can win both games: Heat + Lakers, Heat + Celtics, Wizards + Lakers, and Wizards + Celtics.

	Heat	Wizards
Lakers	✗	✓
Celtics	✗	✗

The goal of hedging these is to make sure your exposure on each outcome is balanced so that no matter what happens, you have no risk of losing money. The principle is the same for four total outcomes as two.

Static Hedging

Hedging all of the possible outcomes at the same time is preferable if there are meaningful stakes involved, as it de-risks the hedge.

The simplest way to hedge all of the outcomes is with two parlays and one single bet, like this:

1. Lakers + Heat to win
2. Lakers + Wizards to win
3. Celtics to win

	Heat	Wizards
Lakers	1	2
Celtics	3	3

Dynamic Hedging

There is one good use case I've found for this: if you need to hedge a 2-leg Parlay Bonus but only have one other sportsbook available to hedge at.

1. Lakers + Heat to win
2. Wizards to win
3. Celtics to win (place bet after Heat/Wizards game if the Heat win)

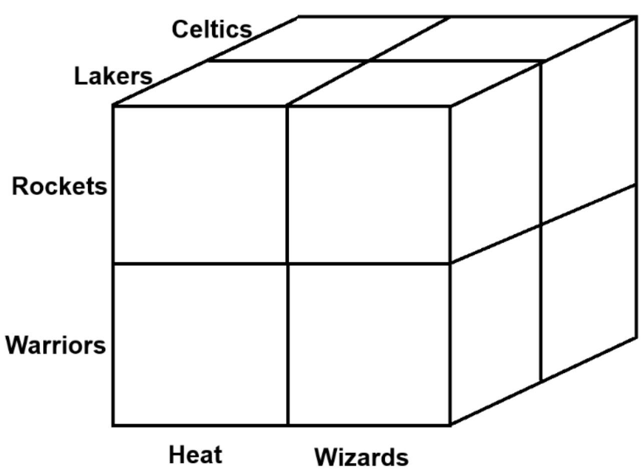
You can place bets 2 and 3 at the same sportsbook without looking fishy. If the Celtics odds get worse during the first game but your account doesn't get banned, that's worth it.

Bonus Farming and Account Profiling are profitable use cases I've found for these strategies, and they are sneaky good.

Hedged 2-leg Parlays Examples

3-leg Parlays

We're adding a third NBA game to the mix: Rockets vs. Warriors. Now there are 8 total outcomes we need to hedge.



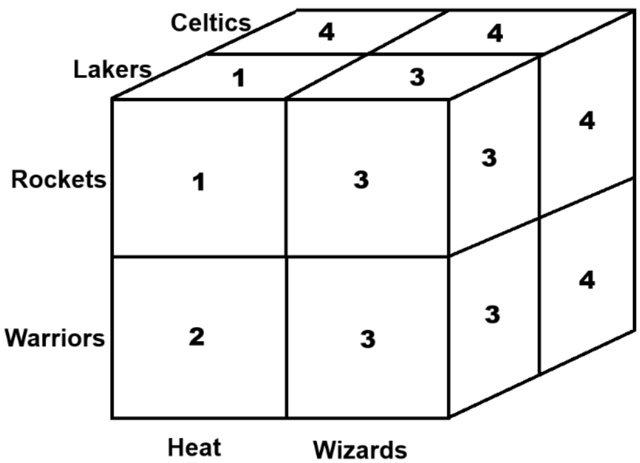
Sportsbook LOVE offering 3-leg Parlay Bonuses. Across all sports, almost every sportsbook is offering multiple 3-leg parlay bonuses every single day. Using them as standalone bonuses often isn't worth it, but you can do some interesting things when you combine them together in hedges.

Static Hedging

There are two good hedging combinations to use for this: 4 total bets and 5 total bets.

4-Bet Static Hedging

1. Lakers + Heat + Rockets to win
2. Lakers + Heat + Warriors to win
3. Lakers + Wizards to win
4. Celtics to win



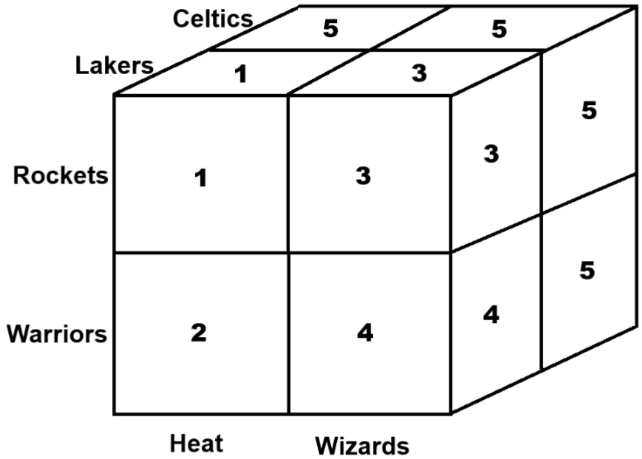
This strategy is great if you have two high stakes ($100+) 3-leg Parlay Bonuses. Typically these are either Profit Boosts or No Sweat Bonuses called Parlay Insurance.

The third bet is valuable for getting your sportsbook account profiled as square.

The last bet is typically on a heavy favorite to maximally leverage the Profit Boosts on underdogs for the first two bets.

5-Bet Static Hedging

1. Lakers + Heat + Rockets to win
2. Lakers + Heat + Warriors to win
3. Lakers + Wizards + Rockets to win
4. Lakers + Wizards + Warriors to win
5. Celtics to win



This strategy is better if you have lots of lower-stakes ($50 or lower) Parlay Bonuses to use, as you can use 4 at a time and extract a decent profit from them.

Soon the Ungambled app will have all of this automated and there won't be any more calculation time; it will calculate the best combination of parlays for you.

Dynamic Hedging

We have a stronger use case for dynamically hedging 3-leg parlays than we do 2-leg parlays: it is dramatically simpler than the alternatives and works with a single high-stakes parlay bonus. The caveat is this strategy only works if you have 3 discrete windows of games in one day (weekends or MLB), assuming you want to use the entire bonus in one day. I recommend using them in one day – you get a ton of Parlay Bonuses and it's seldom worth the extra complication of tracking them across two days.

1. Lakers + Heat + Rockets to win
2. Celtics to win (early game)
3. Wizards to win (after early game, only if Celtics lose)
4. Warriors to win (after middle game, only if Wizards lose)

Have the early game parlay leg be a huge underdog. This maximizes the leverage from the bonus and usually saves you paying vig on two more bets after the first hedge wins.

[Hedged 3-leg Parlays Examples]

SGP Hedging

Sportsbooks like SGP Bonuses even more than regular Parlay Bonuses. Seriously, a full set of recreational sportsbooks means you are drowning in these.

This time we're only betting on Lakers vs. Celtics. Moneyline, full-game totals, and overtime.

2-leg SGPs

Static hedging for 2-leg SGPs works almost identically to regular parlays using moneyline + totals markets.

There's only one sportsbook I know that runs 2-leg SGP bonuses regularly, and most customers only get one or two of them. I recommend using static hedging to keep it simple.

3-leg SGPs

Static hedging for 3-leg SGPs also works almost identically to regular parlays using moneyline + totals + overtime markets.

The bulk of your SGP bonuses should be going to the static hedging strategies, but every now and then you get a lil' frisky.

Optimizing for leverage

3+ leg SGP Profit Boosts are the spot to have some fun with player props.

I repeat: this is a risky EV strategy masquerading as a hedging strategy. Sometimes the opportunity to hedge will not occur during the game and you will lose your wager. This is the risk you take optimizing for leverage.

The strategy is surprisingly easy to use compared to most of the other parlay hedges I've subjected you to:

1. Anchor your SGP with a big underdog moneyline. This is what you are looking to hedge in-play.

2. Add the minimum number of additional legs that the bonus requires. The additional vig from extra legs isn't worth it. Choose the likeliest props available on the game for your remaining legs. Make sure it is possible for them to hit early in the game (e.g. Stephen Curry 1+ 3-pointer made)
3. Wait for the props to hit and then hedge the moneyline in-play.

The rationale behind the strategy is making the parlay a huge underdog increases the value of the Profit Boost. Betting $100 at +300 odds instead of +200 means the Profit Boost is worth $100 when the bet wins. Betting $100 at +900 odds instead of +600 means the Profit Boost is worth $300 when the bet wins.

That discrepancy in value is your margin for in-play hedging. If the huge underdog starts out the game 7-0 and your props hit early, you can realize much of that $300 margin in profit while de-risking it entirely.

Stepped-up Parlay Profit Boosts

Stepped-up Profit Boosts are another spot to maximize leverage.

These bonuses increase the amount of the Profit Boost as you add more legs to your parlay. However, the vig from each additional leg outpaces the increases from the profit boost. This means that these bonuses aren't worth using outside of this high-risk leverage play (or for fun).

These typically incentivize you up to 10 legs with a 100% Profit Boost, so let's use that.

1. First leg: big underdog moneyline (middle game)
2. Second leg: big underdog moneyline (late game)
3. Third – tenth legs: the biggest favorites you can find across all eligible markets (early games)
4. First leg hedge: Middle game moneyline hedge only if all early game legs won
5. Second leg hedge: Late game moneyline hedge only if all other legs won

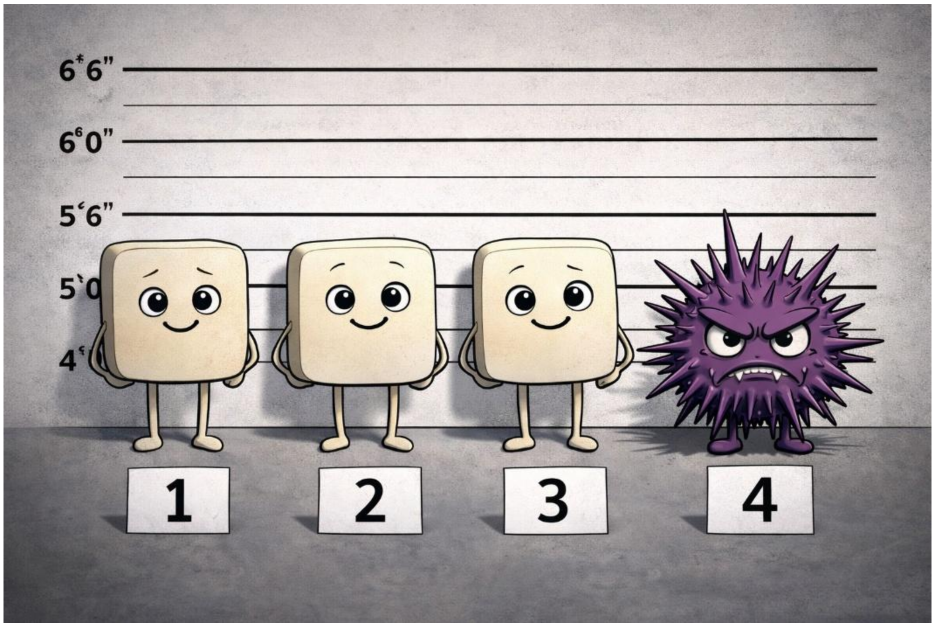
The idea here is you are risking your stake on all of the early game favorites winning before exploiting the bonus for leverage. If one of the favorites loses, your parlay loses and you're done. This is the risk you take.

