

Holding The House Up

“Royalty is coming.”

Well, Johnny D. didn't say it exactly like that. Mr. Royalty is what we'll have to call a guy whose real name I can't tell you. The House doesn't reveal the identities of its gamblers. But Mr. Royalty is a good cover. There's plenty of truth and irony in it.

The truth is Mr. Royalty was able to swagger into The Golden Nugget carrying a pillowcase stuffed with hundred dollar bills over his shoulder because of the royalties he was making off a line of video games that he'd created. If you're a man between eighteen and forty, you know his games. You've probably played them. One of his games grew so popular, rumor is he sold it outright for \$40 million.

The irony in the name is that there's nothing regal about him. Even when he was winning millions at the craps table, he could be a five-alarm asshole. The dice never seem to come back to Mr. Royalty fast enough.

“Gimme them!” he'd bark at the croupier. “Don't mess up my rhythm!”

When he was losing, he'd abuse everyone around him – not even the cocktail waitresses were immune.

Mr. Royalty had been thrown out of quite a few casinos around Las Vegas. The owner of one hotel swore that even if he had a crystal ball showing Mr. Royalty losing \$20 million at his casino over the next year, he still wouldn't let him through the doors. And my partner, Tim, was definitely conflicted about having Mr. Royalty at The Golden Nugget.

Tim has been described as a throwback – the oldest young man on the planet. Even though he was thirty-six and this was October of 2004, he lived his life to the tunes of Frank Sinatra. That was one of the reasons Tim and I bought The Golden Nugget in the first place. We'd try to restore it to the glory of the Sinatra days and at the same time bring some color to a faded downtown.

Sinatra was now buried under a tombstone inscribed with the title of one of our favorite songs: "The Best Is Yet To Come." But an old friend of Frank's was still around. So we'd brought in Tony Bennett to sing at The Nugget. We had the cast of *The Sopranos* in our swimming pool. We set up a reality TV show around our casino with the same producer who'd made "You're Fired!" one of the most popular phrases in America. The idea was to create a buzz that would make people want to leave The Strip and take the

twenty minute drive downtown to be at The Nugget. Most of all, we wanted The Nugget to be *the* spot in Vegas to place a bet.

If every other casino was offering gamblers five times odds, Tim figured, we'd give them ten. If your limit was \$50,000 a hand at your hotel, Tim might let you play for \$100,000 a hand at The Nugget. The strategy was pretty simple. We'd give you a better chance to win than anybody else and let you bet more.

When you throw that kind of chum into the water, you're going to attract sharks like Mr. Royalty. We didn't want his profanity, but we sure wanted his pillowcase. And more than that – we wanted the action.

We wanted people to tell their friends how Mr. Royalty had come with stacks of hundred dollar bills that had been wrapped in plastic, vacuum-sealed, and trucked direct from the U.S. mint. When other high rollers got a whiff of mint in the air, they'd want in on the action, too. There are less than a hundred gamblers in the world with more than a million-dollar credit line. At one point, four of them came to visit us on a single weekend.

There was only one problem. *We* were gambling. We were still building up our clientele. And we needed a few others betting like Mr. Royalty that night in order to make the percentages work for us. The numbers were still in our favor -- even with the special odds Tim was cutting Mr. Royalty. But we wouldn't have to sweat out a run of luck if others were

betting big at the same time. Because, then, even if Mr. Royalty did win big, percentages pretty much guarantee that together the others would lose at least enough to balance the books.

So we were vulnerable that night. We were vulnerable to one wild wave of luck.

And it just so happened that Mr. Royalty was on the Bonzai Pipeline.

He'd pulled up at The Nugget one night at the end of September in his \$350,000 Maybach and six hours and three minutes later walked out with \$4,753,200 of our money.

A week later he came back in for three and a half hours and took us for another \$1.5 million. But let me give you an idea of how insane his touch had become. Before he even got to the dice pit, he sat down at a slot machine and hit a \$100,000 jackpot.

Tim and I had taken the keys to The Nugget only ten months earlier. In less than ten hours, Mr. Royalty had basically wiped out what was going to be a great third-quarter profit. To us, that was more than just a figure on a spreadsheet. It was a number that told the world we weren't just a couple of kids who got lucky and hit the jackpot during the dot-com boom. It told the world we were entrepreneurs who knew how to make a business soar.

That number was now gone. The critics in the press who sneered whenever Tim and I took a risk that flopped would now have more ammo.

And we didn't need Ed Borgato, the man who tracked our finances and who was eating dinner with us that night, to remind us that in two weeks we owed our investors a \$7.5-million interest payment. But he did anyway.

