Lesson 22 — Optimal betting

A casino is running a promotion for a flip a coin game, an offer so good you can't refuse.

So you bring $100 to the casino to play flip a coin: if heads, you win *three times* the amount of your bet; if tails, you lose your bet. How much do you bet on the first turn by following the Kelly strategy?

Problem 2 (10 points)

Suppose you won in your first turn in Problem 1. But because you have now transformed into a degenerate gambler, you play again in a second turn. How much do you bet on this second turn by following the Kelly strategy?