



Glen Stephens'

# Market Matters:

## Only in the USA.....

I want every reader of this article to be honest. Would you even take a second glance if you saw hinged on an album page the ordinary looking 2¢ stamp illustrated nearby?

Well I'll be the first to answer and admit I would NOT. It is a stamp usually worth a dollar or so mint, of the exceedingly common pre-WWI 2¢ red George Washington design.

This hinged mint copy was auctioned June 12 in New York City for \$US176,000 - or nearly exactly \$A250,000 at the time I typed this article. The auctioneer was Robert A. Siegel.



Just sold for \$A250,000

This is a new record price for a single twentieth century USA stamp. More amazingly - it is not an error stamp or missing colour or inverted centre etc - this is a regularly issued USA 1914 sheet stamp. It sold for nearly 6 times current Scott catalogue value.

Some readers might imagine this huge price is due to the "7082" marginal plate number. Nope. It is my view the stamp would have sold for a similarly huge price even if it had NO plate number or marking whatever on the margin.

Even more remarkable is that this stamp changed hands in very recent times at

major auctions for prices a very small fraction of this recent realisation.

It sold for only \$US7,150 in October 1998 at the legendary and highly publicised Robert Zoellner collection sale - also auctioned by Robert A. Siegel. Zoellner had the only "complete" USA collection ever formed and it sold for over \$US8 million. The 1c "Z" Grill in that sale reached the all-time record price for a single USA stamp at \$US935,000 - and the bidding paddle was held up by a 12 year old boy - son of Mystic President Donald Sundman!

The buyer Mystic Stamp Company then tried to sell the stamp for \$US2,500,000 (then \$A3,750,000) soon after and they still own it, as no-one would pay their modest profit margin asked of over \$US1,500,000! They took full back page ads in "Linn's" shortly after buying it, with a coupon to complete at the base saying: "My check or money order for \$US2,500,00 is enclosed. NY State residents please add correct sales tax". No mention of credit cards ANYWHERE on the coupon.



Still unsold at \$US2,500,000.

Apart from the Zoellner pedigree, this 2¢ example was once in the even more legendary Colonel Green collection. (son of Hetty the "Witch of Wall Street") Green was the eccentric millionaire who purchased and broke up for sale the unique sheet of the 24¢ "Inverted Jenny" airmail - among other things.

Green initially planned to burn all the 19 straight edge copies as they looked "un-attractive". He tossed them aside and they were later found literally stuck together after he died. They first appeared on the market in 1942, and the gum had been washed off all 19 copies in order to separate them.

In September 1991 the unique "Inverted Jenny" plate block of 4 sold for

\$US1,200,000 dollars to a broadcast executive. Ted Turner of CNN/Jane Fonda fame was rumoured to be the buyer. However, I digress totally from this 2¢ red story!

This exact same 2¢ stamp was also auctioned later on in September 2000 - and once again by Robert A. Siegel where this time it bought "only" \$US9,900.

This new price is nearly 18 times more than it sold for in 2000 - indeed \$166,100 more. And sold via the same auctioneer so one assumes the names on their mailing list for all three sales were similar, which is even more curious.

Why the huge increase?

The answer is simple ... it is because Scott Catalogues recently changed the catalogue number for this stamp. In the 2003 Scott USA specialised, all of the 1914 compound perforation issues (1¢, 2¢, 5¢) were given "major" catalogue numbers for the first time.

Scott also created 3 new spaces for these stamps in the widely used Scott "National" album. Therefore everyone who collects via this relatively "simplified" album suddenly needed these stamps to be complete.

Previously these 3 stamps were only listed as "small letter" (minor) varieties under Scott numbers 424, 425 and 428. The new "full" Scott number for this stamp is 423B and catalogue value in the 2004 catalogue is \$US30,000 mint and \$US10,000 used.

The reason Scott 423b is worth \$250,000 and not the one dollar I'd have placed on it will become apparent if you carefully examine the photograph. It is perforated gauge 10 across the top and perf 12 down each side, i.e. the stamp is compound perforation 10x12. The normal issue Scott 425 is perf 10x10, which even mint is worth peanuts.

There are 29 used copies documented of this rare stamp and this example is the only mint copy recorded. This is why I surmise it would have obtained a huge sum even without the selvedge plate number, which in the case of a unique non error stamp is largely irrelevant.

