

ACKNOWLEDGMENTS FOR THE FIRST EDITION

First, I would like to thank friends who can be considered rightful coauthors. I am grateful to New York intellectual and expert in randomness Stan Jonas (I do not know any other designation that would do him justice) for half a lifetime of conversations into all subjects bordering on probability with the animation and the zeal of the neophyte. I thank my probabilist friend Don Geman (husband of Helyette Geman, my thesis director) for his enthusiastic support for my book; he also made me realize that probabilists are born, not made—many mathematicians are capable of computing, but not understanding, probability (they are no better than the general population in exerting probabilistic judgments). The real book started with an all-night conversation with my erudite friend Jamil Baz during the summer of 1987, as he discussed the formation of “new” and “old” money among families. I was then a budding trader and he scorned the arrogant Salomon Brothers traders who surrounded him (he was proved right). He instilled in me the voracious introspection about my performance in life and really gave me the idea for this book. Both of us ended up getting doctorates later in life, on an almost identical subject matter. I have also dragged many people on (very long) walks in New York, London, or Paris, discussing some parts of this book, such as the late Jimmy Powers, who helped nurture my trading early on, and who kept repeating “anyone can buy and sell,” or my encyclopedic friend David Pastel, equally at ease with literature, mathematics, and Semitic languages. I have also engaged my lucid Popperian colleague Jonathan Waxman in numerous conversations on the integration of Karl Popper’s ideas into our life as traders.

Second, I have been lucky to meet Myles Thompson and David Wilson, when they both were at J. Wiley & Sons. Myles understood that books need not be written to satisfy a predefined labeled audience, but that a book will find its own unique set of readers—thus giving more credit to the reader than the off-the-rack publisher. As to David, he believed enough in the book to push me to take it into its natural course, free of all labels and taxonomies. David saw me the way I view myself: someone who has a passion for probability and randomness, who is obsessed with literature but happens to be a trader, rather than a generic “expert.” He also saved my idiosyncratic style from the dulling of the editing process (for all its faults, the style is mine). Finally, Mina Samuels proved to be the greatest conceivable editor: immensely intuitive, cultured, aesthetically concerned, yet nonintrusive.

Many friends have fed me with ideas during conversations, ideas that found their way into the text. I can mention the usual suspects, all of them prime conversationalists: Cynthia Shelton Taleb, Helyette Geman, Marie-Christine Riachi, Paul Wilmott, Shaiy Pilpel, David DeRosa, Eric Briys, Sid Kahn, Jim Gatheral, Bernard Oppetit, Cyrus Pirasteh, Martin Mayer, Bruno Dupire, Raphael Douady, Marco Avellaneda, Didier Javice, Neil Chriss, and Philippe Asseily.

Some of these chapters were composed and discussed as part of the “Odeon Circle,” as my friends and I met with a varying degree of regularity (on Wednesdays at 10 p.m. after my Courant class) at the bar of the restaurant Odeon in Tribeca. Genius loci (“the spirit of the place”) and outstanding Odeon staff member Tarek Khelifi made sure that we were well taken care of and enforced our assiduity by making me feel guilty on no-shows, thus helping greatly with the elaboration of the book. We owe him a lot.

I must also acknowledge the people who read the MS, diligently helped with the errors, or contributed to the elaboration of the book with useful comments: Inge Ivchenko, Danny Tosto, Manos Vourkoutiotis, Stan Metelits, Jack Rabinowitz, Silverio Foresi, Achilles Venetoulis, and Nicholas Stephanou. Erik Stettler was invaluable in his role as a shadow copy editor. All mistakes are mine.

Finally, many versions of this book sat on the Web, yielding sporadic (and random) bursts of letters of encouragement, corrections, and valuable questions, which made me weave answers into the text.

Many chapters of this book came in response to readers' questions. Francesco Corielli from Bocconi alerted me on the biases in the dissemination of scientific results.

This book was written and finished after I founded Empirica, my intellectual home, "Camp Empirica," in the woods in the back country of Greenwich, Connecticut, which I designed to fit my taste and feel like a hobby: a combination of an applied probability research laboratory, athletic summer camp, and, not least, a trading operation (I had experienced one of my best professional years while writing these lines). I thank all the like-minded people who helped fuel the stimulating atmosphere there: Pallop Angsupun, Danny Tosto, Peter Halle, Mark Spitznagel, Yuzhao Zhang, and Cyril de Lambilly as well as the members of Paloma Partners such as Tom Witz, who challenged our wisdom on a daily basis, and Donald Sussman, who supplied me with his penetrating judgment.