When your first 8 legs hit, hedge the middle game moneyline. This hedge winning results in the most leverage/profit from the bonus. This is the outcome you want.

If the underdog wins and your parlay is still alive, now you hedge the late game moneyline. No matter what happens at this point, you're somewhere between breakeven and a modest profit.

This is a similar strategy to +EV middling, but for parlays.

Chapter 7: Account Profiling



Whew, no more math! We now understand all the mechanical aspects of hedging sports bets for profit.

Now let's learn to use them as part of a high-level strategy instead of just individually.

Sportsbooks profile your account

All sportsbooks track how you bet and categorize you as either a profitable, square customer or a winning, sharp bettor they need to limit. They have systems and formulas that analyze your betting patterns to identify sharp behavior versus recreational behavior.

It is in your financial interest for the sportsbooks to think you're a casual bettor who loses money. It is also in your financial interest to not actually be a casual bettor who loses money. How do we reconcile this?

The ideal strategy is to camouflage your profitable betting activity so they categorize you as a losing recreational player, not a winning sharp. This keeps your account unrestricted and your limits high for as long as possible before they profile you correctly.

This chapter enumerates sharp betting strategies that are easy for the sportsbooks to detect. If your goal is to get your accounts profiled as square, you should use this chapter as a "not to do" list, at least until the sportsbooks review your account and profile it.

Before we get into the nitty gritty, let's look at the consequences of getting profiled as sharp or square.

What happens when sportsbooks profile you as sharp?

Sportsbooks accept players who win as long as they don't demonstrate a long-term edge. Lucky players are fine, skilled players are not. Sportsbooks want their customers to be losers because that's best for their business.

When a book identifies you as a long-term winner, they take several actions:

1. They stop sending you bonuses
2. The lower your player limits so you can only bet $10 or $100 at a time instead of $1,000 or $10,000
3. They may ban you completely – you are no longer welcome to bet with them

In general, once you get profiled as sharp, the monetary value of your account drops dramatically. When you are sharp, you want to bet a lot of money because the more you bet, the more you win. The less they let you bet, the less you win.

What happens when sportsbooks profile you as square?

It's basically the opposite of being profiled as sharp:

1. They send you more, bigger bonuses
2. You get into VIP programs
3. If you're betting big, they raise your limits

The logic is the same as above but reversed. If the sportsbook wins more the more you bet, they want you to bet more. This is a big reason the bonuses are so large – they want to get you comfortable betting $1,000 at a time so you keep doing it. Being a VIP makes squares feel all warm and fuzzy inside, which makes them want to keep betting so they keep getting treated like a VIP.

Our task is to get strategically profiled as square early on so that when we start betting sharp, the sportsbooks aren't paying attention to our accounts. This is largely an exercise in patience and self-restraint. You will need to turn down short-term gains in the interest of greater long-term gains.

Tools and information for profiling accounts

Next, let's take some time to understand in depth what tools and information sportsbooks have for profiling accounts.

Your personal info

Legal sportsbooks in the USA have similar regulations and obligations as banks. They need to verify your SSN, your address, and that you are a real person. This is ultimately good, as it helps prevent crimes like identity fraud. But it does mean you need to hand over a lot of personal information.

For the most part, this information isn't very informative for profiling someone as sharp or square. A 35-year-old male named John in Iowa could easily be sharp or square. Statistically, he's probably square – most customers are. You get the benefit of the doubt in the beginning, and the onus is on you not to screw up and tip your hand.

On the other hand, if a 97-year-old female signs up and her verification selfie is from a nursing home bed, that seems a little sketchy. If she starts showing signs of being a sharp bettor, the sportsbook could reasonably guess that a sharp they've already banned is using her accounts and preventatively limit or ban her.

Your association with their other customers

If you used a referral bonus to open your account, they know who referred you. If that person is profiled as sharp, you are going to get a degree of that profiling secondhand. If you and your associates start placing the same sharp bets at the same time at the same sportsbook, that's a strong signal of sharp syndicate activity, which is a good reason to limit or ban you. Even without referrals, unassociated accounts placing the same bets at the same times become associated.

To some degree, you can use this to your advantage: make sure whoever refers you is profiled as square – ideally as a square whale. This can fast track you into VIP programs as long as you keep up the appearance of a square.

Your deposit history

Player A deposits $1,000 from a Capital One checking account. Player B deposits $50,000 in crypto. Who is square and who is sharp?

This is another way betting syndicates burn through new accounts unnecessarily. If your first deposit is $50k in crypto, whichever trader is responsible for your account is now *very* interested in you. We do not want the trader very interested in us; we want to be boring, profitable squares.

Your betting history

The sportsbook knows every bet you've placed with them throughout your entire account lifetime. If you are too obvious too soon with your sharp bets, they pick up on it quickly. I've had accounts get limited after a single bet.

This is by far the most meaningful data they have for profiling players. If you are sketchy in several other ways but only place seemingly square bets, the sportsbook is happy to have you as a customer. If you're squeaky clean in every other way but your bets are sharp, you will be limited or banned.

This is where most of your attention and effort should go for getting your accounts profiled as square. You start out with 0 bets in your history, and you need to be very deliberate about the first bets you place with a new sportsbook account.

Most of this chapter is around identifying the types of bets you do not want to place early on. If you can follow those guidelines, all of the bets you do place will appear square. As the number of bets in your history grows, the sportsbook grows more confident that you are, in fact, a square bettor. This means they can profile your account as square and spend less time and attention monitoring it – they have other accounts to examine that are showing noticeable signs of being sharp.

Once you get profiled as square, you have more leeway to place obviously sharp bets because the sportsbook is not paying as much attention to you. You just need to make sure not to place bets that trigger automated alerts.

Your interactions with their software

I spent 10 years working in big tech (Microsoft, Oracle) as a software engineer. Software can track EVERYTHING about how you interact with it:

- Your location when you placed a bet
- The device you placed the bet from
- How long the bet was in your betslip before you placed it
- Every page scroll and every button you clicked
- Recorded video of you navigating the app

They have too much data, not too little. Very little of this data is useful for profiling players, although it can be very useful for other things like detecting bots. They're not going to pore over your personal metadata for hours looking for potentially suspicious signals unless they have a reason to. Don't give them a reason to.

Your location is one piece of data that is very valuable for profiling. If 5 other sharp customers bet from your exact location, you can be profiled as sharp by association. What this looks like in real life is one sharp getting multiple partner accounts and betting from their own home. Even if you are careful not to associate the accounts in other ways, they can get you with geolocation. I've had a new partner account get limited BEFORE I placed any bets this way.

If you live in the city in a big apartment building, you will get more leeway. If you live in a single family home in the suburbs or the country, it's easy for them to figure out a sharp lives in your house and that bets from that house should be scrutinized.

Your device also has some predictive power. Player A bets from a mobile app, Player B from a desktop browser. Who is square, who is sharp?

Your interactions with their team

This is another variable that can be good or bad for you depending on how you play it.

If you bother customer support asking for bonuses right out of the gate, they will probably profile you as a bonus abuser and stop sending you bonuses. This is a strong signal that you care about making a quick buck and not hanging around to recreationally bet, which is what they want their customers doing. I recommend avoiding talking to customer support altogether. You want to be a happy, self-sufficient square and let them reach out to you first.

When one of their team does reach out to you, it will typically be a VIP host. The bar for getting into DraftKings' VIP program is especially low – almost all Ungambled customers with a sufficient bankroll get in and reap lucrative VIP bonuses for as long as they can keep up appearances as a square.

Don't be greedy with your VIP host. Be polite and grateful when they give you VIP Bonuses. If you ask them for one, make sure it has been at least 2 weeks since your last one, and have a reason you're asking. The more square your reason, the better. My go-to strategy is to bet the same team's moneyline (hedging elsewhere) until busting out, then asking the VIP host for a Deposit Bonus to "help win back your losses".

They are more likely to give you a bonus if you've "lost" $5k in the past week than if you just won big with the bonus they gave you yesterday.

Another anecdotal tactic I recommend is treating the VIP host like they're on your side. Whatever you bet on, text or email the host and tell them you've got a good feeling about your bet and they should ride with your hunch. When you win using a VIP bonus they gave you, thank them for the bonus and tell them they are your good luck charm. This sort of positive banter gives them more evidence that you are a happy, square customer they want to keep around.

What is net win/loss?

So the sportsbooks have basically all of the data on what you do with them. How do they use it? What are they looking for in that data that tells them you're sharp?

Let's start with the obvious: how much are you winning or losing?

This is ultimately the metric that matters most for their business, but it doesn't have much predictive value in the beginning – the more you bet, the more predictive it becomes. Someone up $5,000 after one 10-leg parlay is not necessarily sharp, but someone up $50,000 after 1,000 bets probably is sharp.

If you're hedging, you will be a net winner across all of your sportsbook accounts in aggregate. The exception to this is if you exclusively churn unprofitable hedges within the margin you get from credit cards or gift cards. Using this strategy, you can "lose" across all sportsbooks in aggregate (while still profiting from credit card cash back), which will preserve your square status as long as possible.

In the short-term, you will have some accounts be big winners and some big losers. This is especially true if you stick to hedging big underdog/favorite combos instead of 50/50 markets. As long as your bets are square according to other metrics, sportsbooks tend not to overreact to you winning or losing a bunch over your first handful of bets. They have other metrics they trust more for profiling.

So how do sportsbooks use net win/loss for profiling?

They know it isn't predictive until you have a meaningful number of bets. What they do is set alerts to review your account when you hit certain profit thresholds. Someone who just cleared $25k in winnings is probably worth a look to see if they are sharp or just lucky. At $100k, they probably need to acknowledge you're sharp even if it doesn't look like it from other metrics. Good luck getting to $1m in profits from one recreational account without them banning you first.

What is Closing Line Value (CLV)?

Closing Line Value (CLV) is the main metric sportsbooks use to determine if a player is sharp or square.

CLV is the difference between the price/odds you bet at vs. the final price when the market closes. This only applies to bets placed before the game starts. Sportsbooks stop accepting pre-game bets when the game starts and begin offering in-play markets. A pre-game moneyline and an in-play moneyline are treated as two completely different markets.

The final price is considered the "true" price for retroactive analysis. When you are consistently betting at better prices than the final price, that is the strongest signal available to sportsbooks that you are sharp.

