

# Market Matters

## Treble your money!

I have been writing stamp "tipster" and market columns each month for 25 years, and like to think I have pretty good "radar" as to which way the broader market is heading.

I almost never offer advice on areas other than stamps, simply as it is not my primary area of expertise.

However I did make a specific prediction mid last year that has more than doubled anyone's money that heeded it!

In my July 2005 column I tipped that readers could do a lot worse than considering buying shares in Greg Manning Auctions.

I noted they had already risen 18.6% in the previous 3 months and said: "I am no stockbroker, but to see this stock **double** in a year or two from today's \$US12 would not surprise me at all."

### Nearly trebled

That stock has indeed more than doubled - and took only about 6 months to do. The shares have in fact nearly trebled in that short time. As I type this the stock (Nasdaq code ESCL) closed trading on February 7 at \$US 34.65.

Anyone who took my written advice to buy at around \$US12 a share will be rather pleased right now I'd suspect.

As I pointed out last July - there was no rocket science involved in predicting this if your wide vision was good. And more importantly if you recognise prices for good stamps have been going off the chart for the last year or so.

Greg Manning's newly named "Escala" group and parent company Afinsa are regularly making a buck out of many of the mega dollar price records being set all over the globe. For both stamps and coins.

Manning's umbrella encompasses a bunch of major auction houses across the globe.

So no matter where the major collections and rare pieces are being



**Greg Manning**

*the Manning Employment Agreement on June 30, 2008 (and upon earlier termination in certain circumstances), Mr. Manning will serve as a consultant to the Company through June 30, 2018, subject to earlier termination under certain circumstances."*

*"During the period that Mr. Manning is providing consulting services to the Company, he will be entitled to receive consulting fees at an annual rate equal to 65% of the base salary in effect immediately prior to the termination of his employment."*

sold, Greg Manning's group is very likely to be pocketing a decent chunk of the value of those collections in buyer and seller commissions. A near perfect business model.

Most senior Australian dealers have met Greg Manning, and he is a very professional operator. Doing research for this piece I came across this recent Jan 24, 2006 Form 8-K SEC salary filing, and he is quite nicely paid too - right out to 2018 it seems if he wishes!

From June this year his salary is \$US550,000 p.a. rising \$US50,000 a year, plus a flat \$US50,000 annual bonus. The filing says: "Mr. Manning will also be eligible to receive an annual performance bonus and a long-term incentive award pursuant to the terms of an incentive compensation program."

*"Upon the expiration of the term of*

### \$A11,000 weekly income?

65% of \$US650,000 is \$US422,500 a year until 2018 as a 'consultant' or around \$A11,000 a week. And goodness knows how many millions in shares he owns on top.

I am planning to float "**Glen Stephens Inc**" on Nasdaq as soon as I complete typing this column! Good for him.

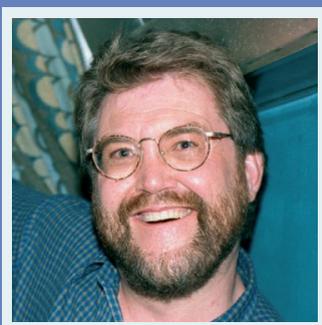
The group's North American operations include huge names like Greg Manning Auctions division, Ivy & Manning Philatelic Auctions, Greg Manning Galleries, Greg Martin Auctions, Spectrum Numismatics, Teletrade, Nutmeg Stamp Sales, Superior Sports Auctions, Bowers and Merena Auctions, Kingswood Coin Auctions, and H.R. Harmer.

In Europe, the leading stamp auction houses affiliated with the network are Auctentia Subastas (Afinsa Auctions) of Madrid Spain, Corinphila Auktionen of Zurich Switzerland, and the Koehler group of auction companies of Berlin and Wiesbaden Germany.

In Asia, Escala's auctions operations are conducted through John Bull Stamp Auctions Ltd, the oldest philatelic auction house in Hong Kong.

### Profits to Manning Group!





# Glen Stephens

*Sold - 58 times catalogue!*

Every time a record 6 or 7 figure price is achieved for a vendor, the Manning group is getting both the buyers AND seller's commission on these new record prices. This can be around 25%-30% of the stamp collection or rare piece's value, so it is clearly incredibly profitable. At no risk to the middle man.