There are few people in this world who believe in themselves more than Tim. What's that expression? Sometimes wrong, but never in doubt. Only now his eyes were puffy. The eighteen-hour workdays and the beating we'd opened ourselves up to by extending the high limits was taking a toll on both of us.

When Johnny D. came over to our table to alert us that Mr. Royalty was on his way over again, I felt my heart squeeze. I didn't know if this was the night we'd get it all back, or if the Bonzai Pipeline would turn into a tsunami.

It was nearing midnight. We'd been working since eight in the morning. Our day was just beginning.

I headed to the security room with Ed to watch on the surveillance cameras. Tim got up to greet "our guest."

Mr. Royalty came through the doors with a small entourage like a fighter walking down an aisle of a packed arena to enter the ring. Didn't matter that his belly looked like he'd been training on Krispy Kremes. Dressed in sweats, he was bobbing and weaving with a cold-blooded snake-

eye stare. There's a description for that sort of entrance in Vegas. He walked in, they say, like he wanted to change the name of the joint.

Johnny D. went to make sure Mr. Royalty's private table was just right. Right for Mr. Royalty, and right for The House. We needed dealers at that table who wouldn't be intimidated, and a boxman with an iron bladder. On that table, one simple mistake on a dealer payout could cost us \$100,000. And one of the many items on Mr. Royalty's list of requests was that the boxman – the guy sitting at the center of the table responsible for all The House's chips – could not leave his seat even if he had to take a piss. These demands drove Tim crazy. "It's not his hotel! He does not make the rules!" But we wanted our money back. What could we do?

The chips were neatly stacked -- yellows, whites and blues. The yellows were \$1,000. The whites were \$5,000. The blues were \$25,000. Mr. Royalty was putting up a million in cash to start.

Tim walked over. That was one of the things we prided ourselves on. There were hardly any casinos left in Vegas where the customers could meet the owners and have a conversation on the floor. People loved this. It made them feel special. It made them feel at home. It made them want to come back.

But the greeting between Tim and Mr. Royalty was a different sort of hello. "Hey, welcome back," didn't really mean "Good to see you." It was

more like the formality of two boxers tapping gloves in the center of the ring – just before they tried to knock each other’s brains out.

Maybe Tim knew it was going to be like this. I had no idea it would get this personal. But then, I’d never even seen what a hundred dollar bill looked like before I went to college.

I stood in the security room with my arms crossed staring up at a wall filled with 50 flat-screened monitors. My eyes honed like lasers on Mr. Royalty’s table. The security director, Randy, could maneuver the cameras so that Ed and I could see the action from four angles on different screens. No way could there be any funny business. Our cameras could zoom in and read the time off Mr. Royalty’s watch.

Johnny D., our Vice President of Marketing, went to watch the monitors in his office. I didn’t know where Tim was. But I knew he was watching. Not only were there monitors in his office, he’d had them installed in his home.

Maybe it was better that we were in different places. When we were side by side in front of the screens when a player like Mr. Royalty was winning, the tension crackled between us.

Craps can look a little complicated if you’re approaching the table for the first time – especially if there are twenty people around it screaming their

lungs out. But the game was stripped down at Mr. Royalty's table. He was the only one rolling.

The rules are fairly simple. If Mr. Royalty bets the pass line and his first roll of the two dice totals 7 or 11, he's a winner. There's only a 22 percent chance of that happening.

If Mr. Royalty's first roll totals a 2, 3 or 12, then we take Mr. Royalty's money. That will do him in 11 percent of the time.

If Mr. Royalty's first roll is 4, 5, 6, 8, 9 or 10, then that number will be Mr. Royalty's point. He'll have to roll his point again before he rolls a 7 in order to win. If he rolls a 7 before he rolls his point, he loses.

After Mr. Royalty makes a point, the odds are only slightly in our favor that he won't make his number: 51.3 percent. But once he begins to roll, the odds climb in our favor.

- 67 percent of the time, he'll roll a 7 and lose before rolling another 4.
- 60 percent of the time, he'll roll a 7 and lose before rolling another 5.
- 54 percent of the time, he'll roll a 7 and lose before rolling another 6.
- 54 percent of the time, he'll roll a 7 and lose before rolling another 8.

- 60 percent, he'll roll a 7 and lose before rolling another 9.
- 67 percent, he'll roll a 7 and lose before rolling another 10.

There are plenty of ways to bet. The roller can have up to a dozen bets going at one time. But the more he picks up the dice, the more the odds grind against him. Eventually, he'll be crushed.