Recreational sportsbooks steal closing lines from sharper market-making sportsbooks for analysis, as their own lines are influenced by square public money and balancing their own risk. Having prices be as accurate as possible is more important for market makers than recreational books, thus their final prices have more predictive power and are better for analysis.

Let's go through a quick example: You bet on the Lakers moneyline at +150 in the afternoon. When the game starts, the final price for the pre-game moneyline is +120. You bet at a better price than the closing line and have positive CLV. If you bet at a worse price than closing, you would have negative CLV.

The sportsbooks' vig means that if you are betting randomly (or emotionally), the expectation is that you get negative CLV the majority of the time. If you are consistently getting positive CLV, you are almost certainly sharp.

What does CLV represent?

Let's take a step back and consider why and how CLV is so important.

At a sharp sportsbook like Pinnacle or BetCris, the closing line is a near-absolute statement of truth for the "correct" price of the market. All of the sharps around the world who bet into the market have contributed information that determines the final price. The final price is the aggregate of all sharp information available, contributed by people confident enough in their analysis to bet on it.

Some of the information included in the final price:

- Historical data analysis
- Weather conditions
- Player injuries
- Coaching tendencies and errors
- Home field advantage
- The officiating crew

The more sharp money that is bet into a market, the more accurate/efficient the final price becomes. Some player props only offered at recreational books have unreliable CLV that isn't (or shouldn't be) used for retroactive analysis. The most analyzed and bet, and therefore most accurate, markets are full-game spreads and totals at offshore market-making sportsbooks like Pinnacle and BetCris.

CLV for +EV sharps

For sharp +EV bettors, CLV is also the most important metric for validating your analysis is good. You want to beat CLV because that means your analysis is accurately identifying value in the markets.

Sharps want to accumulate positive CLV because that means they are consistently profiting. Sportsbooks want to limit or ban players who accumulate positive CLV because that means they are consistently profiting at the sportsbook's expense.

The result of this conflict of interest is that sophisticated +EV bettors don't get as much value as they could out of their recreational sportsbook accounts because they quickly get flagged as sharp and limited. Deliberately placing bad bets without hedging for profit is counterproductive – placing enough bad bets to get profiled as square offsets the profits they make from the subsequent sharp bets.

I mentioned earlier that most true sharps consider hedging a second-class strategy. Account Profiling and Bonus Farming are the exceptions.

Gaming CLV for account profiling

In order to avoid getting CLV while your accounts are young, there are a few tactics you can use.

Bet right before games start

If you bet right before the market closes, you will either have 0 CLV for that bet or the CLV you do get will be nonpredictive. The majority of betting has already been done for the markets, and you are betting at the final price the sportsbook has set. No harm, no foul.

This is also when market limits are highest because the sportsbooks are most comfortable with their risk profiles and are willing to accept big bets at these prices.

A new player who places their first 20 bets 5 minutes before games start will not have any meaningful CLV, and their net/win loss will still be nonpredictive. No evidence of sharp betting there. No reason to limit or ban them.

Bet in-play

In-play bets are separate from pregame markets and do not have a closing line. When the game is over, there is no “true price” for a moneyline – one team won and one didn’t. The odds of the team that won having won is 100% and the other team’s is 0%.

This is fairly one-dimensional information that isn’t very useful for determining retroactively how likely a specific team was to win earlier in the game. If I only tell you the Lakers beat the Celtics, what conclusions can you draw about how likely the Lakers were to win at halftime?

This means that sportsbooks (and sharps) are less able to accurately price in-play markets than pre-game markets. Many bettors specialize in in-play markets for this exact reason – they have watched enough games to trust what their eyes are seeing without quantitative analysis. They see Joe Burrow laying on the ground writhing in pain after a sack and bet the other team’s moneyline. Steph Curry grimaces and grabs his shooting hand – bet an under. The in-play data modeling doesn’t account for this type of visual information.

A quick caveat – Ungambled does not recommend or support this type of betting. Since there’s no data for it, we can’t do anything with the visuals either. This is also not a hedging strategy.

The drawback for in-play betting is that the odds move much faster than they do pre-game. If you are going to bet in-play for account profiling purposes, it’s best to wait for commercial breaks so you have time to place your hedges statically.

In-play betting is also more popular among recreational bettors than sharps and consequently is better for getting profiled as square.

How else do sportsbooks profile accounts?

CLV and net win/loss are the two main metrics sportsbooks use for evaluating accounts, but there are other heuristics worth a look.

Price Sensitivity

Price sensitivity means betting at the best price available among all of your sportsbook accounts. This is one of the most intuitive tactics for sharp betting. If you want to bet $100 on the Lakers moneyline and you can do that at +150 to win $150 or +175 to win $175, why would you pick +150? You get an extra $25 of upside from +175 with no additional risk.

The obviousness of this is also why it is easy to detect. Sportsbooks usually only look for this if a trader is actively reviewing one of your bets. They see you want to bet the Lakers at +175 and the next best price at other sportsbooks is +150. They reject your bet, change their odds, and offer to let you place your bet at their new (worse) price. If the same account repeatedly does this, the trader flags you as sharp.

We can easily game this. Place bets large enough to get reviewed by traders, but at suboptimal prices for the market. When they look at the prices elsewhere, they see that you are not betting at the best price. You want to bet $7,500 on the Lakers at +150 at Draftkings when FanDuel is offering +175. This is a very strong signal that you are a square, because no sharp would leave that much upside on the table. They can flag you as square on the spot and raise your limits so that the next time you want to bet $7,500, they automatically accept the bet without reviewing it.

This is the goal of Account Profiling: higher limits and less scrutiny on your bets.

Contradictory bets

In the Lakers vs. Celtics game, if you bet on both moneylines at the same sportsbook, they will limit or ban you almost instantly.

From the sportsbook's perspective, this doesn't make sense for a square or a sharp to do. The conclusion they draw is that you are a wannabe sharp who is executing a hedging strategy poorly.

Even the most degenerate squares aren't dumb enough to bet both sides of a market at the same book and lock in a guaranteed loss. If you manage to dynamically hedge and lock in a profit at the same sportsbook, that's even worse.

It is easier to fall into this trap than you might think – when you're hedging 10+ bonuses everyday, you can inadvertently bet opposite sides of the same game in two different hedges at the same sportsbook, hours apart.

The Ungambled app prevents this by tracking your open bets and explicitly avoiding contradictory bets.

Bet timing

This is another obvious one. Player A places all of their bets for a 1pm NFL game between 9 and 10am on Wednesday. Player B places their bets for the game at 12:50pm on Sunday. Who is sharp and who is square?

This ties in closely with CLV – the earlier you bet into a market, the more potential CLV you can get. The later you bet, the less potential CLV you will get.

I recommend betting as close to the start of games as possible for Account Profiling.

Steam Chasing

Steam chasing is when you react to news quicker than the sportsbook where you're betting. If you see on Twitter that Steph Curry is unexpectedly out for the Warriors game tonight, there is now value in betting against the Warriors that the sportsbooks haven't accounted for in their prices yet. If you can place your bet before they update their odds, you almost certainly have a substantial +EV bet.

Again, the problem is how easy this is to detect. If it takes a sportsbook 3 minutes to update their odds after the news comes out, it's pretty easy to pick out all of the bets that came in against the Warriors in that 3-minute window and profile the players as sharp.

This is generally not worth using as a strategy because whatever EV you get on this single bet comes at the expense of all of the future value you would get from this sportsbook if they don't limit or ban you. Resist the temptation to prioritize the short-term over the long-term.

Fixed Matches

Fixed matches are much more of a gray area than you might expect.

Betting a giant parlay on Johntay Porter unders and then having him check out of the game "with an injury" after two minutes of playing time is obvious (and was caught and became a big news story).

Your buddy who fills up the Gatorade cooler for a Super Bowl team telling you it's blue before the game is harder to detect, and not completely "fixed" – the other team can win the Super Bowl, and he doesn't know what color their Gatorade is.

Betting on truly fixed matches is very illegal, and you will get into a lot of trouble if you do it. Just don't do it. It's not worth it.

If you have dubious insider information and want to bet on that, I can't stop you. I don't recommend you do it, it's not supported by Ungambled, and it's not going to help you get your account profiled as square.

Line Mistakes

An example of a line mistake is the sportsbook posting Ohio State +30 instead of Ohio State -30 against an FCS team early in the season. Exchanges and market makers typically correct their mistake and void the earlier bets, but recreational books will limit or ban you for trying to bet these mistakes.

Taking a Shot

This is when you bet on something that has already happened in real life. If an NFL team returns the opening kickoff for a touchdown and a sportsbook still has their pregame markets open, you have a huge informational advantage for your bets.

A more common example is called "courtsiding" – you are attending the game live and betting on in-play markets ahead of the data the sportsbooks use.

This is considered fraud by both sportsbooks and sharps alike. Don't do it.

Winning Prop Bets

I mentioned earlier that prop bets are often only offered at recreational sportsbooks and that a lot of sharps tend not to bother with them. This is a double-edged sword.

There are a lot of mispriced prop markets that you can make a killing betting into. Because CLV is less predictive with these than with bigger markets, sportsbooks rely more on net win/loss for prop bets. If your relatively new account is winning a bunch of prop bets, that is a sign that you are sharp.

I recommend avoiding prop bets outside of SGPs while profiling your account. They are more likely to harm you than help you. They are a fantastic source of arbitrage opportunities and +EV bets later.

Optimal Bonus Use

It's generally known and accepted that the best simple strategy for most bonuses is betting on big underdog moneylines. You get good value from your bonus without needing to deal with the complexity of parlays.

This is usually not enough information by itself to justify profiling a player as sharp, but repeatedly betting bonuses this way without placing other non-bonus bets is a strong signal that you opened an account just to collect easy money from bonuses. Recreational sportsbooks typically will stop sending you bonuses when they detect this, rather than limiting or banning you. If you stop betting after they stop sending you bonuses, they profiled you correctly as a bonus abuser.

Hedging bonuses and using them on parlays are the best tactics to look square here. The cash side of the hedge is usually 3-4x larger than the value of the Bonus Bet, so opening new accounts in pairs and hedging the bonuses against each other is a good way to simultaneously profile two accounts as square. The sportsbooks see you using their bonuses but also placing large cash bets without bonuses.

Ungambled recommends opening 4 new accounts at a time if you have the bankroll to support it, as this opens up even better Account Profiling tactics using Parlay Bonuses.

Withdrawing Money

Your first withdrawal at a sportsbook typically triggers an account review. If the trader reviewing your account sees a bunch of sharp-looking bets, your first withdrawal can inadvertently get you profiled as sharp.

The way to use this to your advantage is to be deliberate about your first withdrawal – the more you bet without withdrawing, the better. If your account busts out and you deposit again (maybe multiple times) before your first withdrawal, that information is what the trader sees when they review your account. If you lost a bunch of bets that have negative CLV, and you deposited and kept betting before withdrawing, the sportsbook sees a customer they like and want to keep around.

