



Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street

By William Poundstone

Download now

Read Online →

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone

In 1956 two Bell Labs scientists discovered the scientific formula for getting rich. One was mathematician Claude Shannon, neurotic father of our digital age, whose genius is ranked with Einstein's. The other was John L. Kelly Jr., a Texas-born, gun-toting physicist. Together they applied the science of information theory—the basis of computers and the Internet—to the problem of making as much money as possible, as fast as possible.

Shannon and MIT mathematician Edward O. Thorp took the "Kelly formula" to Las Vegas. It worked. They realized that there was even more money to be made in the stock market. Thorp used the Kelly system with his phenomenally successful hedge fund, Princeton-Newport Partners. Shannon became a successful investor, too, topping even Warren Buffett's rate of return. *Fortune's Formula* traces how the Kelly formula sparked controversy even as it made fortunes at racetracks, casinos, and trading desks. It reveals the dark side of this alluring scheme, which is founded on exploiting an insider's edge.

Shannon believed it was possible for a smart investor to beat the market—and *Fortune's Formula* will convince you that he was right.

↓ [Download Fortune's Formula: The Untold Story of the Sc ...pdf](#)

📖 [Read Online Fortune's Formula: The Untold Story of the ...pdf](#)

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street

By William Poundstone

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone

In 1956 two Bell Labs scientists discovered the scientific formula for getting rich. One was mathematician Claude Shannon, neurotic father of our digital age, whose genius is ranked with Einstein's. The other was John L. Kelly Jr., a Texas-born, gun-toting physicist. Together they applied the science of information theory—the basis of computers and the Internet—to the problem of making as much money as possible, as fast as possible.

Shannon and MIT mathematician Edward O. Thorp took the "Kelly formula" to Las Vegas. It worked. They realized that there was even more money to be made in the stock market. Thorp used the Kelly system with his phenomenally successful hedge fund, Princeton-Newport Partners. Shannon became a successful investor, too, topping even Warren Buffett's rate of return. *Fortune's Formula* traces how the Kelly formula sparked controversy even as it made fortunes at racetracks, casinos, and trading desks. It reveals the dark side of this alluring scheme, which is founded on exploiting an insider's edge.

Shannon believed it was possible for a smart investor to beat the market—and *Fortune's Formula* will convince you that he was right.

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone Bibliography

- Sales Rank: #41236 in eBooks
- Published on: 2010-06-01
- Released on: 2010-06-01
- Format: Kindle eBook

 [Download Fortune's Formula: The Untold Story of the Sc ...pdf](#)

 [Read Online Fortune's Formula: The Untold Story of the ...pdf](#)

Download and Read Free Online *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* By William Poundstone

Editorial Review

Amazon.com Review

Fortune's Formula is a fascinating study of the connections between such seemingly unrelated topics as gambling, information theory, stock investing, and applied mathematics. The story involves the stunning brainpower of men such as MIT professor Claude Shannon, who single-handedly invented information theory, the science behind the Internet and all digital media; Ed Thorpe; and John Kelly of Bell Laboratories, who developed the "Kelly criterion," a now-legendary investment strategy for maximizing growth while controlling risk. Initially, Shannon and Thorpe took Kelly's theory to Las Vegas and applied it to roulette and blackjack. Later, they took it to Wall Street and cleaned up--Shannon made a personal fortune while Thorpe created the highly successful hedge firm Princeton-Newport Partners. They both discovered that Kelly's system was particularly effective when applied to arbitrage (minute price differences that result from market inefficiencies). As Poundstone ably demonstrates, the merits of Kelly's criterion are still hotly debated today.