Mr. Royalty scooped up the dice and shook them as if he could confuse them into forgetting that fact.

You know the feeling you get when a fighter you've bet on gets knocked down ten seconds into the fight? That ominous feeling? That the fates are against you, that the fight is already over before it even started?

Well then, you know the tension that spread through my gut when Mr. Royalty made his first point. He pumped his fists, and his entourage pumped with him. Then he reached out, swept in his winnings and pushed out his bets. Right from the start, he was betting on himself in almost every possible way.

Mr. Royalty won his second roll, the third and the fourth. A mountain of chips began to rise in front of his belly. He reached for the dice and won again.

I looked down at the floor. When you're in a fight, it's no good to look down.

“Call Johnny D,” I said to Randy. “See how much he’s winning.”

Mr. Royalty was filling the table with chips. Some bets he was winning, some he was losing. But the overall picture was not hard for a guy who’d been around the tables as long as Johnny D. to access. “He’s winning about \$110,000 on every roll,” he said.

In a couple of minutes, we were down more than half a million.

Half a million bucks, and we weren’t even getting any atmosphere out of it. There’s no better sound in a casino than twenty people around a craps table, slapping hands, hugging one another, and screaming: “Open the suitcases!”

A scene like that makes anybody who’s passed through the doors happy. Even our dealers are happy, because the winners are tossing them tips. We need that spirit in The House. Because quietly, all around, we’re getting it back. People have to win. If nobody ever won, nobody would ever come back to Las Vegas.

But somehow Mr. Royalty had turned the tables on us. He was winning at a private table. The atmosphere around him was filled with profanity. And he’d been known to throw tips high in the air as if he were throwing a dog a bone -- just to watch people jump for them. There was

silence in the security room. A Led Zeppelin song coming out of a distant radio only seemed to magnify the tension.

Six wins in a row. Seven, eight, nine.

The sloppy mountain grew higher and wider. The mountain was what made Mr. Royalty scary. Most people stack their chips in neat piles. They like to know exactly how much they've got. They want to have their money near them, under their control, in a secure pile. Most people are not only scared to lose, Johnny D. will tell you. They're also scared to win.

Mr. Royalty was fearless. He wasn't holding anything back. Not only was he smart enough to know the exact value of all the chips in front of him, but he wanted them in play. A fearless gambler is the one who strikes fear in the heart of the House.

Ten in a row.

I felt my eyes close and my head shake. The odds of a roller winning ten straight at craps is 1,361 - 1.

Tim had been born with the stomach for this. But I was still trying to develop some kind of lining. I knew about gamblers who were up \$900,000, who were driven to beat The House for a million -- and in the process lost it all. I'd seen million dollar swings in a few hours.

Now, if Tim and I owned a large corporation that had a fleet of hotels, the million that Mr. Royalty had taken from us in less than an hour would be

meaningless. Money would be surging into our business through celebrity-chef restaurants, the sale of jewels, designer clothes and hundreds of other sources.

But Tim and I weren't a big corporation. We were two guys standing up to the pounding of Mr. Royalty's luck – and the worst part about the beating was it was splitting us apart.

We'd become so close over the years we could finish each other's sentences. But after Mr. Royalty had started on his tear, I didn't even have to open my mouth. "I know, Tom, I know," Tim would say before I could even get a word out.

Eleven in a row. Twelve. Thirteen.

As hard as it was to take, it was hard to argue with Tim. The casino was his world – not mine. And I certainly understood his thinking.

"Look, Tom," he explained. "The odds are on our side and nobody beats the math. All I know is he'll blow the money. It may not be today. It may not be tomorrow. It may not be next week. But in time, he *will* blow the money. And he won't blow it at The Nugget if we don't let him play. We've got the best of it. And if we got the best of it, why take a small shot? If I think I'm getting the best of it, hey, I'm betting as much as I can. It's a ballsy proposition here. It's gonna be a roller coaster ride. But we don't have a public company to answer to. It's just you and me. As long as we can pay

our interest payments, who gives a shit? In the long run, we'll get all the money. In the short run, we'll just have to hold onto our balls and stick it out. We just have to keep him at the table.”

Fourteen in a row. Fifteen.

The yellow, white and blue mountain climbed over Mr. Royalty's belly. How much longer could this go on? How much longer could we let it go on with more than hundred thousand on each roll?

Sixteen, seventeen, eighteen.

I felt like I was going to puke.

Nineteen. Twenty.

Twenty-one.

