

THE BLACKJACK COMBINE : COMPENSATION ISSUES FOR BLACKJACK TEAMS

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Want to make money faster at blackjack? Join a blackjack team! A team or combine, is a group of investors/players who combine their individual bankrolls and/or playing talents. Each blackjack player can then legitimately size his bets according to the total team bankroll. For instance, four players with four identical bankrolls can combine their money and then bet four times their normal bets. Result: Each makes four times as much money, with no increase in risk. There are two provisos: (1) They must not play at the same table, and (2) the current total bankroll must be communicated frequently to the blackjack team players.

The "blackjack combine" concept differs from the standard "blackjack team" concept by a more equitable sharing of profits and losses. A combine member may be an investor, a player, or both. The players bet the combined bankroll per Kelly principles, keeping half of all winnings for themselves. If a player loses, he gets no money for playing until the loss is made up. Then the 50-50 split resumes. The second 50% of player winnings goes to the combine treasury. The treasury works just like a money market fund: Investors share profits (and losses) in proportion to their current shareholdings.

This idea works with one player with no bankroll teamed with one investor who doesn't play. If a plan doesn't work for this situation, then it's no good for more complex teams. Ken Uston's team plan (in *Million Dollar Blackjack*) does not work for this situation.

Uston's plan says that the 50% allocated to players should be divided 25% for time and 25% for money won. Moreover, a loss is not made up. This method is inequitable and unsound: (1) It is difficult to define and keep an accurate account of "time." Some players waste time in a casino; others are more efficient. Besides, equal time should not pay equal money to unequal players. Better to combine the time and skill elements, since those who work longer and play better will presumably win proportionately. That's good enough, and much simpler. (2) It would be very tempting for a player to delay reporting a win or time played when he knows that the group is losing. He would not get rewarded for his performance, so why not wait?

The key point here is that a win is not a "win" until any previous loss is made up. The play never "ends" until the combine is dissolved. It's a continuous series. If that series is broken at arbitrary points in order to distribute profits since the last point, the overall profit for each person will depend on when the breaks occur. To see that this is so, imagine that I had an investor who bankrolled me for monthly trips to Las Vegas for one year. Suppose I alternately lose \$500, win \$1000, lose \$500, win \$1000, etc., for the whole year. If we settle up monthly giving him 50% of every win and 100% of every loss, the investor ends up with nothing while I get \$3000. If we settle up at the end of the year instead, we each get 50% of the profit, \$1500 apiece. Using my method of not taking a win until a loss is made up, the payoffs are the same either way.

The bankroll "share" concept presents some interesting facets. Typically, 50% or so of

the "declared" bankroll should be liquid, readily accessible to the treasurer and players. This liquidity percentage depends on the number of persons who may be playing at the same time, and the readiness with which money can be passed back and forth. Because bet sizing is a personal matter (Kelly betting may be more, or less, aggressive than suits a person's circumstances), an investor with, say, a \$5000 bankroll may wish to "declare" anywhere from \$2500 to \$10,000. If the team is betting per Kelly then declaring only one-half of one's bankroll is effectively betting half-Kelly. This policy will lower the probably win but will substantially reduce fluctuations and increase the probability of being ahead at any given time.

Conversely, the \$5000 investor may want to declare in at the maximum for his holdings, or \$10,000. His \$5000 will satisfy the 50% requirement for a \$10,000 declaration. Perhaps he has an alternative source of ongoing income that may be considered bankroll. Or he might want to make a lot of money fast, and be willing to risk the 50% chance of being a loser (when betting Kelly x 2) in order to have the chance at a big killing.

The treasurer must maintain a separate account for investors' funds that are not part of the official combine bankroll, to be used for adjusting shareholding as instructed by the investors. A person may say, "I want all wins put aside for me. Keep my bankroll value constant." Perhaps he needs the income now. Those who are declaring more or less than their real bankroll will give instructions to the treasurer to adjust "declaration" bankroll after a team win or loss according to their particular circumstances. The half-Kelly investor will want this share reduced by only $\frac{1}{2}$ of any loss, and increased by just $\frac{1}{2}$ of any win. His separate account will be used for such adjustments. The Kelly x 2 investor wants his share increased by twice any gain and decreased by twice any loss. He will not need a side account, because his 50% requirement is automatically maintained by this policy.

Expenses, being a personal matter, should come out of a person's own money. If a player has no money for expenses, the treasury can advance the required amount, to be repaid out of the player's share of his winnings.

You can have a "team," or numerous "teams" within a single combine. A "team" differs from a combine in that team members play *as a team*, working together in a casino. The usual arrangement is for one team member to be a "big player," placing large bets at various tables as secretly directed by low-betting teammates who are scattered around the casino doing the counting. A blackjack team can thus be part of a combine but in this case the team would be treated, by the rules of the combine, *as a single player*. The treasury gets 50% of any wins, with the remaining 50% split among the team members in accordance with the team's own rules. The big player, for instance, may be a highly skilled person to whom the team votes more than a normal share.