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The same auction had 4 of the 29 known used copies and they too all got good prices - best being \$US20,350 on the Scott catalogue value of \$US10,000.

Used copy sold for  
\$US20,350



### USA Museum to destroy a million stamps?

I noticed the stamp realisation above when reading "Linn's Stamp News" - for which magazine I am the South Pacific correspondent. Also in "Linn's" for much of this year has been the ongoing furore in the USA over the archive sales of USA revenue stamps.

This matter has received scant if any coverage outside America, so I will try and summarise the last 6 months of this saga below. You will hardly believe it.

The National Postal Museum (NPM) in Washington discovered 7.8 million USA mint revenue stamps on hand that were taking up space, and they did not need, so they decided to destroy most of them and sell off the balance. They announced this January 2004 in a press release to the stamp world. NPM is a division of the Smithsonian Museums.

The stamps were transferred to them by the US Internal Revenue Service between 1954 and 1977. The holding comprises approximately 7.8 million stamps of which there are nearly 1,900 distinct revenue stamp varieties. In many cases, there are up to 50,000 copies of a stamp.

Perversely NPM claimed the funds raised would be used to purchase the few USA stamps they needed to complete their simplified collection. The results of the stamp sales above shows they need all the bucks they can raise! In January they claimed they hoped to raise between \$US1-2 million from these sales. Lately they have been far more circumspect and secretive.

When this silly idea was announced in January the bureaucrats announced some 7.3 million of the 7.8 million revenue stamps would be destroyed or loaned to other institutions or sold. The vast bulk of this 7.3 million stamps were earmarked to be destroyed.

Predictably there was a RIOT among USA dealers and collectors. Led by leading revenues dealer Eric Jackson, they waged a relentless public campaign to have the NPM re-assess its foolish decision.

### An offer they DID refuse

In April the NPM flip-flopped and revised the number to be destroyed, but still indicated a few million were to be destroyed. The outcry continued anew.

The campaign worked, and the NPM's latest flip-flop (as of mid July) is to now to sell 5.8 million of the 7.8 million stamps they own. Like all Bureaucrats, they never admit defeat, and never admit stupidity. All they are now saying is that all on their own they made this wise decision.

Jackson had made the NPM look very foolish and continued by taking a page ad in "Linn's" June 28, headed "Money To Burn." He offered to pay the NPM \$US1,000,000 for the million or so stamps they still planned to destroy - with a photo of his pre-filled out cheque. Jackson maintains that to burn ANY of the stamps was philatelic vandalism.

Indeed, the mission statement of the NPM includes this line: "The National Postal Museum, through its collections and library, is dedicated to the preservation, study and presentation of postal history and philately." Burning a million stamps is difficult to fit into that description.

Jackson made good arguments such as: "There is only one recorded example of the 1.7¢ Wine stamp (Scott RE182D cat \$25,000 used) in private hands. The museum has 50,000 mint copies, but its fact sheet states that only three examples will be sold. The owner of the one stamp is not pleased, but neither are scores, or possibly hundreds or thousands, of other collectors who might like to own one of these stamps. The museum is attempting to manipulate the rarity of this stamp."

"I believe the 49,000-plus copies that are about to be destroyed are worth more than the three they are planning to sell" Jackson continued.

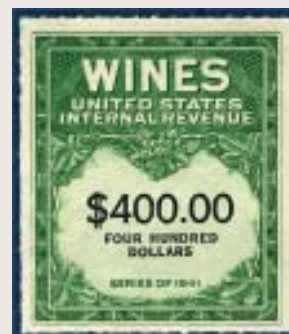
Which of course any 6 year old can see is clearly correct. If raising funds is the stated aim for the NPM why only sell THREE copies and destroy 49,000 perfectly good examples?

The low face value 1.7¢ stamp Jackson refers to is in similar size, colour and design as the \$400 example illustrated nearby, and is also inscribed as being from the 1941 series (but was issued in 1951/4.) This stamp shown is Scott RE165B.

Scott only lists this \$400 value as used at \$US12,000 and it is not priced or known



mint in collector hands. So even if the NPM releases the 2944 mint copies it holds, that USED price would likely not alter - nor its value for the present owner. Like many German 1920s "inflation" stamps that are worth pennies mint and \$1000s used, the four existing used copies are well documented, have correct cancels and doubtless are expertised.



