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### ETrade or Vegas?

**Between showgirls, prime rib dinners, and helpful croupiers, Las Vegas can be a better bet than Wall Street.**

February 1, 2000

Stock market investing has often been likened to gambling. Even the most informed investors can lose their shirts if the market takes a downturn. Like at the blackjack table, once a bet is placed there's little to do but sit back and watch which way the cards fall. So I decided to take the comparison a step further and conduct my own not-so-scientific experiment comparing investing with gambling. In November, I plundered the Red Herring slush fund to the tune of \$4,000, and spent 48 hours and \$2,000 gambling in Las Vegas and 48 hours investing the other \$2,000 on the Nasdaq. Now I've never invested in any individual stocks before (my contract usually prohibits it), and although I am an Irishman, I have never even been to the racetrack.

The result? Las Vegas beat the Nasdaq by a hair. Not that I suggest hard-working investors liquidate their 401Ks, book a room in the Bellagio, wash in the blue rinse, and try their luck for an early retirement. "Look around you," Todd, a blackjack croupier at the Paris Casino, said to me. This city is built on the losses of people with bad math." And as Steve Wynn, chairman and CEO of Mirage Resorts, is fond of saying, "If you want to make money in a casino, own one."

But isn't it equally bad math to try to outgun the Nasdaq in the hope of a quick killing? Perhaps Mr. Wynn's aphorism can be applied to the stock market. If you want to make money from a high-tech startup, own one.

How many semi-skilled investors have created a serious dent in their savings accounts by thinking they can beat the system? Of course, had my luck at the card table changed I could have ended up bussing tables at Circus Circus to pay my hotel bill. There is, according to Las Vegas lore, a 17 percent chance of walking away with the casino's cash. That, for those with bad math, means that there's an 83 percent chance of getting cleaned out.

Likewise, most speculative day traders -- the market's biggest risk takers -- don't turn profits, according to a recent study by the University of California at Davis. Regardless of the risks, Todd and his colleagues were more amiable than the harried help-desk people answering phones for ETrade .

The well-oiled casino money-making machine makes ETrade's frighteningly unreliable Web site look amateur. Web pages constantly timed out, and when I eventually tried to cash in my stock, my only return was an error message. So how did I do? I returned from Las Vegas with \$2,301.31 (that figure includes a \$100 chip swiped by a jerk at the blackjack table), a 15 percent return on the Herring's money.

With ETrade I cashed out at \$2,103.64, a 5 percent increase. I chose ETrade because it seemed like the quintessential investment site for amateurs like myself.

Needless to say, Las Vegas was more fun, and while both Vegas and Wall Street have had more than their fair share of sky divers (sans parachutes), who wouldn't forgo the computer screen for the dancing girls, Siegfried and Roy, and the Cirque du Soleil? Investing is, after all, a serious business.

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