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***** SEPTEMBER MEETINGS *****

Sept. 14 - "First meeting of the new season" * RPA Auction Night, usual rules, eight (8) Lots per member. Official Lot Forms will be available at the meeting. Auction will start about 8:30pm. Also bring in any philatelic literature that you are finished with, so that copies will be available to members and guests at the meetings.

Sept. 28 - "Stock Book Night", a good night to trade or sell dup-stamps that you might have. More about this meeting's program will be explained at the first Sept. Meeting. Guests are always welcomed.

***** NEW STAMP ISSUES *****

- Sept. 2 - U.S., Auto Racing, 15¢ embossed envelope
- Sept. 8 - U.S., Molly Pitcher, 10¢ postal card
- Sept. 16 - U.S., Curtiss Jenny, 21¢ international airmail postal card
- Sept. 21 - Canada, Mere Marguerite d'Youville, 14¢ stamp
- Sept. 23 - U.S., Wright Brother's Flight, two se-tenant 31¢ international airmail stamps
- Sept. 21 - Canada, Inuit Travel, two sets of two se-tenant 14¢ stamps

STAMPS

THE NEW FRENZY IN PHILATELY

by Edward E. Scharff

They are just little scraps of paper usually prized by no one but the zealous philatelist, who for reasons mysterious to the uninitiated will pay thousands of dollars for the privilege of tucking them away in an album. But in the past few years rare postage stamps have undergone an extraordinary boom: desirable specimens have increased in value an average of 15% to 20% a year, and true blue chips much more than that.

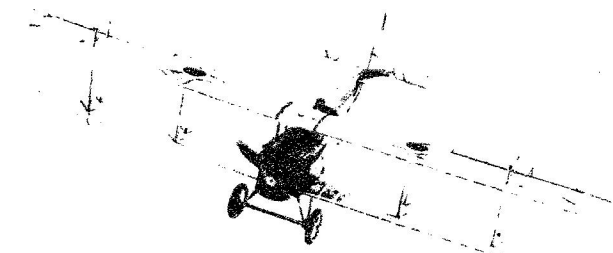
Inflation resistant and apparently impervious to economic depressions, rare stamps are now catching on as long-term investments among many people who couldn't care less about philately as a hobby. As with other collectibles, the current boom has been fueled by speculators who have soured on the stock market. The main attraction is that rare stamps, properly cared for, have almost never declined in value, even in times of economic uncertainty, according to Robert A. Siegel, a leading New York dealer.

Some stamps have soared spectacularly. For instance, since 1975 the average retail price of a canceled 1847 5¢ stamp—the first one issued for general U.S. use—has gone from \$95 to \$300, a better than 200% increase. While not all old stamps make money, it's hard to find a truly rare stamp whose value has not increased handsomely in the past few years.

Modest claims

Inevitably, though, there are dangers. Charlatans and exploiters have moved in, and some regular dealers are charging excessive markups. And of course no one knows how much longer the boom will last. Some philatelists feel that the recent price rise has been inordinate and that if it continues the bubble could pop. Andrew Levitt, president of Sotheby Parke Bernet Stamp Auction Co. in Danbury, Conn., thinks the run-up may end in two to three years, when dedicated collectors—those who treasure rare stamps as more than an investment—have been priced out of the market.

With no Securities and Exchange Commission to regulate the stamp busi-



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ness, buyers should be on guard. Some people now advertising themselves as stamp investment advisers never even considered dealing in stamps before the current boom. Barry Marcus of New York was an advertising executive until he founded the Philatelic Growth Corp. of America last year. He modestly claims to have been a stamp collector for as long as he can remember. The stamp market for two years before starting his business. Less modestly, he says, "We tell our clients that on good stamps they can expect 20% to 40% annual appreciation through the mid-1980s, and that this is a conservative, low-risk investment." Such claims would be illegal from the mouth of a stockbroker.

