

Collecting United States Stamps

An advanced guide to building a stamp collection of high quality and enduring value



Robert A. Siegel

AUCTION GALLERIES, INC.

siegelauctions.com

I collect, therefore I am

Reflections on stamp collecting and the search for the simple pleasures of life

Commentary by Scott R. Trepel, president of Siegel Auction Galleries

My introduction to stamp collecting occurred in 1971 in my fourth grade class at Malcolm S. MacKay Elementary School in Tenafly, New Jersey, a suburb located a few miles north of the George Washington Bridge. My teacher, Grace M. Coyle, was that special teacher you always remember. Miss Coyle loved young children and dedicated herself to educating them. Years after graduating from high school, I visited her to say how much she changed my life.

In Miss Coyle's classroom, where the scale of everything was so much smaller, stamps seemed so much larger to me. She told the class that stamps would teach us about the world. We would learn about people and events. We would discover places on the globe that were very far away, yet the stamps we could hold in our hands had traveled all the way from those far-off places. Twice a week, Miss Coyle explained, there would be stamp-collecting time, when we could work on our albums, decorate objects with stamps, trade with classmates, and have show-and-tell.

From that moment, I never looked at a stamp the same way.

For me, stamps provide a tangible connection to a person or event from the past, or to a place that no longer exists or is too remote to visit. What I see in front of me or hold in my hands is the surviving artifact of a story.

Stamps—and the envelopes upon which they are affixed—often lead me on excursions. This month it might be the Pony Express, and the next it is Japanese American internment camps. Those trips, inspired by stamps, are a continuation of the journey Miss Coyle started me on in 1971.

I have written this brief guide to stamp collecting, because I know there are people who, just like I did, collected stamps when they were kids and want to start again. Only this time, you have more than your lunch money to spend.



From the 1934 National Parks set—the 5¢ Yellowstone is the first stamp I bought for my childhood collection



Franklin D. Roosevelt was the nation's presidential philatelist—at right is an absentee bid form he sent to an auction firm in 1935

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391	2 25	452					
394	6 00	458					
621	5 25	528					
622	10 25	585					
626	6 00	525					
627	7 50	734					
628	7 00	623					
629	9 50	823					

*Society reference alone is not sufficient. We require either a dealer or good commercial or bank reference besides. (over)

President Franklin Delano Roosevelt was a life-long stamp collector, inspired by his mother to start when he was young. He is the only American president to express his enthusiasm for the hobby. FDR said that collecting stamps “dispels boredom, enlarges our vision, broadens our knowledge, makes us better citizens and in innumerable ways, enriches our lives.” Upon his death, FDR’s collection comprised more than 1.2 million stamps in 150 albums.

There are many approaches to stamp collecting. To enjoy the hobby, it is important to find the right one.

For some, achieving completeness is the goal. The late Robert Zoellner was the first person to complete a collection of Scott-listed United States stamps. (The Wikipedia claim that Benjamin Miller was the first is wrong; Miller was missing several that were listed at the time.) Bob was a friend, and early on he told me that he enjoyed stamp collecting because he felt he was actually building something. In his daily work in risk arbitrage, he bought and sold, but at the end of the day there was only money. Bob said that when he completed a set or page of stamps, it brought him simple yet satisfying pleasure.

In this “advanced” guide to collecting, I will talk about some of the basic approaches for adults. The stamps shown are rare and valuable (except for my first stamp, the 5¢ Yellowstone), and their acquisition will be a challenge, but that’s the fun of it.

The house that Scott built

Using the Scott Catalogue for structure and information in the Information Age

As a nine-year-old stamp collector with the name Scott, I was naturally quite excited to learn that the standard catalogue for stamp collectors bears my name. It was first published in 1868 by John Walter Scott, one of the earliest stamp dealers. Today, it is published by Amos Media. The Scott numbering system is used by stamp collectors to identify every issue and variation deemed worthy of inclusion in the catalogue. The Scott values provide a basis for transactions and guide to relative value. The catalogue is available in paper or digital form (products can be ordered online at scottonline.com).

Catalogue numbers are essential to the acquisition and organization of stamps. They provide a beginning, middle and end to a collection. With Scott numbers, one can create a “want list” and inventory. They are a part of the language of philatelists. Collectors can be heard bragging about “buying the number 19 in the Siegel sale last week” or complaining about “getting outbid on that C15.”

The Scott Catalogue itself is a staggering, perhaps daunting, compilation of information. I remember reading it for the first time, and there were entire sections I just ignored, because there was far too much to absorb at once. Decades later, I still need a refresher course in certain specialized areas or countries if I have not been working with them for awhile. And, of course, the catalogue is evolving, with new listings and changes in information based on new research.

