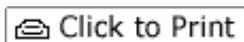




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## Cuban's latest gamble

**Mavericks' controversial owner may give NBA its worst headaches with plans for gambling hedge fund.**

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A [weekly column](#) by [Chris Isidore](#), CNN/Money senior writer

**NEW YORK (CNN/Money) - Compared to Dallas Mavericks owner Mark Cuban, NBA bad boy Ron Artest might be Commissioner David Stern's best friend.**

All Artest did was wade into the stands and start throwing punches at a few rowdy fans. That gave Stern a chance to win praise by handing down stiff suspensions, and gave the league the greatest publicity it has ever seen this early in a season.

Cuban is a former dot.com billionaire with a knack for saying controversial things -- such as that Kobe Bryant's legal problems would help the league by generating publicity, or that Stern wasn't fit to run a Dairy Queen.

Cuban's latest pronouncement is even more troubling: he claims that he's getting into the gambling business. He doesn't want to open or buy a casino. Instead, he plans to bet in a major and public way.

On his [Web site](#), [blogmaverick.com](#), Cuban says he intends to start a hedge fund that will only make bets, rather than traditional investments in stocks and bonds.

"It's not unusual to hear people refer to trading stocks as no different than going to Vegas," he wrote on the site. "They are right. Gambling is gambling."

It's not always clear when Cuban is being serious, or when he's saying something just to provoke.

A couple of weeks ago after the controversy over "Monday Night Football's" now-famous "Desperate Housewives" promo, Cuban wrote a blog entry suggesting that broadcast networks should consciously do things for which they need to apologize.

"We are going to create 'Apologevents,'" he wrote, assuming the persona of a network PR executive. "An Apologevent is where we plan an event that we know we will have to apologize for. How much is an Apologevent of fake naked or cursewords worth? A whole lot of marketing, worth a

whole lot of money."

So Cuban's plans for a gambling hedge fund might not be any more than one of his Apologues. He said in an e-mail he's not granting interviews on the topic.

### **Hypocrisy slam dunk**

The funny thing is, Cuban's gambling fund essay is one of the kindest things he's ever said or written about how professional sports are run, saying that sports are far more transparent and on the level than many businesses.

It includes a thoughtful and elaborate explanation as to why there's more potential for a hedge fund, run by professionals, to score better returns with gambling than with traditional investing. He argues that gambling offers more complete information available to bettors than Wall Street provides typical investors, and better enforcement by regulatory agencies.

"The gaming commission appears to actually enforce rules of play, unlike the SEC," Cuban writes.

Most of the opportunity he sees is in sports betting. That's because many sports bettors wager with their hearts rather than their heads.

"How efficient can a market be when the majority of investor expect to lose money? The sports books know this," he writes. "They know the difference between smart and stupid money."

Wayne Allyn Root, author and CEO of GWIN Inc, America's only publicly traded sports handicapping firm, says it's a good idea. Although he doubts that Cuban is serious about his plans, Root says he himself intends to start this kind of gambling hedge fund as an offshore investment opportunity sometime in the next year.

Root agrees that sports betting is the only place where the hedge fund could make a profit. "That's the loss leader in most casinos in Vegas. You've got a real fighting chance in sports book," he says. "You can't beat them long term in anything else."

Still, if Cuban is serious, it's the worst kind of headache for the NBA.

The NBA would not have an easy time disciplining an owner who sets up a legitimate business to make legal bets. After all, the league sold one of its WNBA teams to the Mohegan Sun casino in Connecticut in 2003, and Maloof Sports and Entertainment owns both the Sacramento Kings and the Palms Casino Hotel in Vegas (although the Palms' sports book does not accept NBA bets).

Expecting Cuban to pass up the chance to point out hypocrisy by NBA leadership is like expecting Shaquille O'Neal to miss an unguarded dunk.

It's one thing for the Maloofs to quietly run both a team and a casino. But high-profile wagering action by an owner, executive or player is something the NBA can't condone.

Sports gambling is a major driver of fan interest in the games that see a majority of the wagering -- football and basketball. But if there's attention given to the idea that executives in the sport have their own betting interests in the games, that can sour the gamblers' interest in the sport.

If Cuban goes ahead with his gambling hedge fund plans, expect it to cause a PR problem far worse than a brawl between well-heeled drunks and even wealthier athletes. ■

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