A common mistake new bettors make is depositing the exact amount needed for the signup bonus, winning, withdrawing the winnings, and not betting again until they get another bonus. This will get you flagged as a bonus abuser.

Chapter 8: Bonus Farming

Finally, the good stuff!

Everything we've covered so far is more-or-less common knowledge among sharps and pros, except for the parlay hedging strategies. Most pros don't like hedging, and hedging parlays introduces more complexity for less reward. It's only when you combine bonus hedging with Account Profiling that this strategy becomes worthwhile.

Enter Bonus Farming.

Your new sportsbook account has two phases of life

Let's zoom out and look at the entire lifetime of a new sportsbook account. On day 1, it's an unblemished baby account brimming with profit potential. It dies when you get banned or limited and stop using it.

The goal of Bonus Farming is to maximize the profit you win from your account over the entire lifetime of the account. If you are able to reliably profit $50,000+ apiece from brand new DraftKings, FanDuel, BetMGM, Caesars, and Fanatics accounts, you can run a very simple, very lucrative sports betting hedge fund business without needing to recruit a small army of partners.

To maximize the value of a new sportsbook account, we need to divide its lifetime into two phases.

Bonus Phase

Your account begins its life in the bonus phase. Think of this as its childhood. It's easy to be profitable because the sportsbook helps you along by sending you bonuses.

You get a lucrative bonus just for opening the account. You get another bonus if you use someone else's referral link. The Referral Bonus is more valuable still if the referrer is a VIP. If you get unlucky and lose early, the sportsbook gives you a Deposit Bonus to get you back on your feet. If you play nicely with the sportsbook, they reward you by increasing the value of the bonuses they give you. If they really like you, they keep sending you bonuses longer than they normally would. If they really, *really* like you, they make you a VIP and send you gigantic VIP Bonuses.

This is as easy as it gets to be a profitable sports bettor. Bonus Farming makes this phase as lengthy and lucrative as possible.

Post-Bonus Phase

Eventually the sportsbook needs to wean you off bonuses. For recreational books, this transition typically happens around 1-2 months after opening your account. Childhood never lasts as long as we want, does it?

When this happens, the sportsbook has already profiled your account and most of your settings are on autopilot until they review your account again. Ideally you have high limits and are profiled as a square. If you've done this successfully, you will still have bonuses available to use – you just won't have enough of them to sustain the same betting volume as during account childhood, and your bankroll will be largely idle. It's time for new strategies: churning, arbitrage, or +EV.

The Ungambled Strategy

At this point we understand how to hedge bonuses, and we understand how to get accounts profiled as square. Let's combine them into one overpowered super-strategy: Bonus Farming.

Tactics

Account Profiling has a "not to do" list. This chapter is your "to do" list.

As you read through these, ask yourself "is this something a square or a sharp would do?". Let that question be your guide if you're not sure whether to place a hedge.

Bet when squares bet

When do squares bet? There is more nuance to this than I will cover, but I'll give you a good general idea as a starting point.

Bet shortly before games start

Recreational bettors actually watch the games they bet on. That's the whole point. They don't premeditate what they want to root for during a game hours or days in advance. They turn on their TVs or get to the bar, peruse their options, and then make an emotional decision right before the game starts.

They also have jobs and aren't monitoring betting markets at all hours of the morning and afternoon. An exception to this might be placing a few bets during your lunch break or late in the afternoon after you've finished work but want to stay in the office to keep up appearances.

Another exception is the MLB. Baseball games start in the afternoon during the summer when work is often slower. People who actively follow and bet on the MLB are sickos who actually do bet all afternoon. The MLB is sneaky good for hedging bonuses because there are a ton of games every single day and it's easier to settle into a consistent daily rhythm than with other leagues.

Bet on day-of games

I recommend avoiding football bets altogether on Tuesdays, Wednesdays, and Fridays. Why? There are no games on those days. Tuesdays and Wednesdays are essentially the football weekend. Fridays are for high school football (which you can't bet on). Take a few days off mid-week and then re-engage on Thursday, Saturday, and Sunday unless you have an expiring bonus you need to use.

Bet on primetime games

Thanksgiving and Christmas have some of the most-watched NFL and NBA games of the entire year. Betting at 10am on Thanksgiving games isn't unusual. Same with high-stakes games – betting on March Madness during the week leading up to the tournament isn't as sketchy as it is for regular season NCAA basketball games.

Bet on popular markets

Moneylines, spreads, and totals are friendly markets. They also have the highest limits, which means betting thousands of dollars at a time doesn't draw additional scrutiny.

Some prop markets are also popular but come with drawbacks. Betting on a player to score a touchdown or hit 3-pointers are popular bets. However, we need to hedge them. Betting against a player to score a touchdown or score 3-pointers is much less popular. Some recreational books don't even allow players to bet these unders. The ones that do notice when you place a bunch of huge bets on players not to score.

A general rule is that overs are more popular than unders. The public wants high-scoring games because they're more fun to watch. Imagine someone cheering every time a football team ran the ball up the middle for 2 yards to bleed the clock. That's what you are rooting for when you bet unders. Regular people don't want that. They want 60-yard touchdown passes.

Bet on one or two leagues

The most popular leagues for betting in the USA are the NFL, NBA, NCAAM, NCAAF, and MLB.

Someone who is betting on 5 different leagues at the same time with their new sportsbook account probably isn't a recreational bettor. Regular people aren't emotionally invested in that many leagues at the same time. They have things to do other than watch TV and bet.

In the fall, football is king. Basketball in the winter and early spring. Baseball over the summer.

This doesn't mean you can't bet on soccer, tennis, or hockey. It doesn't mean you can't bet NFL playoffs in January and then switch to the NBA in February. It's just a lot more common to have someone interested in betting only NFL and NCAAF than it is to have someone interested in betting the NFL, NHL, tennis, and international soccer.

Bet on the same teams repeatedly

Regular people have favorite teams. They also have favorite ways to bet on their favorite teams. They bet on their teams to win, or emotionally hedge and bet them to lose. The logic is that if your team wins, you don't care that you lost money because you're happy they won. If they lose, at least you won some money as a silver lining.

Betting on the same teams repeatedly means your betting history at a sportsbook paints you as a fan of that team. This is especially true if you concentrate your SGP bonuses on the same team. When the sportsbook trader reviews you account, it's very easy for them to look at the data and picture someone betting and watching that team play. This is normal for recreational bettors.

If you actually have favorite teams, bet on them! If not, pick teams that are either really good or really bad so that you have big underdog/favorite combinations for your hedges. Picking your local teams is a great option – betting on the Broncos to win from Colorado couldn't be any more normal.

Bet round numbers

Player A bets $1,000. Player B bets $1,006.12. Who is a square, and who is a sharp that used a calculator to figure out the optimal stake for their hedge?

This is more important for larger bets than small ones. I get a lot of juvenile pleasure from betting $0.69 or $4.20 on huge underdog parlays. The ones that hit make great memes. That's not going to hurt your accounts.

Here are the heuristics the Ungambled app uses:

- If the bet is under $100, round to the nearest $5
- Under $250, nearest $10
- Otherwise, nearest $25

This is not an exact science and these are not magic numbers. Common sense would say betting $1,100 is better than $1,075, but the more important part is that you are rounding in the first place and not betting $1,073.27.

Bet parlays

Parlays are more square than single bets. Sportsbooks charge vig on each leg of a parlay, meaning their commission is higher the more legs are in your parlay. Sharps know this and aren't keen on paying higher vig than strictly necessary. That leaves parlays to the squares for the most part. Same-game parlays are even more square than regular parlays.

I recommend turning your single bet bonus hedges into 2-leg parlays to maximize the effectiveness of Bonus Farming. Betting on large underdog moneylines is a well-known sharp strategy for bonuses. Betting your bonus on a 2-leg parlay that includes a large underdog moneyline looks square.

The easiest way to do this is to split the underdog bet into two two-leg parlays, while keeping the favorite hedge as a single bet.

1. Lakers moneyline
2. Celtics moneyline

Becomes

1. Lakers moneyline + Over 215.5
2. Lakers moneyline + Under 215.5

3. Celtics moneyline

Now instead of your hedge having one square bet and one sharp bet, you have 3 square bets. This also lets you bet a random 2-leg parlay into a third sportsbook with cash, which is fantastic for getting profiled as square.

The trade-off for doing this is that you are now paying vig 3 more times for the hedge, which cuts into your profits for this particular bonus. Remember that you are maximizing the profits from your entire account, not any single bonus. Would you rather maximize the profitability of your $1,000 Bonus Bet now and get limited, or take a haircut now and get more $1,000 Bonus Bets? Stick to the plan and play the long game.

Time your first withdrawal

This is more art than science, but it pays off very well when it works.

After you have a modest bet history on your new account, withdraw for the first time to try to trigger an account review.

The times do this are when you have 10-20 bets in your history and most/all of them are large parlays with negative CLV.

The trader doing the review sees an ideal customer: someone repeatedly betting big on square parlays right out of the gate. Jackpot. Think Adam Sandler in Uncut Gems.

When this works, the value of the bonuses goes up, often dramatically. My finest execution with a partner account led to FanDuel sending four private $2,000 Deposit Bonuses and three $1,500 No Sweat Bonuses over the span of four weeks. This single-handedly added over $9,000 of profit to her Bonus Farming phase.

The long tail of Bonus Farming

Once the bonus flow slows to a trickle, you can extend the Bonus Farming phase through disciplined churning.

Getting the 1% cash back credit card for deposits means you can consistently "lose money" at the sportsbooks while still being profitable by placing hedges with a -1-to-0% ROI. If you have a great deal of patience or don't want to bet with partners, this might be the strategy you want.

Remember that once your accounts get profiled, sportsbook traders don't review your accounts further unless they have a reason to. They have a business to run and scrutinizing customers just to scrutinize customers is bad business. The most common reason for reviews is that you reach certain profit thresholds.

If you are consistently "losing", you may never reach those profit thresholds. Keep your bets below your limits so you don't trigger reviews and keep farming Rewards Points and credit card cash back. If your bankroll is big enough that you can live off a 0.5% return everyday, you are now financially independent. Congratulations!

When you do want to dial up your profitability, you now have a lot of runway before hitting the profit threshold. If your DraftKings account has a net loss of $100k and they aren't going to review your account until you hit $25k in profit, you have a $125k profit buffer before they bother you.

Putting it all together

Whew, we've covered a lot. The good news is we've reached the end of the technical stuff. You now know how to win gobs and gobs of profit from hedging sports bets.

So what's next? Actually doing it, of course!

The Ungambled app has all of the Bonus Farming strategies and tactics automated for you (outside of the more complex parlays, which are coming soon). You don't need to manually do any of the math or data processing. All you have to do is open accounts, fund them, and place the bets the app tells you to.