The Scott values are also important, because they provide a degree of stability in a market that still has inefficiencies. However, their relevance to actual fair market value can vary by stamp or circumstance. The lesson I frequently give to buyers and sellers is how to interpret Scott values. Condition can make a stamp worth 5% or 5,000% of catalogue value. Italicized values based on a single auction result can be too low if the transaction occurred years earlier, or too high if the same market conditions that led to the high price cannot be recreated.



John Walter Scott
(1845-1919)



Two \$5 Columbian stamps from the same auction — Scott value of \$2,500 — the top stamp in sound original-gum Very Fine condition brought \$2,960; the bottom stamp with disturbed gum, a small thin and Fine centering brought \$517.50

How a stamp album protects and serves

A prefabricated stamp album offers the most convenient way to keep stamps safe and arranged in logical order, usually following the Scott numbering system. The publishers of the Scott Catalogue also manufacture albums for collectors. There are a dozen U.S.-related albums in the Scott product line, which can be purchased through online distributors.

The best albums have Scott numbers clearly visible. This makes it easy to place a stamp in its correct position, and also to see which issues or varieties are missing. Using hinges to affix stamps in an album is no longer considered a proper method. Instead, mounts are affixed in the spaces, and the stamps go inside the mounts. The more expensive “hingeless” albums come with mounts already in place.

As a collection grows and spaces in the album are filled, the impact of complete sets begins to be felt. This is the satisfaction Bob Zoellner spoke of, and I think viewing stamps arranged on pages is the best way to appreciate their beauty and quality.

If a collector has the means and inclination to build an important collection, which I define as exceptionally complete or of exceptionally high quality (or both), then the choice of album will be of even greater importance. The Siegel firm has created special albums for clients, which include pages for the basic issues, but also provide for major rarities, varieties and even specialized items, such as blocks and covers. These bespoke albums have been used to hold collections worth millions of dollars. They remind me of the special albums the Weills of New Orleans used to create for their clients, using British-made Godden binders and pages, with each stamp carefully mounted and typewriter captions on every page.

With the structure of a catalogue and album in place, the quest for stamps may begin in earnest.

A custom-made album page from the Zoellner collection, with a complete set of the rare Z Grill stamps, including the key to a complete U.S. collection, the 1¢ Z Grill (Scott 85A), of which just one is available to collectors



Setting a realistic objective

Coming to terms with financial realities is the first way to avoid disappointment

I love rare vintage Red Burgundy wines, but I do not drink them, unless of course the other guy is paying. Maybe if I had joined Computer Club instead of Stamp Club, the course of my life would be different, and I could indulge in fine Burgundy at \$10,000 a bottle without thinking twice. Unfortunately—or perhaps fortunately—that is not how things worked out.

It is the same in stamps. There is no point trying to build a complete U.S. stamp collection, including all of the grills, Special Printings, inverts and other rarities, without the many millions of dollars it requires. A goal and the money it takes to achieve that goal must be in accord.

I have helped quite a few new collectors figure out the right approach for them, and the discussion always begins with a candid assessment of financial commitment. Even if someone has the net worth to acquire the rarest stamps, if the mind is unwilling, then the quest will be fruitless.

To illustrate my point, I will relay a story told to me by Bob Siegel about Stephen Bechtel Sr., who retired from the Bechtel Corporation in 1960 at the age of 60. Mr. Bechtel was one of the world's wealthiest men. He was also a stamp collector and a client of the Siegel firm and the Weills until his death in 1989.

As the story was told to me, Mr. Bechtel informed Siegel and Weill that he could afford to buy any stamp he wanted at any price, but that would take all of the fun out of it. So, he set a ceiling on the price of any stamp he purchased—Scott value—and he would never go beyond that number.

That was a billionaire's way of applying financial reality—in this case, virtually unlimited buying power—to his collecting strategy, in order to maximize enjoyment.

The Bechtel scenario is unusual, to say the least. The more typical challenge is creating a realistic collecting strategy that aligns with the limitations of financial capability or commitment. To enjoy stamp collecting, the collector must be able and willing to buy the stamps he wants.



*24¢ Inverted Jenny
(Scott C3a) Position 58—
the only example with a
PSE grade of XF-Superb 95
Sold in 2005 for \$577,500*

How much money does it take?

A fair question. I can answer with rough estimates, based on the collections I have helped clients assemble and sell.

A basic Scott U.S. National album, with spaces for regular and commemorative stamps issued from 1847 to the 1930s (at this point, stamps become very common and cheap, except for errors), *excluding* the rarest grills, Special Printings and errors, can be filled with well-centered (Very Fine) sound stamps with previously-hinged original gum for about \$750,000 to \$1,000,000. The same stamps in Extremely Fine condition (graded 85 and above) would cost approximately three to four times as much. These values are for single stamps, not blocks, except for coils, which are usually collected in pairs or line pairs.