When Heinrich Kohler Auctions in Germany gets 6 figure sums for the 110+50 pfennig Audrey Hepburn stamp illustrated nearby - Escala benefits as they own Kohler 100%.

When Harmers Of New York sell stamps for 58 times catalogue value in a major USA sale as per the stamp shown nearby - they are another Manning group 100% owned Auction!

Regular readers of this column know top end stamps and collections are obtaining record prices right now - often running into MANY millions a collection. Banking a large chunk of each such sale is a perfect business model, as the auction does not own the stock - just acts as the 'middle man' in such sales.

Just four of these Manning Group Auction houses in the USA sold goods worth \$US15 million in November 2005 alone. That is a lot of commission coming in as gross profit.

Large firms like Stanley Gibbons and Afinsa are pushing 'stamp investment' on a scale most readers would not believe. All readers have heard of Stanley Gibbons, but I bet few have heard of Afinsa.

In truth Stanley Gibbons are just small part time backyard dealers when compared with Afinsa. This Spanish based firm is easily the world's largest stamp dealer, with sales in 2003 reported to be approx 1 Billion Euros, making SG look like a minnow.

## 200 Offices

Compare this Afinsa turnover to the record year SG last reported, with pre-



*Owner lost \$3,000*

tax profit rising 42% and annual sales of just £10 million. Afinsa has 2,400 sales representatives, 600 full-time employees, and 200 offices.

Afinsa is the parent company of Auctentia, which as far as I can work out still owns 69% of massive US auction and collectible operator Greg Manning Auctions Inc, (now called ESCALA) which itself is listed on the American NASDAQ stock exchange.

Afinsa is reportedly already holding stamps insured for €1.2 billion (= \$A1.93655 billion) in a large safe for its investment clients. This is about 83 times more than Stanley Gibbons annual turnover.

A sobering thought. That figure is close to the annual nett profit of massive banks like Westpac Australia or Commonwealth Bank Of Australia.

## Seek Expert Advice

I stress I am a stamp dealer, not an investment adviser, and correctly predicting a stock to double in price is past history, and might have just been luck. The facts presented above are as accurate as I can research them.

You should ALWAYS obtain expert independent advice and do your own research if you plan to buy any stocks and shares based on my comments - or indeed from anyone who is not a licensed financial advisor.

One reader invested \$50,000 in



August as he agreed with my prophesy, and the broad reasoning behind it. He more than doubled his money (after all brokerages) when he sold in January. He sent me a case of very nice bubbly as a "thank you", so this de-facto investment advisor role has its upside!

My trading philosophy has always been: "you can't go broke making a profit" and

as he more than doubled his investment in a few months I personally think he was very wise selling when he did. I certainly would have.

## Burracoppin Fever!

I must stress up front this is a 100% true story.

It might seem like a piece of pulp fiction, but I guarantee you every word is true.

I received a phone call in January from a reader who had seen my then current stamp column. In that column I photographed a KGV 2d Orange with a Burracoppin Western Australia cancel that had an inverted watermark. It is illustrated nearby.

A collector had asked me if I would buy that stamp for \$12,000. I had said "YES", did not argue about the price, and lined up a firm sale for it, which took quite a deal of time. The seller then got the brain flash to send the stamp to auction where it did not do very well.

Bottom line - that genius ended up with \$3,000 LESS in his hand than he would have received had he sold it to me for cash. And he received it months later.

I missed out of course on my \$1,000 commission on the sale, that would have prevailed had the sale proceeded. So no-one was happy - except the auctioneer, and even he may have tales of woe to tell us.

A weird story, and one I hope all sellers of expensive stamps keep in mind. Auction is NOT always the guaranteed way to get

# Glen Stephens: Market Matters

the highest price, or the fastest price, as that story proves for all time.

## Cancel caught his eye

Anyway, my reader had seen the story, and what caught his eye was the photo of the 2d orange stamp cancelled "Burracoppin". This is a TINY little town located in the remote and dusty Nullarbor Desert of Western Australia.