We’ve optimized the app to make you as much profit as possible with as little of your time and effort as possible. Our customers routinely win over $200/hr from using the app for Bonus Farming. That extrapolates to a $400k salary.

Our most successful customer (Ashley, who got the four $2,000 Deposit Bonuses) used the app for about 45 minutes per day for 2 months and won $19,500 from Bonus Farming. That’s $433/hr. That’s $433/hr with *no financial risk* because she was hedging. She started with a $14,000 bankroll, meaning her ROI was 139% in two months.

A good year for the S&P is 10% over 12 months. This is literally a 100x better investment than the stock market, and that’s without even considering all the profits you make after Bonus Farming with your high-limit, square accounts. Arbitrage reliably wins 1-2% per bet. Your 1% cashback credit card for deposits pushes that to 2-3% per bet. The gravy train doesn’t stop when the bonuses stop.

This sounds too good to be true

You know that feeling you have right now that this sounds way, way too good to be true? That there’s some catch you can’t quite put your finger on that I’ve been avoiding telling you? The math makes sense, lots of people online are already doing this, but there’s still something missing?

Well, you’re right to feel that way.

All of these opportunities only exist because the ratio of sharps-to-squares in the USA is about 2-to-98. The 98 actual squares making emotional bets keep the sportsbooks’ margins high enough that the relatively few sharps out there are living in financial abundance. That doesn’t hold up as more people become sharp. Eventually the sportsbooks’ margins suffer too much. They will stop offering bonuses or go out of business.

What this means for you is that you’re on the clock. Don’t wait to get started. Don’t be the passive observer smugly saying “the markets get more efficient” while everyone else gets rich off the inefficiencies.

A word from Mr. Adam Smith

Let’s look to the past to predict the future.

In The Wealth of Nations, Adam Smith details what happens when too many people profit from bonuses:

“When two people, who are continually drawing and redrawing upon one another, discount their bills always with the same banker, he must immediately discover what they are about, and see clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this discovery is not altogether so easy when they discount their bills sometimes with one banker, and sometimes with another, and when the two same persons do not constantly draw and redraw upon one another, but occasionally run the round of a great circle of projectors, who find it for their interest to assist one another in this method of raising money and to render it, upon that account, as difficult as possible to distinguish between a real and a fictitious bill of exchange, between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which discounted it, nor any real debtor but the projector who made use of the money. When a banker had even made this discovery, he might sometimes make it too late, and might find that he had already discounted the bills of those projectors to so great an extent, that, by refusing to discount any more, he would necessarily make them all bankrupts; and thus by ruining them, might perhaps ruin himself. For his own interest and safety, therefore, he might find it necessary, in this very perilous situation, to go on for some time, endeavouring, however, to withdraw gradually, and, upon that account, making every day greater and greater difficulties about discounting, in order to force these projectors by degrees to have recourse, either to other bankers, or to other methods of raising money: so as that he himself might, as soon as possible, get out of the circle."

Clear as mud, right? No wonder so few people understand how capitalism works.

Let's translate and apply this passage to the regulated sports betting industry in the USA:

"When people hedge bonuses at the same sportsbook, it's easy for the sportsbook to detect and address. It's harder for the sportsbook to detect when people start hedging bonuses among multiple sportsbooks. It's harder still when the sportsbooks themselves are incentivized to continue offering these bonuses because the industry is new and growing. When the sportsbook realizes that much of its business is only happening on account of these bonuses, it is too late. By no longer offering the bonuses, people will stop betting at the sportsbook and the business will be ruined. The sportsbook may decide to continue offering bonuses for some time given the alternative, and gradually reduces the size and frequency of the bonuses, hoping that the bettors hedging bonuses find better opportunities elsewhere and move on organically without ruining the business."

Let's simplify it further: too many people hedging bonuses means sportsbooks start going out of business. How many people is too many? How long will it take to reach that number? Nobody knows.

Don't get burned by waiting. The opportunity is here now.

Chapter 9: Professional Sports Betting

What's the difference between a sharp and a professional? A sharp wins. A professional *reliably* wins. They can rely on their consistent winnings to pay the bills without needing another job. Sticking to hedging instead of +EV betting may be less profitable on paper, but the reliability of it lowers the barrier to entry for new professionals.

If you've made it this far in the book, you already know enough to hedge bonuses and bet arbitrage professionally. You just need to practice and build confidence before making the jump from sharp to pro. The leap is scary even if you are confident.

Let's run through the logistics of betting professionally.

Do I have to pay taxes on my sportsbook winnings?

Yes.

All gambling winnings are taxable income under federal law, including sports betting.

Sportsbooks are required to report your winnings to the IRS if you win $600 or more and the payout is at least 300 times your wager. When this happens, they'll send you a Form W-2G and withhold 24% for federal taxes automatically. You'll also need to provide your Social Security number.

Here's the catch: even if you don't receive a W-2G, you're still legally required to report all your winnings. If you had a bunch of smaller wins that add up to $5,000 over the year, that's taxable even if the book didn't send you any forms.

The good news is you can deduct your losses—but only up to the amount of your winnings, and only if you itemize deductions. If you won $10,000 and lost $8,000, you report $10,000 in winnings and can deduct $8,000 in losses if you itemize. You can't just report $2,000 net.

To deduct losses, you need records. Keep track of every bet—date, amount, outcome. Screenshots, betting history downloads, and bank statements all work. The IRS requires documentation if you're audited.

State taxes vary. Some states tax gambling winnings, others don't. Some tax you based on where you placed the bet, others where you live. Check your state's rules.

Most recreational bettors who win small amounts don't report them on their taxes or get audited. If you're winning enough to matter, keep good records and report correctly. The IRS takes gambling income seriously, and sportsbooks are reporting your big wins directly to them.

If you're betting seriously with significant volume, talk to a tax professional who understands gambling income. The rules get complicated fast.

You need more sportsbook accounts

You can make a lot of money just from popular recreational books like FanDuel and DraftKings, but eventually they will limit you. Each hedge you place will be 1/100th as profitable as it was before they limited you. If getting limited at a single sportsbook is a bottleneck for you, you are not yet winning *reliably*.

You have two good options for getting more accounts to bet with: keep going down the list with your own accounts, or partner with other people and use their accounts. This chapter is about the former, the next chapter is about the latter.

There are dozens of legal sportsbooks available in the USA currently, but there are clear tiers of profitability. The top tier are the ones spending the most on bonuses and marketing: FanDuel, DraftKings, BetMGM, Caesars, Fanatics, Bet365. You've seen their ads if you watch sports.

There are a good number of next-tier sportsbooks that are definitely worth using: Bally Bet, BetRivers, theScore (formerly ESPN Bet), and Hard Rock Bet among the recreational sportsbooks. ProphetX, Novig, Sporttrade, BettorEdge among the exchanges. Kalshi and PolyMarket among prediction markets. Fliff, Rebet, and Betr (did you know Jake Paul owns a sportsbook? He does!) among the sweepstakes apps.

Beyond that, you have a few state-specific ones and a bunch of sketchy, unregulated sites that will let you bet. I'll abstain from naming those, but you can figure it out. Ask AI.

Those are your options 100% within the law. I recommend sticking to those and partnering with other people to continue betting, which is also 100% within the law. That said, professionals in real life use other options.

White market sportsbook operators

White market means fully legal and regulated. These are the ones I just listed.

Everything up until now in the book is fully legal and compliant with sportsbook terms and conditions. If you keep your nose clean and color within these lines, you have nothing to worry about.

Gray market sportsbook operators

Gray market means that the sportsbook is 100% in the country it operates in but not in the USA. Two examples are Bookmaker and BetOnline.

This means that it is legal for them to accept bets from you, but not for you to place bets with them. This asymmetry creates a big new risk.

Because you are betting illegally and they know it, they can decide to keep the money you deposit/win, and there's nothing you can do about it. The USA government isn't going to help you since what you did was illegal. If your own government won't help you, do you think the Costa Rican government will?

I do not personally bet at offshore sportsbooks, and I recommend that you do not either.

But… most pros do. I'm going to give the upside of this risk to you straight. I'm not a lawyer and this is not legal advice - this is me talking from the street. You're an adult and must make your own decisions about what to do with this information.

The USA government benefits from you profitably betting at offshore accounts as long as you pay taxes on your winnings. You can chalk your profits up to "international business", pay your taxes properly, and the government is not going to slap your hand for opening an illegal sports betting account. They got their cut, and you're not harming any other citizens. They have bigger problems to deal with than you.

A central theme of Ungambled is how to scale profits without taking *any* unnecessary risks. Your speedrun line is riskless. That is why I do not bet with offshore sportsbooks. I like living in the USA and being on the government's good side. I like sleeping peacefully at night.

That said, the return-on-risk for opening international sportsbook accounts is incredible. The big ones will not steal your money, because they are running legitimate businesses and have reputations to protect. They somehow behave themselves without government regulation (crazy!). The trust of their customers is crucial to their business.

There are a *lot* of international sportsbooks that also offer big bonuses to new customers. $10,000 first-time Deposit Bonuses. Deposit Bonuses whenever you bust out, because their lines are way sharper than the sportsbooks you're hedging with in the USA. To them, you are *actually* a square whale. Las Vegas hates you, but Macau and Malta welcome you with open arms and champagne.

Market making sportsbooks are largely international – those are the ones with lower vig and higher limits, both desirable qualities for hedging. Almost all of their big customers are ultra-sharp +EV bettors – the type with enough clout that each one of their bets moves the line at the market makers. The USA recreational books copy these lines, which means one of these sharps literally impacts the entire USA betting market with the information inherent in their bet.

Our hedging strategies are child's play compared to what they are doing, and you will be able to bet $10,000 on whatever you want at a good price without friction. This is an entirely different ball game than hiding the sharpness of your bets with parlays.

Black market sportsbook operators

Black market "sportsbooks" are illegal. I used quotes because betting your buddy $10 on a game counts as black market betting activity. Neither of you are an actual sportsbook.

These are the sketchy sites with dubious reputations. Maybe you can bet, win, and withdraw your money… or maybe you bet, win, and then you can't access their website anymore.

These are more straightforward than gray market sportsbooks: just avoid them. If you can't tell the difference, use AI and reputable online communities to do your research.

Bankroll management strategies

A big part of betting professionally is moving your money around among many accounts. The more accounts and money you have, the more complex this gets.

Moving money around manually

Managing money across 50 different sportsbook accounts is a lot different than across five. With 5, you only need two funding sources: your 1% cashback credit card for deposits and a bank or PayPal account for the sportsbooks that don't accept the credit card. Easy peasy.

If you have international accounts, you're going to want to use crypto. Banks and PayPal are also regulated by the USA and want no part of your illegal betting. International sportsbooks welcome crypto because it's good for them, too.

