A toy example – title and abstract of one of the documents of the SemEval 2010 corpus
On Cheating in Sealed-Bid Auctions
Motivated by the rise of online auctions and their relative lack of security, this paper analyzes two forms of cheating in sealed-bid auctions. The first type of cheating we consider occurs when the seller spies on the bids of a second-price auction and then inserts a fake bid in order to increase the payment of the winning bidder. In the second type, a bidder cheats in a first-price auction by examining the competing bids before deciding on his own bid. In both cases, we derive equilibrium strategies when bidders are aware of the possibility of cheating. These results provide insights into sealed-bid auctions even in the absence of cheating, including some counterintuitive results on the effects of overbidding in a first-price auction.