### Unknown in mint condition

Jackson points out and accepts that there are many things he has in stock that will come down heavily in value over what he paid if the entire holding is sold. He argues on the other side of the coin that interest in this Revenues field will increase greatly if a large number of fresh mint unhinged stamps come on to the market at attractive prices. Jackson's stock, and existing collector holdings will clearly gain in value overall because of it.

There are no losers that I can see. NPM gets the \$ millions it needs and importantly - acts responsibly by dispersing all the stamps. Collectors and dealers get wonderful new stock. Many new collectors of this field will thus emerge.

The NPM in their wisdom announced in June 2004 they are now seeking submissions from auction houses to offer their stamps for sale starting late 2004. And like all bureaucrats have set all sorts of zany rules and conditions and submissions required from any interested parties - all outlined on their website.

NPM have declared in writing this month: "the destruction of the surplus

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*copies will be completed prior to the sale*". This article and the continued USA pressure is aimed at trying to overturn that ominous sounding proclamation.

Several members of the Museum's "Council of Philatelists" include representatives of large auction houses. These auctions are Robert A. Siegel, Spink of London, Matthew Bennett International and Harmers Switzerland. Surprise, surprise - these auction houses are not precluded from tendering to auction the surplus. All very strange.

Many other dealers and prominent identities who do not represent auctions are also part of this "Council", including Janet Klug, current President of the massive 50,000 member American Philatelic Society, also two past APS Presidents. I also noted Jim Kloetzel, Scott Catalog Editor - even Donald Sundman, current owner of the pricey "Z" Grill mentioned above etc.

Why these philatelic stalwarts have not torpedoed this planned destruction long ago has not been explained. Three APS Presidents seemingly going along with such destruction seems incongruous to me, and surely at odds with the APS responsibility?

One prominent member Arthur Morowitz resigned from this "Council" in a very public manner June 23. I have met Arthur in Sydney, and he is a very savvy dealer, and runs the last street level stamp shop surviving in New York City. He is a past President of the American Stamp Dealer's Association.

Morowitz in May 2003 purchased for \$US3,068,000 the entire archive of the

United Nations Postal Administration - and sold it intact (for a profit!) to Greg Manning who broke it down for auction. So Arthur knows a thing or two about archive material. He also bought intact the archives of the American Bank Note Company some years earlier which contained much valuable philatelic material.

A spokesman for Swiss auctioneer David Feldman later claimed re the UN archive: "*This is the world record high price for a large lot*". The lot comprised many dozens of cartons of unique material. It was all shipped from UN headquarters NYC to Geneva and then shipped back again when Morowitz/Manning purchased it!

Morowitz's resignation letter to Allen Kane the NPA chief, said in part: "The reason for my leaving is one issue and one issue only - the destruction of collectible revenue stamps rather than the sale of these to the philatelic community. To destroy these items held for collector purposes for over 50 years is senseless."

"Why destroy the revenue stamps and the future happiness of 100s of collectors and the potential to expand a wonderful hobby" Morowitz continued.

Reading the ongoing saga, and a recent snippy letter from him to "Linn's" on this matter, I get the feeling Allen Kane (NPM chief) is acting like all pretty bureaucrats when he does not get his own way. Kane appears determined to see part of the original plan succeed - i.e. have a pretty decent size slab of the stamps destroyed.

Kane outright rejected in writing Jackson's \$US1 million offer for the stamps

NPM planned to destroy. Petty bureaucracy gone quite mad in my view. NPM should accept it with a huge grin on their face, and auction the balance. Kane worked for 30 years for the US Postal Service until joining NPM February 2002.

I tend to agree with Eric Jackson and Arthur Morowitz ..... sell the LOT, and let the open free market set the eventual values. Hey - the Americans tell us they INVENTED "free enterprise"!

Jackson is running an e-poll on his website [www.ericjackson.com](http://www.ericjackson.com) with the question: "*Should the National Postal Museum sell the revenue stamps archive? Let them have your opinion.*"

As this piece was typed mid July the poll results to date were:


*Stop the destruction and sell them all - 588 votes*

*Retain the original plan/destroy most, but sell a select few stamps - 16 votes*

Seems very clear to me what most revenue collectors wish to see occur here. I invite you to add your vote to the poll - you can see it update in real time, and read the 100s of comments left by others.

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