**ABSTRACT**

We consider the problem of building online machine-learned models for detecting auction frauds in e-commence web sites. Since the emergence of the world wide web, online shopping and online auction have gained more and more popularity. While people are enjoying the benefits from online trading, criminals are also taking advantages to conduct fraudulent activities against honest parties to obtain illegal profit. Hence proactive fraud-detection moderation systems are commonly applied in practice to detect and prevent such illegal and fraud activities. Machine-learned models, especially those that are learned online, are able to catch frauds more efficiently and quickly than human-tuned rule-based systems. In this paper, we propose an online probit model framework which takes online feature selection, coefficient bounds from human knowledge and multiple instance learning into account simultaneously. By empirical experiments on a real-world online auction fraud detection data we show that this model can potentially detect more frauds and significantly reduce customer complaints compared to several baseline models and the human-tuned rule-based system.

**Existing System**

The traditional online shopping business model allows sellers to sell a product or service at a preset price, where buyers can choose to purchase if they find it to be a good deal. Online auction however is a different business model by which items are sold through price bidding. There is often a starting price and expiration time specified by the sellers. Once the auction starts, potential buyers bid against each other, and the winner gets the item with their highest winning bid.

**Proposed System**

we propose an online probit model framework which takes online feature selection, coefficient bounds from human knowledge and multiple instance learning into account simultaneously. By empirical experiments on a real-world online auction fraud detection data we show that this model can potentially detect more frauds and significantly reduce customer complaints compared to several baseline models and the human-tuned rule-based system. Human experts with years of experience created many rules to detect whether a user is fraud or not. If the fraud score is above a certain threshold, the case will enter a queue for further investigation by human experts. Once it is reviewed, the final result will be labeled as boolean, i.e. fraud or clean. Cases with higher scores have higher priorities in the queue to be reviewed. The cases whose fraud score are below the threshold are determined as clean by the system without any human judgment.

# System Configuration:-

# H/W System Configuration:-

# Processor - Pentium –III

**Speed - 1.1 Ghz**

**RAM - 256 MB(min)**

**Hard Dis - 20 GB**

**Floppy Drive - 1.44 MB**

**Key Board - Standard Windows Keyboard**

**Mouse - Two or Three Button Mouse**

**Monitor - SVGA**

# S/W System Configuration:-

* Operating System :Windows95/98/2000/XP
* Application Server : Tomcat5.0/6.X
* Front End : HTML, Java, Jsp
* Scripts : JavaScript.
* Server side Script : Java Server Pages.
* Database : Mysql
* Database Connectivity : JDBC.