Alan Shawn Feinstein, a syndicated newspaper columnist, makes no pretense of being an expert philatelist. Nonetheless, he touts certain United Nations stamps as "one of the safest investments available," and he sells the stamps he recommends through the mail (as he does diamonds). Other dealers say Feinstein's recommendations have artificially inflated the price of UN stamps. Feinstein doesn't deny this, but he insists his customers will profit over the long run.

Dealers with better credentials say investing in rare stamps is neither conservative nor low risk, especially for a parvenu. Says Dennis McCarthy, director of the American Stamp Dealers' Association: "If you walk into stamp investing wearing a sign saying, 'I am dumb but rich, your chances of getting fleeced are excellent.'"

The current boom is not without precedent. In the late 1940s, another time of unusual inflation, one man in need of \$100 to pay for his son's tonsillectomy sealed some samples from his stamp collection in brown paper and took them to the shop of Herman Herst Jr., a New York stamp dealer he had known over the years. Herst recalls in his memoirs that he paid the man \$100 without even opening the parcel. No

sooner had the money changed hands than another dealer stepped forward and bought the package for \$120. A few hours later, yet another dealer came to Herst's shop carrying the identical package, still unopened. The asking price: \$185.

The unswerving interest of collectors over the years is what has kept the price of rare stamps on a gradual upswing. There are some 22 million stamp collectors in the U.S. alone, the Postal Service estimates. The least sophisticated collector in the smallest hamlet, can attend frequent regional stamp fairs and swap with other enthusiasts; the wealthy, scholarly philatelist can meet his urbane peers regularly in New York, London and Geneva clubs to discuss the finer points of Uruguayan airmail stamps or French colonial issues.

Folks for Freud

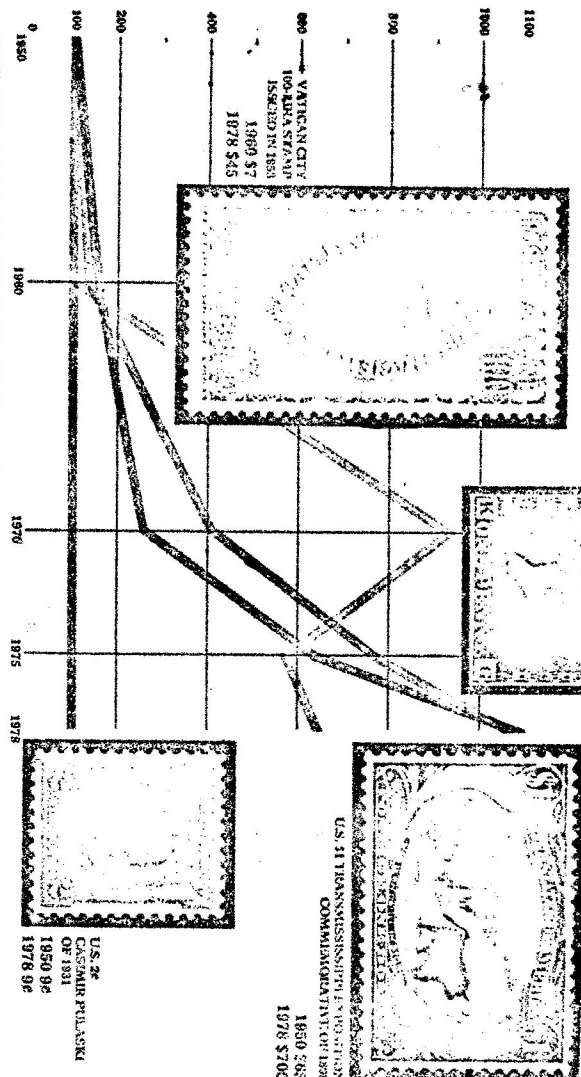
Some collectors are passionately fond of individual engravers—the artists behind the stamps. All are obsessed with filling the empty spaces in their albums. "Freud would have had a wonderful time analyzing these folks," says John Van Emden of Greg Manning Co., a New Jersey stamp dealer.

