Authors' corrigendum (March 3, 2019): Dufwenberg, M. & M. A. Dufwenberg (2018), "Lies in Disguise: A Theoretical Analysis of Cheating," Journal of Economic Theory 175, 248-64.

Our claim on p257 that "if $\theta<1$ selfish play (i.e. $s(x)=n$ for all x) is the unique SE" is incorrect.

Counterexample: Let $n>1$, $\theta<1$, and x drawn from a uniform distribution. Can $s(x)=n-1$ for all x be a SE? Let $p(0|y)=1$ for all $y\neq<n-1$ (the best shot for a SE). Downward deviations are ruled out: given SE beliefs, DM's utility of $y=n-1$ is $(n-1)-\theta(n/(n+1))((n-1)/2)>(n-1)(1-\theta/2)$, while the utility of $y<n-1$ would be $y-\theta y=y(1-\theta)<(n-1)(1-\theta/2)$. To also rule out an upward deviation to $y=n$ we need $(n-1)-\theta(n/(n+1))((n-1)/2)\geq n-\theta n$, or $\theta\geq 2(n+1)/(n(n+1)+2n)$. The rhs <1 (and tends to 0 as n tends to infinity) so $\theta<1$ is possible.

A correct claim is that if $\theta<1$ there is no SE with full-support-on-y.

[We thank Žiga Velkavrh for alerting us that our wording on p257 was problematic.]