Balancing your personal accounts is straightforward: withdraw money from where you don't want it, and deposit it where you do want it. After Bonus Farming, there's not as much to consider when withdrawing and depositing.

How money moves as you bet

Even though your overall portfolio of sportsbook accounts continually goes up and to the right, individual accounts experience a normal amount of volatility. Some will bust out, and some will be lucky winners. You can opportunistically extract extra bonuses if you're paying attention to the individual account trends.

As you move past Bonus Farming and into churning and arbitrage, you will start to notice patterns in how your money moves. Some accounts will consistently win, and some will consistently lose. You will likely be limited at the consistent winners first, because you are accumulating CLV and cash profits. Whichever hedging strategy you've chosen is feasting on this sportsbook's bad lines.

Likewise, the consistent losers are the ones you want to target for VIP programs. If your hedging is consistently profitable for them and you, you've got a great business relationship with this sportsbook! You *actually* are a VIP for them. Take them up on their free Vegas trips and live it up.

Withdrawing and depositing money will become routine quickly. Don't overthink it and let it come to you.

Tools and services worth investing in

Another factor separating sharps from pros is investing in and organizing your business operations.

If you're past the Bonus Farming phase with your accounts, start reading up on owning an LLC or an S-corp. The details are well beyond the scope of this book, but you will want a business entity instead of doing everything as an individual.

Dedicated hardware

For Bonus Farming, I recommend sticking to a smartphone for best results. When you're past that, buy a dedicated laptop that you don't use for anything else. Don't be stingy. It makes everything much, much easier. If you already have your business entity setup, you can write these purchases off as business expenses.

I also recommend getting a dedicated wireless plan. This is now your personal business phone. This also helps a lot with keeping organized. Having a dedicated phone and phone number for all of your promotional emails, multi-factor authentications, VIP host conversations, sportsbook apps, Ungambled app, and bank apps is a lot better than have them crowding your personal phone.

Dedicated software for betting

1. Sportsbook apps
2. New Gmail (same rationale as phone number)
3. Ungambled app
4. GBank app
5. PayPal (and/or personal banking app)

Chapter 10: Starting Your Own Hedge Fund

We saved the best for last.

Up until now, you could do everything yourself – the signups, the deposits, the bets. You didn't even need to leave your own home. Everything was fully contained on your phone. Sports bet hedging is the side hustler's dream come true. But there's only so much you can do as one person.

This chapter is about leveling up from side hustle to full-blown business.

Why start a business?

Most people are not business owners. They are either employees or contractors. The difference in mindset between a business owner and an employee is stark. The incentives are almost completely inverted. For contractors, the transition is much easier.

Contractors

For contractors, you may not even need to change your mindset. You just change the service you're offering. Instead of driving someone from their house to the airport or fixing their car, you now help them win money betting on sports.

The incentives are largely the same – you need to do a good job fulfilling whatever service you're offering your clients. This leads to good reviews, which builds trust, which leads to more clients. Rinse and repeat. Eventually you have more interest from prospective clients than you can handle, and you need to think about hiring people to help you. If you like watching sports, winning money betting on sports, and the people you've chosen to work with as clients, you can make a happy and lucrative career doing this.

When you're just getting started, you'll only be able to effectively handle a few clients at a time. Don't bite off more than you can chew. Focus on doing a good job serving your initial clients, and word-of-mouth advertising will sustain you for a while.

Employees

For salaried white-collar employees, you have a lot to unlearn. The self-contained side hustle aspect was perfect – no dealing with other people, you kept all the money you won, and you had no meaningful expenses. You work 100% remotely in your pajamas. You satisfy your own self-interest in a silo at the expense of the sports betting industry's collective margins. What's not to like?

This self-interested mindset doesn't work in business. This is counterintuitive for a lot of people since the employee's outlook is that they are the selfless ones, and their employers are the greedy capitalists making all the money, while they themselves are underpaid and deserve a raise. There's a lot of self-delusion baked into this mindset.

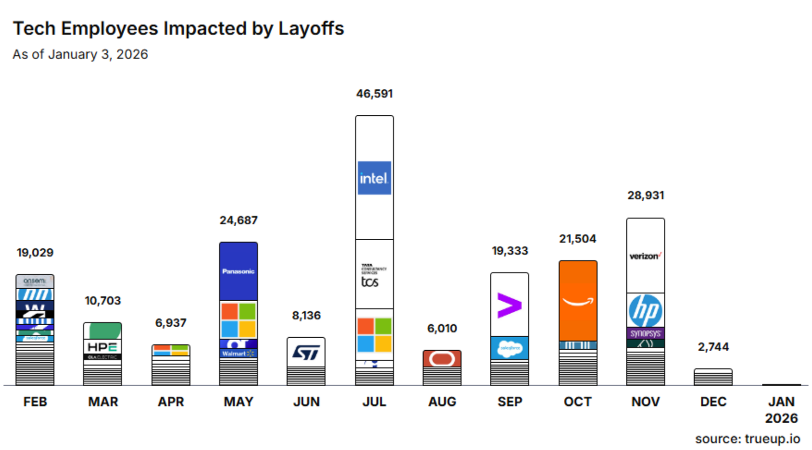
Your focus as an employee is on your social standing in your workplace. If you are the hardest working employee but none of your coworkers like you, that's not great. If you shmooze your boss and coworkers and keep getting positive reviews, you are incentivized to find out how little real work you can do while still maintaining your social standing and not incurring any risk of getting fired. This is great for you, but it doesn't benefit the business or anyone else. Your self-interest is not aligned with business goals or meaningfully helping other people.

Deep down, everyone knows this is unsustainable. If your employer is paying you more than they earn from employing you, your days are numbered. As AI becomes more prevalent, employing politicking, bureaucratic white-collar employees instead of using AI-powered robots gets worse and worse.

In 2025, Claude (Anthropic's Artificial Intelligence for writing code) got good enough that I realized I would never again need to hire another mediocre software engineer. Software engineers are expensive, work slowly, and require management. Claude does exactly what I say in minutes instead of hours or days. I get better code written in three hours with Claude than my entire 7-person team at Oracle did in three weeks. There is no management overhead. It is not stressful. When Ungambled customers ask for new features in the app, they are often live in production within 24 hours.

Claude costs $20-$50/mo, depending on how much you use it. A decent software engineer in the USA costs at least $50/hr. Using AI instead of hiring an employee is about 1,000x more cost-effective.

Your financial future is not as a mediocre, salaried white-collar employee. The same rationale applies to other employees who do all their work through computers without having their incentives properly aligned with their employer's. Even the government is having layoffs now. The sooner you come to grips, the less painful it will be.



Business in the abstract

A business is successful because its customers like what the business offers and are willing to pay for it. Without paying customers, there is no business. Your focus as a business owner is not on what you want but what your customers want, how much they are willing to pay for it, and if you can provide it for them at a price they are willing to pay while remaining worthwhile for you.

Charles Koch has my favorite definition of profit for a business: your profit is the difference between what your offering is worth to your customers (how much they pay for it) and how much it costs you in resources to provide. Your profits directly measure the excess value you create for other people. In this light, running a business is altruistic. The more you help other people, the richer you get. The more efficiently you serve your customers, the richer you get. Your incentives are aligned with your customers'.

Your Service Offering

Let's say you want to replace your job as a salaried employee making $100k/yr so that you don't need to adjust your current lifestyle as part of this venture. That's equivalent to $50/hr working 40 hour weeks for 50 weeks per year.

You estimate you can win $75k for a single client from only hedging at legal, regulated USA sportsbooks, and that it will take about an hour per day to do this for one year. How much is a client willing to pay for this service? When you factor that into an hourly rate, is it a rate you're willing to work at? How many clients can you realistically serve concurrently?

Before we answer these questions, you need to decide on what service you are offering your clients. You have two options: proxy betting or partner betting.

Proxy betting

Proxy betting means you are betting on behalf of your clients. Your clients experience a full done-for-them service that does not require any of their time or attention day-to-day. You only need them for opening new sportsbook accounts and doing identity verifications. Given how little your clients need to do and how much they profit, you can and should charge a lot for this service.

How much should you charge?

Your service is very easy to analyze quantitatively. If you win $75k for someone, you can charge up to $75k for this service. Your client needs to pay taxes on their winnings, though, so charging them $75k means they lose money. No bueno. Let's carve out $25k for the government via taxes. The actual tax liability will vary by client, and calculating that is beyond the scope of this example.

So you really only have $50k in profits for you and your client to split. You and your client decide 50/50 is a fair split after taxes. You, your client, and Uncle Sam all get $25k from this arrangement. FanDuel, DraftKings, and the other sportsbooks are $75k less profitable in aggregate.

What is your hourly rate?

Let's say you work 300 days per year doing this. So 300 hours to serve this client. That comes out to about $83/hr. That's well ahead of your salaried job, meaning you won't need to work 40 hours per week in order to maintain your current income. Hurray!

How many clients can you serve concurrently?

To get to $100k/year in income, you need to serve 4 clients per year under this arrangement. That means working 300 x 4 = 1,200 hours per year instead of the 40 x 50 = 2,000 hours you're putting in at your salaried job. 100% of the income in 60% of the time.

I don't recommend going from one set of accounts all the way to four all at once. A better approach is to stagger starting new clients so that you can focus on Bonus Farming for one client at a time and make sure you really do it right. In this case that means you would be wrapping up an old client and beginning a new one every 3 months.

This is a much more efficient way to run your business than partner betting, but comes with risks.

Risks

> Dear Pamela,
>
> Caesars Sportsbook takes the security of its customers' accounts seriously. We noticed some unusual activity on your account and wanted to make sure it's you. As a precautionary measure, we've placed your account on hold. In order to verify that it was you, and re-enable your account, please click the link below to verify your identity:
>
> Caesars Verification by Onfido

Sportsbooks understand people do this and explicitly forbid it in their terms and conditions.

However, it is not illegal. The USA federal and state governments don't necessarily have a problem with you doing this. State governments vary – Michigan explicitly considers proxy betting legal. Many states don't address it at all in their laws. However, one thing is certain: if you do not pay taxes on your profits, they will have a problem with it. Pay your taxes.

What are the consequences of getting caught violating sportsbook terms & conditions? Usually it's getting banned. My fiancée once signed into her Fanatics account on my phone, and both of us were banned within minutes. Sportsbooks take proxy betting seriously when they catch you doing it, even though it's not illegal.

If you do it repeatedly, risk accumulates alongside your profits.

Risk of being sued for systemic fraud

Sportsbooks consider proxy betting a type of fraud. By profiting at their expense in a way they explicitly forbid in their terms and conditions, you are committing fraud. If they decide to sue you for damages, they will almost certainly win.

This is not a risk I'm keen to take. I recommend you choose partner betting over proxy betting for your business, as it does not have this risk.