Stamps have an important advantage over other collectibles: they are by far the most portable. Abbot Lutz, a New York dealer, says he recently sold a large collection for a wealthy Jewish manufacturer who had fled Nazi Germany before World War II. Border guards stripped the man of almost every possession but allowed him to keep an album of "family correspondence." The stamps on the letters were then worth \$24,000. They later served as collateral for an \$8,000 bank loan with which the refugee started a highly successful business, and they finally sold for \$375,000, which he donated to the state of Israel.

You can rarely expect to make a profit on a stamp in less than three years. If you buy from a reliable dealer, you will usually pay a 60% to 100% markup, depending on the price range. That means if you tried to sell the

Some took a licking

Most rare stamps have risen steadily in value. But some, like the Vatican City stamp whose average wholesale price is among those indexed here, have soared because of speculation, then declined. The 2c Pabst! issued in 1931 never increased much in value because it's in abundant supply.



At this April auction in New York, a 1918 "inverted" airmail (insert) sold for \$72,500, a record for any U.S. stamp.



stamps back to the dealer the next day, you could get back only half the price you paid. You can avoid some of the dealer's markup by buying at auctions held in a few big cities and advertised in stamp collector publications. Auctioneers generally keep 20% of the sale price. But then you must make major investment decisions without benefit of the dealer's experience.

That experience is almost essential for a novice philatelist to lean on. Mint-condition stamps are usually worth more than cancelled ones, but not always. Many old stamps are not rare, newer stamps, especially those printed since World War II, may actually be worth more as postage than as collectibles. Most sage philatelists advise beginners to carve out narrow areas of interest. But be wary of specializing in the U.S.S.R., some Latin American republics or other countries known to produce stamps aimed chiefly at collectors. Such stamps rarely are money-makers because collectors tend to turn up their noses at stamps not issued with the sincerest of postal intentions.

With international currency values in a state of flux, even highly prized for-

to keep abreast you can read the latest price lists printed by major auction houses. Most dealers will let you look at their copies. The other key source is the philatelic press, notably the weekly *Linn's Stamp News* (P.O. Box 29, Sidney, Ohio, 45367, \$11 a year).

An investor should take into account the cost of insuring a stamp—as little as 2% of value per year if the stamp is kept in a safe-deposit box, as much as 10% if it is kept at home. If the stamp is of substantial value, he should also add in the cost of having its origin and condition authenticated as soon as he buys it. Authentication by the Philatelic Foundation in New York, the American Philatelic Society in State College, Pa. or another authoritative organization typically costs \$6 to \$15 but can run as high as \$500 for extremely valuable stamps. Avoid dealers who won't agree to refund your money if an authenticator disputes their description of a stamp.

The value of a stamp can be slashed by minor imperfections—a tiny spot or a thin streak in the adhesive. Recently, a dealer produced an old French stamp that looked perfect, even under a microscope, until he pointed out a red spot the size of a pinprick. It was a minor flaw, he said, but it diminished the value. Moreover, he explained, the perforated edges were stiff as a brush; the back probably had been regummed to fool a collector into thinking nobody had ever abused the stamp by sticking it into an album with an adhesive hinge. All in all, the stamp was worth about a third of the price it would have commanded as an uncancelled specimen in mint condition.

Value isn't everything to the true philatelist, however. "A man called me and wanted to talk about investing in U.S. airmails," recalls Andrew Levitt of Parke Benet. "So I recommended two stamps I felt were being slightly priced." When the man said he also wanted to buy a \$2,000 set of 1930 Graf Zeppelin stamps, Levitt advised him that they were overpriced for investment purposes. "But the guy tells me, 'I need them for my collection, and he goes ahead and buys them. At that point he's finished as an objective investor. He's a collector, and he's hooked.'"

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