Poundstone has a tendency to meander in his writing, but his asides are so revealing and interesting that they add, rather than detract, from the narrative. The book also includes a cast of fascinating and colorful characters as varied as Ivan Boesky, Warren Buffet, Rudolph Giuliani, and notorious mobsters such as Bugsy Siegel and Meyer Lansky. In explaining the lasting impact of the work done by Shannon, Thorpe, and Kelly, Poundstone even explains Kelly's system for those wishing to follow his formula, offering readers both theoretical and practical lessons. Whether viewed as a how-to guide or straight scientific and financial history, *Fortune's Formula* proves an entertaining and illuminating analysis of "the most successful gambling system of all time." --Shawn Carkonen

From Publishers Weekly

In 1961, MIT mathematics professor Ed Thorp made a small Vegas fortune by "counting cards"; his 1962 bestseller, *Beat the Dealer*, made the phrase a household word. With Claude Shannon, the father of information theory, Thorp next conquered the roulette tables. In this prosaic but fascinating cultural history, Poundstone (*How Would You Move Mt. Fuji?*) tells not only what they did but how they did it. For roulette, Poundstone shows, Thorp and Shannon used a betting scheme invented by Shannon's Bell Labs colleague John Kelly, eventually applying Kelly's technique to investing, resulting in long-term records of extraordinary return with low risk. (Thorp revealed the secret in 1966's *Beat the Market*, but investors proved harder to persuade than blackjack players.) Many other characters figure into Poundstone's entertaining saga: a forgotten French mathematician, two Nobel Prize-winning economists who declared war on the Kelly criterion, Rudy Giuliani, assorted mobsters, and winners and losers in all types of investing and gambling games. The subtitle is not a tease: the book explains and analyzes Kelly's system for turning small advantages into great wealth. The system works, but requires unusual amounts of patience, discipline and courage. The book is good fun for the rest of us.

Copyright © Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

Review

Praise for *Fortune's Formula*:

"Seldom have true crime and smart math been blended together so engagingly." -- *The Wall Street Journal*

"An amazing story that gives a big idea the needed star treatment . . . *Fortune's Formula* will appeal to

readers of such books as Peter L. Bernstein's *Against the Gods*, Nassim Nicholas Taleb's *Fooled by Randomness*, and Roger Lowenstein's *When Genius Failed*. All try to explain why smart people take stupid risks. Poundstone goes them one better by showing how hedge fund Long-Term Capital Management, for one, could have avoided disaster by following the Kelly method." --*Business Week* (four stars)

"'Fortune's Formula' may be the world's first history book, gambling primer, mathematics text, economics manual, personal finance guide and joke book in a single volume. Poundstone comes across as the best college professor you ever had, someone who can turn almost any technical topic into an entertaining and zesty lecture." --*The New York Times Book Review*

Users Review

From reader reviews:

Brandon Huff:

The book *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* make one feel enjoy for your spare time. You can use to make your capable more increase. Book can to become your best friend when you getting anxiety or having big problem using your subject. If you can make examining a book *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* to be your habit, you can get far more advantages, like add your own personal capable, increase your knowledge about several or all subjects. You can know everything if you like wide open and read a guide *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street*. Kinds of book are a lot of. It means that, science reserve or encyclopedia or other people. So , how do you think about this e-book?

Justin Perry:

As people who live in the particular modest era should be upgrade about what going on or data even knowledge to make these individuals keep up with the era which can be always change and advance. Some of you maybe will probably update themselves by reading books. It is a good choice for you but the problems coming to you actually is you don't know what one you should start with. This *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* is our recommendation to make you keep up with the world. Why, because this book serves what you want and want in this era.

Timothy Grill:

The publication untitled *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* is the reserve that recommended to you to learn. You can see the quality of the book content that will be shown to anyone. The language that author use to explained their ideas are easily to understand. The writer was did a lot of study when write the book, to ensure the information that they share for you is absolutely accurate. You also will get the e-book of *Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street* from the publisher to make you considerably more enjoy free time.

Richard King:

Many people spending their time by playing outside along with friends, fun activity together with family or just watching TV all day long. You can have new activity to shell out your whole day by studying a book. Ugh, do you think reading a book can definitely hard because you have to take the book everywhere? It all right you can have the e-book, delivering everywhere you want in your Smartphone. Like Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street which is having the e-book version. So , why not try out this book? Let's notice.

Download and Read Online Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone #7T4S9Z5DA68

Read Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone for online ebook

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone Free PDF d0wnl0ad, audio books, books to read, good books to read, cheap books, good books, online books, books online, book reviews epub, read books online, books to read online, online library, greatbooks to read, PDF best books to read, top books to read Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone books to read online.

Online Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone ebook PDF download

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone Doc

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone Mobipocket

Fortune's Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street By William Poundstone EPub