But… once again, the return-on-risk is very high for proxy betting. Lots of pros do it. They would rather take the risk than spend extra time and energy partner betting.

Let's take a look at the numbers and try to quantify the risk of being sued for fraud.

Quantifying the risk

Let's say you proxy bet for 3 years and serve 12 clients. You make sure to keep your nose clean, and everything you do is fully legal. You profit $300k from the sportsbooks collectively. You've really made a killing at DraftKings, winning $60k over these 3 years.

DraftKings decides proxy betting is costing it too much money, and they hire a herd of lawyers and pore over all their customer data to find and sue proxy bettors. Who are they going to sue first? People who have profited the most at their expense – that returns DraftKings the most money.

Is it worth their time and effort to sue you for $60k? They can't sue you for the profits you made from BetMGM or FanDuel. Those are completely different businesses.

Again, I am not a lawyer and this is not legal advice. My advice to you is not to proxy bet but instead partner bet. Within those constraints, here is a more-or-less accurate picture of the sportsbooks' current legal activity. For fully up-to-date information, fire up your favorite AI and start asking about lawsuits sportsbooks are involved with.

Plot twist: sportsbooks rarely sue for proxy betting fraud. Their terms of service allow them to seize your funds directly if they detect proxy betting without getting the government involved. It is more common for people wrongly accused of proxy betting to sue the sportsbooks to get their money back than the other way around. So far, these disputes have been around single wagers that would have paid out $1m+ to the bettors, not the death-by-1,000-cuts hedging strategies Ungambled supports.

You're probably fine running a 6-figure-per-year business proxy betting. But let's play out the hypothetical of you being sued anyway.

What should you do if you get sued?

I am not a lawyer. This is not legal advice. Let's continue.

You could simply pay them what they ask. If you're up $300k, you can afford $60k on paper. It sucks, but you did knowingly violate their terms and conditions repeatedly. You are in the wrong here.

You can also declare bankruptcy and move on to doing something else. Hell, you can declare bankruptcy and not move on to doing something else. Declare bankruptcy to get out of paying them and then form a new business entity and start again. Your new business entity hasn't wronged DraftKings; you get a clean slate. Just don't expect them or the government to be happy about it if you try to do this. This might make it worse instead of better.

Partner betting

Partner betting is the safer alternative to proxy betting. Instead of betting on behalf of your clients, you provide your clients with information to bet on, they place the bets themselves, and you split the profits. Because they are placing their own bets, neither of you are violating any terms and conditions. You are not committing fraud. Since there is no fraud, there is no systemic fraud. Your profits are safe.

The main drawback is that instead of you betting on mental autopilot for your clients, you now need to get them to do it themselves. What this looks like in real life is daily meetings with your clients during the

Bonus Farming phase. It will likely take more than one hour per day at the beginning, which means your hourly rate is lower.

Once your clients can bet self-sufficiently, it doesn't really make sense for them to keep paying you on a profit-sharing model since you're no longer actively involved. It is important to address this up-front.

For partner betting, your service offering is more consulting than done-for-you. Your guidance and oversight are much more valuable during Bonus Farming than during churning and arbitrage. You will want to adjust your business model to account for these differences.

How much should you charge?

The Bonus Farming phase typically lasts for about two months. Since you already know what you're doing and your experience with Bonus Farming means extra $1,000+ bonuses, it makes sense for you to micromanage every bet your client places during this phase. Afterwards, your client should have a good functional understanding of how to use the Ungambled app for bonuses that continue to trickle in. You can spend the next month walking them through churning and arbitrage with the goal of them being fully self-sufficient by the end of the third month.

$25k for this service is too steep since the client needs to do all the betting themselves. You are also only serving them for 3 months instead of a full year, meaning a naïve fair price might be $25k * ¼ = $6,250. Let's say you and your client agree on an additional 25% profit share during the Bonus Farming phase to keep your incentives aligned.

Your hourly rate is about the same, but your service offering is much different than with proxy betting. The work requires more mental effort, and you need 3-4x as many clients per year to make $100k. Is it worth it to eliminate fraud from your business? I say yes. Others say no.

Getting clients

How should you get clients?

Since you are handling relatively large amounts of money with each client, it is extremely important that you trust each other. Start with people you already have mutual trust with: your parents, your siblings, your significant other, and so on. As you successfully serve your clients, they will vouch for you in the future, which will lead to new clients. You can branch out to extended relatives, friends, and old coworkers.

The trust and social proof compounds. The more clients you've successfully served, the easier it will be to get new clients. Sooner or later more people want you to help them than you can handle, and you have a waiting list.

The other side of this is making sure you choose clients that you trust. We all have relatives we know better than to get financially involved with. Trust needs to go both ways.

Bankroll management logistics

Another important factor to consider is who bankrolls the betting. Your clients can use their own money, or your business can provide funding for them to use. I recommend adjusting your rate accordingly: clients who provide their own bankroll pay less than those you need to fund.

If all your clients provide their own funding, that keeps your overall bankroll management simpler. Clients have their own silo'd bankrolls and you don't move money around between clients.

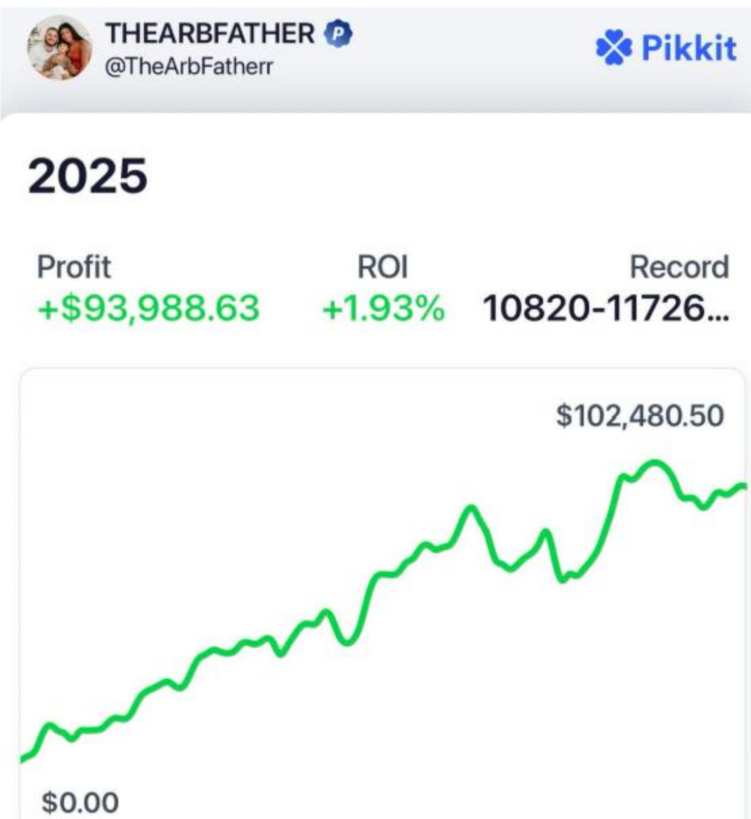
If you are funding your clients, you'll need to manage a shared bankroll across multiple clients. This has pros and cons.

Pros

A centralized bankroll means you can pursue high-stakes opportunities more aggressively. When you get a $10,000 VIP Deposit Bonus, you can maximize the value of it by shifting more of your funds and bets to that account to cement your VIP status. You should also be charging a higher rate for providing funding for your clients, which means you get a larger cut of these opportunities when they arise.

You have more options as a decision-maker. If one sportsbook account is underperforming, you can withdraw the funds and put them into a different account that is performing better. Move your resources to the area of highest yield.

Feel like a hedge fund manager yet?



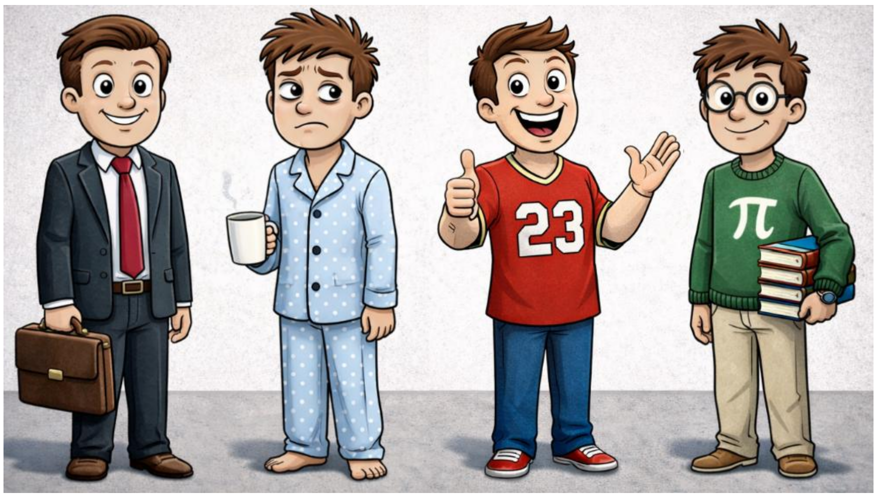
Cons

Your accounting gets much more complicated with a shared centralized bankroll than with silo'd bankrolls. You need to be meticulously detailed in your accounting to prevent making mistakes that negatively impact your clients.

Moving money among multiple people adds complexity too. Banks notice when someone's personal checking account goes from $10k of monthly transactions up to $100k, with those transactions mixed between sportsbooks and other people. I do not recommend using PayPal for this. A client of mine had $45k frozen in his PayPal account for 6 months for moving too much money around. Crypto is your friend here.

I do not recommend attempting a centralized bankroll until you've operationalized the rest of your business. Keep it simple while you're getting started.

Organizational roles



Running a business is a lot of work. If you have modest ambitions, you certainly can run a one-person hedging business as an owner-operator and do well for yourself.

For most people, you're better off forming a team and divvying up the work. This is more sustainable. Different people are good at different things, they like different things, and a single person will almost certainly be bad at or dislike some aspects of running this business. Let's divide the work into sensible roles.

The Business Person

This person needs to be able to get on the phone with strangers and conduct business with them. I was bad at this for a long time as a former software engineer. Good engineers are eccentric weirdos who don't like sales calls. I learned how to do this despite my own nature, not because of it.

Your job as the Business Person is to take care of business logistics: legal paperwork, accounting paperwork, tax paperwork, money management, buying hardware, taking meetings, finding clients, making business decisions, etc.

You are the leader of the business.

The Runner

The runner's job is simpler but more time-consuming: placing the bets. You've already performed this role for your own accounts. If being responsible for running a business is not appealing to you, partner with someone you trust who is good at that. The whole is greater than the sum of the parts.

Proxy Betting Runner

If you are proxy betting, that means a lot of time betting through multiple phones in multiple locations throughout the day and week. It means your working hours are largely nights and weekends when sports happen. It means you don't have "off" days where you slack off – if the bets don't get placed, the business doesn't make money.