What the . . . ?

The odds of a roller at craps going twenty-two straight are 7,869,881-1.

Sonavabitch!

On the twenty-third roll, Mr. Royalty crapped out. Even accounting for his losing bets on the last roll, he had to be up more than two million. But now that his streak had been broken, maybe luck would start to swing our way.

I stared at the monitors. What was going on? Mr. Royalty was no longer asking for the dice. He wanted to cash out.

I was too stunned to think. Wherever he was, Tim had to be going crazy. When you're The House, there's only one thing worse than losing like that: That's wondering if the guy who just beat you out of two million bucks will leave and head straight for another casino -- where he'll proceed to lose *your* money.

Mr. Royalty walked over to the cage to collect. He'd come into the casino with cash wrapped in plastic directly from the U.S. Mint. And he wanted to leave with money wrapped by the U.S. Mint.

Johnny D. met him at the cage and watched as two Golden Nugget shopping bags were filled with green bricks.

We always monitored our big players as they headed out the doors. We needed to make sure there were no hiccups. We needed to make sure that Mr. Royalty wasn't confronted on the way out by anybody who'd watched him rake in the chips. We wanted to make sure the doormen and valet parkers treated him well. And we wanted to get an idea if he was headed to another casino or driving toward home.

We watched Mr. Royalty walk out the door. As Johnny D. would say: "Got his load, and hit the road. "

In less than two weeks, Mr. Royalty had beaten us for nearly \$8.5 million.

I headed up to Tim's office feeling like frazzled brakes that couldn't stop the wheels of an out-of-control car. Look, I wanted to tell him, the hotel is sold out. The casino is jammed packed. Every restaurant has a wait. We've pulled it off! And tomorrow morning we're going to get the numbers and find out we got killed. What are we doing?

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But telling Tim to take back the best gamble in town was like telling Tim not to be *Tim*.

On top of that, if we did take the special odds away from Mr. Royalty, we risked driving him off, never seeing our money again, and having him humiliate us all over town. "Ahhh, The Nugget's too scared to take my bets," would be Mr. Royalty's cherry on top.

Did we want to go through all that? Or did we want to let him back in and pray he didn't swamp us?

Tim was sitting behind his desk in front of an ashtray of dead cigarettes. His tie was loose, and he was staring at the ceiling. A fresh cigarette burned in his hand. Through the smoke curling in the air, I could

read a sign on the wall, a sign that he loved, a sign that said: NO ACT OF KINDNESS SHALL GO UNPUNISHED.

Nobody wants to see a friend looking so alone.

Tim got up and grabbed his coat.

“I’ve gotta go,” he said.

An upper management meeting was scheduled for 10:00 A.M. the next morning to reevaluate our strategy on extending huge limits. Mr. Royalty was on a run that ultimately beat up not only Las Vegas but casinos as far south as San Diego and as far north as Indiana for more than \$25 million. You can talk all the theory and percentages you want. We were losing real money. If Mr. Royalty wasn’t stopping at any other casino but The Nugget, *we* could’ve taken the entire \$25 million beating. And who knew when it was going to end.

The meeting was about to start. No Tim.

Calls put through to his office weren’t being returned. He wasn’t answering his home phone. He wasn’t picking up his cell.

I figured he needed time to recover. I figured he’d catch up on the details with Johnny D. over lunch. I knew it was painful for him, much more

complex than simply taking an \$8-million beating. He knew in his bones he was right. He knew he just had to ride it out. Maybe he wanted to be by himself because riding it out alone made it easier.

I didn't think like a gambler. And he had to be feeling some guilt over how the beating was tearing me apart.

Lunchtime came and went. Johnny D. hadn't seen Tim. The more people couldn't find him, the more they called me.

"Hey, Tom, where's Tim?"

"Where's Tim?"

"Where's Tim?"

"Where's Tim?"

"Where's Tim?"

I couldn't tell if I was frustrated or nervous.

Finally, I took the elevator up to the Steve Wynn suite where Tim occasionally spent the night. I slipped my master key into the lock, opened the door and stepped into a haze of smoke. Cans of Red Bull energy drink were scattered around the room. Ashtrays were full. There was Tim -- lying under the covers in bed. He hadn't shaved. His clothes were wrinkled. It looked like he hadn't slept in weeks.

In that moment, all of the money and the limits and the strategy went right out the window.

I pulled a chair up to the edge of the bed: “Are you alright?” I asked.

What followed wasn't exactly a golden moment in our friendship.

But maybe you've got to go through moments like that to make a friendship golden in the first place.