

Exam 1

Instructions: Indicate the correct answers on your answer sheet. Turn in your exam and Akindi sheet by the announced completion time.

1. How would gross gaming revenue (GGR) be calculated for a slot machine?
 - a. the amount won by the customers
 - b. the total amount of money bet on the machine
 - c. the total amount of money put into the machine, minus the winning bets paid out to customers
2. How would handle be calculated for a slot machine?
 - a. the amount won by the customers
 - b. the total amount of money bet on the machine
 - c. the total amount of money put into the machine, minus the winning bets paid out to customers
3. What is drop at a craps table?
 - a. the amount of total bets made by customers over a particular time period
 - b. the amount of cash in the table's box, and it represents the amount of chips purchased
 - c. the total amount of cash placed on the table minus the value of chips that leave the table
4. What does it mean that roulette wheel spins are independent events?
 - a. Each time the wheel is spun, a different player rolls the ball.
 - b. The outcome of the next spin does not depend on the previous spin.
 - c. The roulette wheel is banked independently, meaning a firm aside from the casino pays winning bets.
 - d. When a black number is rolled on one spin, a red number is more likely on the next spin.
5. Suppose you bet \$25 on "red" in roulette. If you win the bet, how much do you win? (Don't include your \$25 bet in calculating your winnings.)
 - a. \$5 b. \$25 c. \$50 d. \$75
6. Which of the following games are based on dependent events? (You may indicate more than one.)
 - a. black jack b. craps c. slot machines d. roulette e. poker
7. After the legalization of casinos in Atlantic City, New Jersey, most of the next "era" of casino expansion occurred...
 - a. in the early 2000s in the northeast US, particularly states bordering the Atlantic Ocean.
 - b. in the early 2010s in the western US, particularly states bordering the Pacific Ocean.
 - c. in the early 1990s in the Midwest, particularly states bordering rivers.
 - d. in the early 1970s in the upper-Midwest, particularly states bordering Canada.

8. The house advantage in American roulette is _____, but in European roulette, it's _____.
- 1.4% 2.6%
 - 5.26% 2.6%
 - 7.8% 5.4%
 - 5% 10%
9. 10. In roulette, the probability of spinning the number 24 is 1 in 38. What are the odds against spinning a 24?
- 38 to 1
 - 37 to 1
 - 36 to 1
 - 35 to 1
 - $\frac{37!}{35!(2!)}$

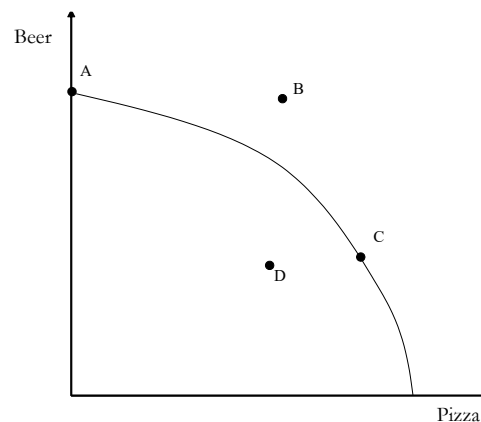
Consider the figure to the right to answer questions 10-12.

10. What does the figure illustrate?

- demand curve
- indifference curve
- production possibilities frontier
- marginal revenue curve

11. Which of the point(s) are efficient?

- A only
- A, B, and C
- A and C
- [It can't be determined.]



12. Assuming society dislikes beer but likes pizza, which point (or those shown on the graph) shows the consumption point of highest utility? a. A b. B c. C d. D

13. What is “class II” gaming?

- internet gambling
- tribal social games for minimal prizes
- bingo and non-banked card games
- casino-type table games and machines

14. What is an “independent event” with respect to gambling and casino games?

- an event in which the current event is not affected by past events; an example is rolling dice in craps
- an event in which the current event is affected by past events; an example is drawing a card in blackjack
- a bet at a casino in which your payoff is “even money” and you win only the amount that you bet; an example is winning a hand of blackjack
- an event in which the players play against the casino individually, and there is not a pool of bets that a single player wins