Those were the cons. The list of pros is much longer.

You can do your entire job from a few smartphones. You have only one meeting per week with the Business Person (meet more often in the beginning until you settle into your rhythm). You meet your clients every now and then for identity verifications, but otherwise your job has very few required meetings.

Your job becomes mindless and repetitive very quickly. That means you get a lot of practice, which makes you very efficient. Your incentives are perfectly aligned with your pay – the better you get at your job, the higher your hourly rate. The better you get at your job, the bigger your bankroll gets, the more bets you can place. Rinse and repeat.

This job is perfect for people who don't really like working. You use the Ungambled app for 3 or 4 hours per day and spend the rest of your time doing whatever you feel like. The Business Person gets new clients, you bet for them, and that's pretty much all there is to it.

This is the role I set out to create when I started Ungambled. If you can learn to use the Ungambled app, you can work for $80/hr or more without any corporate or government bullshit. No unnecessary meetings. You can get high as a kite on your couch while you work. Drunk as a skunk at a bar. You can watch every single NFL game in your underwear every single weekend and call it work.

Partner Betting

If you partner bet (which I recommend) instead of proxy bet, then your job description changes a bit.

Since your clients need to place their own bets to comply with sportsbook terms and conditions, you need to make sure they learn how to use the Ungambled app and reliably execute the bets. That means spending lots of time walking them through the entire system, teaching them the tricks of the trade, and so forth. Almost all of your work is meeting with clients.

If proxy betting is an introvert's paradise, partner betting is an extrovert's paradise.

Chances are you'll have enough interest from people that you can be choosy about your clients and only work with people you like. You spend a few hours per day hanging out with people you like, winning hundreds or thousands of dollars per day everyday betting on sports. Rough job, eh?

I recommend permanently booking a booth at Buffalo Wild Wings and making that your office. Post up every night and weekend and have your clients come to you for some wings, beer, and sports. The wait staff and your fellow BWW clientele are your future clients. I have no affiliation with Buffalo Wild Wings. The one in Harrisonburg, VA is the best one. That's a fact.

The Originator

The originator's job is to figure out which bets to place. This is the highest-stakes role of the three, because if you are bad at it, you lose money and the entire business doesn't work.

If you use the Ungambled app, I am your originator. By using only hedging, I can guarantee that each bonus you use and each hedge you place is profitable, provided The Runner executes it correctly. No wasted time. No wasted effort. All the hedges are calculated in real time using software and are accessible to you whenever you need them.

How much do people get paid?

Ultimately this is up to you to decide. I recommend paying The Runner on a profit share to keep the incentives aligned. You want The Runner focused on winning money and spotting opportunities, and the most straightforward way to do that is to pay them a commission based on how much they win.

The Business Person is less straightforward. They will need to decide how much to pay themselves vs. how much to leave in the business bankroll for betting. There is not a one-size-fits-all answer here.

Ungambled offers both self-service app pricing and hands-on consulting services. I recommend hands-on consulting for your personal accounts if this is your first time betting. You will win more than the price of the consulting from extra bonuses.

I also recommend consulting if you're serious about starting your own hedging business. My team will apply all the knowledge in this book to your personal situation, making sure you don't make any unnecessary mistakes. Like Ben Franklin said, "An ounce of prevention is worth a pound of cure."

Once you've got the hang of the app and your business is humming along, you won't need hands-on consulting anymore and can use the self-service Ungambled app. We give generous discounts to repeat customers.

Accounting and taxes

Once you are up and running, get an accountant and tax professional, unless you already know how to do this and want to do it yourself. I recommend paying other people to do your accounting and tax paperwork. Money well spent.

Most of your business meetings will/should be for accounting purposes. You're making a lot of money, and you need to count it to make sure everyone is getting paid the right amount for their role. You need to make sure your clients and Runner are not stealing from your business. You need to make sure you're paying the right amount in taxes.

A good rule of thumb is to have accounting meetings daily when you're getting started with a new client. If you are partner betting, this can be as simple as reviewing how much your bets won the previous day before you place the day's bets. The Ungambled app tracks your bets for you, so you have a dashboard with this information accessible 24/7.

Once you get more comfortable with your client, you can move accounting meetings to weekly. Most pros do their accounting for the previous week on Mondays.

Growing your business

Whew, we're almost there. This is the final stretch.

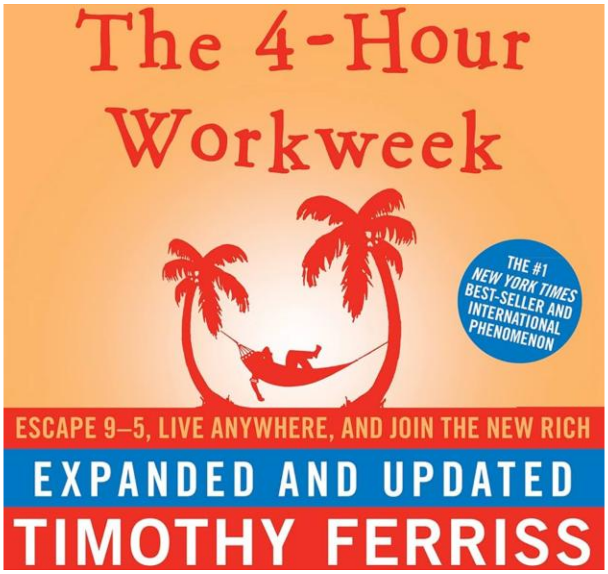
By now, you know how to hedge bets profitably. You know how to Bonus Farm new sportsbook accounts. You know how to churn and arb. You know how to offer hedging sports bets to others as a business service. You know the pros, cons, and risks involved in running your personal hedge fund and can make informed business decisions. All that's left is how to grow your business.

Maybe don't?

Time to pump the brakes a bit. There is a case to be made that you shouldn't grow your business.

If you've decided to take some of the risks I warned against (like proxy betting), growing your business could blow up in your face. It might be better to keep it low-key and run a modest, low-6-figure business with only two people involved.

This is popularly called a "lifestyle business." The idea is that you competently run a stable business and keep most of your time free for other areas of your life you enjoy more than work, like spending time with friends and family. Just because you can spend time and effort growing your business to make more money doesn't automatically mean you should.



Simple is good

Let's make one final assumption: you do, in fact, want to grow your business and make more money.

The hedge fund business I've outlined is relatively simple, with few moving parts. That means there are only a few dimensions to scale. I recommend being patient and making sure you are ready to scale on a particular dimension before rushing in. These decisions are much easier to get right if you let them come to you instead of trying to scale too quickly.

More Clients

This is the obvious one. If your Runner has lots of time and wants more money, they can handle more clients. As long as you can handle them, more clients = more money.

Once your business operations are running smoothly, the Business Person should also have some extra time. It might make sense for them to take on clients in addition to their other responsibilities. Again, more clients = more money.

I recommend sticking to your guns and only working with clients you trust. One bad apple can cause a lot of problems. It's better to have only good clients and extra free time than an additional bad client and no free time.

At a certain point, you will reach a bottleneck. You're handling as many clients as you can at once and have a waiting list for new clients. Demand exceeds supply. You have two options to address this:

Raise your prices

This grows your business without additional resources. I recommend doing this until you find the upper bound of what clients are willing to pay. I won't name a number here, as some qualitative factors go into this: how much do clients *like* working with you? Can your prospective clients get the same (or better) service from someone else? How eager are they to get started?

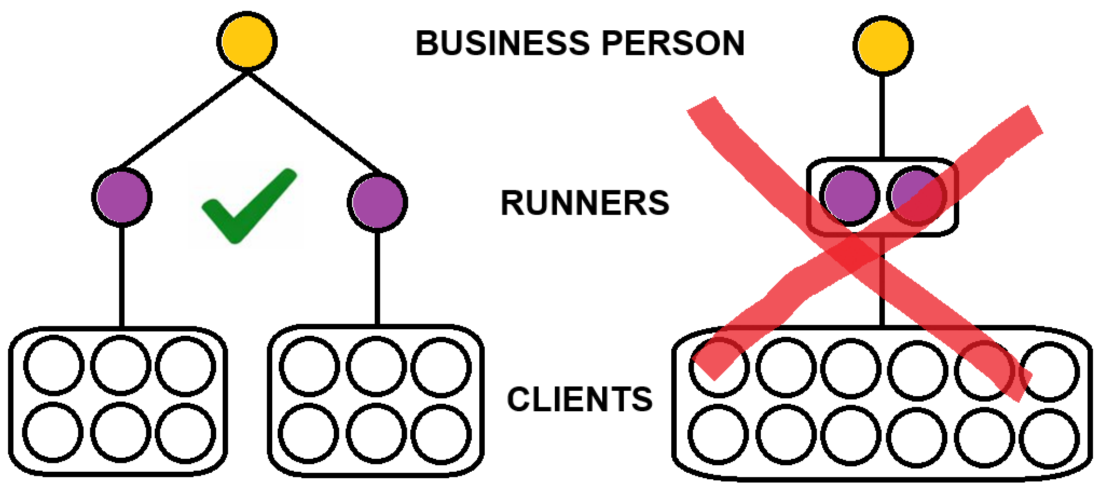
The prices you can charge depend on the quality of your service.

When you have optimized your pricing, it's time to scale your operational capacity.

More Runners

If one good Runner can handle 6 clients at a time, how many can two handle? Ideally the answer is 12, but you only get there by staying organized and resisting the urge to "group manage" your Runners.

DO NOT create a many-to-many relationship between Runners and clients. One client is served by one Runner. One Runner handles multiple clients. One-to-many, not many-to-many. If that Runner goes on vacation for a week, do not sub in your second Runner. The disorganization you engender by doing this will offset the incremental profits you make.



A little common sense goes a long way. If you know a Runner is taking a vacation, plan it far enough in advance that they don't have any clients in the Bonus Farming phase during their vacation. Missing a week of arbitrage or churning is no big deal. Missing a pivotal week of Bonus Farming can be a 5-figure mistake.

Your Runners need to remain accountable to their own clients. Runners should not be handing off work to other Runners. Each Runner's work should be silo'd from other Runners. This keeps your operations running smoothly. It keeps your accounting simpler. It prevents problems before they happen.

Better Runners

Once you have multiple Runners, there will be discrepancies in their performances. They will not be identically profitable.

Paying them on a commission handles this elegantly. If one Runner makes $100k/year on commission and the other $82k, they are both compensated fairly for their results. Nepotism and bias are minimized.

But… if you know a Runner *can* make $100k on a commission, how can you improve the performance of the second one?

Ungambled is here to help! We'll consult and train your new Runners. Our business is to stay on top of best practices for making the most profit from sports bet hedging. If your Runner is making execution mistakes that cost you profits, we will identify and correct it.

That’s all for now, folks

Thanks for reading! Looking forward to working with you 😊

-Drew

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