Burracoppin would process very little mail in 2006, (if indeed it has a Post Office) and presumably a darn sight less mail in 1922!

This reader collects postmarks, not stamps, and remembered he had a couple of nice "Burracoppin" strikes on 2d oranges in his postmark collection.

The reader is elderly - about 85 he said, and I gathered his postmark collection had been mounted up a half century or more ago.

He looks at the album, and sure enough there are two 2d orange KGV stamps in there with crisp "Burracoppin" strikes. Both in fact had the exact same date stamp - April 5, 1922.

He peels them carefully off the page. One is inverted watermark and the other is not! The one I illustrated 2 months back was dated March 1922, so clearly the inverted sheet was used up on April 5, and a new sheet was started on.

Possibly they had more than one sheet of inverts in the stamp drawer - who really knows after 84 years?

As you can see in the photo the orange shades are slightly different. (I apologise for the overly dark colour of both - new scanner, and new scanner operator!)

The owner phoned me and advised he has this pair. I asked him what the appearance and condition was like, and he says: *"any collector putting my copy next to the one illustrated in your article would choose mine every time - it is far superior looking"*. He was correct.



## Eureka!

A lovely pigeon pair - clean and fresh with crisp steel cancels as you can see - perfectly upright on the error stamp. The error stamp on the right is beautifully centred given how crummy the other ones I have seen look like!

A wonderful duo - probably no other major Australian used rarity exists with a same day town cancel with error AND normal. ACSC says 4 copies of this invert are recorded.

These 2 new 'Burracoppin' discoveries in recent times takes that to at least six. And I personally know of 2 others. This new discovery is easily the finest looking copy from those that I have seen.

## Word Of Caution

And a word of caution. This same stamp perforated "OS" is rather common by comparison. Used examples are worth from \$50 to \$100. I had many calls from excited readers thinking their "OS" copy might be worth \$12,000!

I also get a lot of "dreamer" calls after such things are reported. One chap phoned and claimed he had "many". Is anyone surprised to learn I never saw them after he claimed he was mailing them Registered Post?

The Editor had a call late January from someone claiming he too had a "bunch" of

2d orange inverted watermarks with WA postmarks he was mailing down.

I have always had a firm policy on such things. Mail me the actual stamps to view. Add \$5 or \$10 for their Registered return, and I will THEN pass an opinion. Scans, telephone calls and emails do not allow me to examine the actual stamp!

My reader got a VERY large cheque by return after we had discussed the price he was prepared to accept. Several new discoveries

of any hitherto rare stamp lowers the price of all known copies of course.

Nonetheless this 2d Orange was indeed genuine, and it found a new home, and at a 5 figure sum. The new owner and the discoverer I am sure are both delighted to be part of this wonderful story.

Every collector dreams of discovering a major rarity among their duplicates, and here is a recent example of it occurring. It literally can happen to anyone, and reading a stamp magazine is the way to discover these possible areas to look for!

They say the final word is NEVER written in Philately and this is just another perfect example.

As the 85 year old reader said, after we had agreed on the price: *"That sum has paid for my 50 years of "Stamp News" subscriptions, with a lot of dollars left over. Had I not seen your article I would have never realised I owned such a rare stamp."*

Glen Stephens has written monthly 'Stamp Tipster' columns for 25 years. A vast library of past articles is at:

[www.glenstephens.com/column.html](http://www.glenstephens.com/column.html)

**Glen Stephens**

4 The Tor walk, Castlecrag, NSW, 2068

Phone: 02 9958 1333

email: [glen@glenstephens.com](mailto:glen@glenstephens.com)

Website: [www.glenstephens.com](http://www.glenstephens.com)

NUMBER ONE WEB PAGE IN THE SOUTHERN HEMISPHERE: 1000's OF STAMP BARGAINS

**[www.GlenStephens.com](http://www.GlenStephens.com)**

E-MAIL ME TO RECEIVE MY MONTHLY 'NETT-PRICE' OFFERS LISTS - [Glen@GlenStephens.com](mailto:Glen@GlenStephens.com)