15. Which of the following is a game that does not depend entirely on random, independent events?

- Craps
- Roulette
- Slot machines
- Blackjack

16. Given that you wish to gamble for money, which of the following has the best (overall) expected value for betting \$100? a. Craps b. Roulette c. Keno d. State lottery
17. Maybe one of the “best” aspects of the lottery as a form of gambling is that
- a. it represents a tax which falls mostly on educated people.
 - b. it is maybe the only legal way to get a large amount of money in a short time-frame.
 - c. it may send a message that working hard to earn money to spend on lottery tickets makes everyone better off.
 - d. [all of the above]
18. What does “house advantage” or “edge” mean?
- a. The casino cheats on games, and this is how it makes its money.
 - b. In all casino games, the house has more information about random events, so it has an advantage in each game played at a casino.
 - c. For almost all bets placed by players in a casino, the casino pays winning bets at worse odds than the true odds; this difference is the house edge.
 - d. The casino dealers are much more experienced than most casino customers; for this reason the house has an edge over the customers; the casino’s workers are simply more skilled.
19. In the lecture on the lottery, we discussed the effect of lotteries that provide scholarships to college students. The conclusion was that...
- a. the lottery effectively transfers wealth from rich people to relatively poor people.
 - b. the lottery effectively transfers wealth from poor people to relatively rich people.
 - c. the people who play the lottery get most of the benefits from lottery funding.
 - d. only state politicians benefit from the lottery; most players lose overall.
20. Approximately how many states in the U.S. have a state lottery?
- a. fewer than 20
 - b. between 20 and 30
 - c. between 30 and 40
 - d. more than 40
21. Many people conceptualize gambling as having a large component of luck. In the case of casino games, winning can best be scientifically explained as the result of the player...
- a. existing in the short run with a wide variance around the negative expected value of bets.
 - b. being chosen by God to be a winner that day.
 - c. playing better and smarter than the casino’s dealers.
 - d. cheating both Lady Luck and God.
22. The approximate odds of winning the Powerball or MegaMillions jackpot are...
- a. determined by the jackpot amount and can’t be determined without that information.
 - b. about 1 in 5 million.
 - c. about 1 in 300 million.
 - d. 1 in x , where x is the number of tickets sold.
 - e. about 1 in 7.6 trillion.

23. How many ways (different combinations) can a total of 7 be rolled in a craps game?
a. 10 b. 7 c. 6 d. 4 e. 2
24. If you bet \$1 on the number 34 in roulette? How much money does the casino pay you if you win the bet?
a. \$1 b. \$34 c. \$35 d. \$37 e. \$180
25. What happens if you have a \$10 bet on the come-out roll in craps, and the shooter rolls a 7 or 11?
a. You lose \$10 b. You win \$5 c. You win \$10 d. You win \$15
26. State lotteries are often criticized because they represent a _____.
a. regressive tax
b. legitimate substitute for work
c. game that rips off old people more than younger people
d. gateway to marijuana use
27. The effect of the IGRA of 1988 was to
a. delegate the regulatory framework for tribal casinos to state governments.
b. set up a federal tax structure on commercial casinos.
c. negate the sovereignty of Indian tribes on U.S. soil.
d. guarantee that casino machines, tables, dice, and cards used in U.S. casino games are “fair.”
28. In the documentary, *Out of Luck*, the main focus was on a man who owned a convenience store. The problem he developed was related to...
a. the lottery.
b. slot machines.
c. sports betting.
d. street craps.
29. In the short, animated video about “how slot machines work,” there were two different possible representations of how a slot machine works, specifically on the timing of jackpots. Which of the following was/were not discussed? (You may choose up to two answers.)
a. conveyor belt
b. time clock
c. large, hollow cylinder
d. slot handle thresholds
30. A 1987 U.S. Supreme Court case involving a(n) _____ was the initial impetus toward widespread casino legalization across the United States.
a. offshore, online casino
b. a bankrupt, disordered gambler
c. tribal casino in California
d. mafia killing in the Nevada desert