In used condition, the same collection in sound Very Fine quality would require \$300,000 to \$400,000, and if Extremely Fine (graded 85+), a similar three to four multiplier would apply.

The rarest grilled issues—listed in the Scott Catalogue as numbers 80, 81, 82, 85A, 85D and 85F—are very difficult to value, because they infrequently appear at auction. However, just based on past realizations, those six stamps alone would bring approximately \$5 million.

The Bank Note Special Printings (Scott 167-181, 192-204, 205C, 211D) were sold without gum and are generally only found in unused condition. The Scott value for the whole set is more than \$1.6 million, and even with reduced prices for typical centering and condition problems, it would add at least another million dollars to the budget. A set of the finest-quality Special Printings would probably bring more than \$2 million.

The major Invert errors are among the world's most desirable stamps, and serious collectors usually make them a priority. The 1869 Pictorial Inverts exist in both used and unused, but the unused examples are exceedingly rare (only three of the 15¢ and 24¢ values are available to collectors). An unused set has a value of more than \$2 million. Used examples can be bought for \$60,000 to \$80,000 in typical condition, but sound Extremely Fine examples would cost between \$300,000 and \$400,000.

Thus, a basic U.S. stamp collection can cost anywhere from \$300,000 to more than \$10 million. This is why a collector must first determine a personal level of commitment.



15¢ 1869 Invert
(Scott 119b)—the only recorded example with original gum, PSE and PF certificates

Sold in 2013 for \$920,000



4¢ 1908 Imperforate
(Scott 314A)—Mint NH, PF certificate

Sold in 2015 for \$230,000

How to avoid making mistakes

Falling down becomes a lot harder as we get older and more cautious

Watching little kids play is a lesson in life. They trip, bang into each other, tumble and fall. They get right back up and brush off the dirt, then play some more.

In my 20s and even into my 30s, I could play touch football and hit the dirt. Then it started hurting more, and I began to dislike falling. If it happened—on an icy path, for example—it was very unpleasant. I have not reached the hip-fracturing age, but my dislike of falling has escalated into near fear. I see myself lying on the kitchen floor, calling out “help me, help me, I’ve fallen and I can’t get up.”

Falling has a mental equivalent: making mistakes, getting ripped off, and misjudging character. As we go through life, the minor injustices and others’ misdeeds have a cumulative effect. We are more cautious and wary, less likely to take the risk of trying something new, and fearful of looking stupid if we make a mistake or if someone gets the better of us.

Even though the financial consequence of a mistake might represent a much smaller fraction of our net worth than it would have when we were young, we treat the possibility of loss as though we might be down to our last dollar. The risk side of the risk/reward ratio blows up out of all proportion.

We simply hate to fall.

In the collecting world—stamps, coins, art, anything—the potential for making mistakes or getting ripped off is huge. The only thing that comes close is home renovation. Ever since the guy who installed a new deck at my house completely and utterly cheated me, I have been loathe to have anything to do with home builders. (Thus, the reason for my home’s terrible state of disrepair.)

There are two types of mistakes in collecting: one is an error of acquisition, and the other is a missed opportunity. I’ll just talk about errors of acquisition, because they are more likely to cost you money and make you feel like you have fallen hard. Missed opportunities are the regrets of advanced collectors.



*5¢ 1847 Issue (Scott 1),
part original gum, graded
XF-Superb 95 by PSE*

Sold in 2015 for \$20,700



*10¢ 1847 Issue (Scott 2),
original gum, graded
XF 90 by PSE*

Sold in 2011 for \$138,000

Fake or Fortune and The Price is Right

An error of acquisition is a bad stamp, a bad price, or both. In stamps, as in life, if a deal looks too good to be true, it ain't.



*\$4 Columbian (Scott 244),
Mint NH, graded XF 90
by PSE*

Sold in 2015 for \$18,975

Sub-par stamps are everywhere. If accurately described by the seller—centering grade, gum condition if unused, faults or alterations fully disclosed—there is nothing wrong with a sub-par stamp. In fact, if a collector wants to stretch a budget, filling an album with this kind of stamp is one approach.

Sometimes a stamp's centering is just shy of a higher grade level, or a tiny flaw knocks it out of the sound category. The price can drop significantly for such as stamp, just as a G-color VVS diamond will sell for much less than a D Flawless stone.

Therein lies the potential for error (or fraud).

An unscrupulous seller who sells Very Fine as Extremely Fine, or hides the fact that a stamp has a thin or has been reperfed or regummed, can turn a \$500 stamp into a \$2,500 stamp. That is every beginning collector's nightmare: buying something that is not properly and accurately represented.



*5¢ Panama-Pacific (Scott 403),
Mint NH, graded Superb 98
by PSE*

Sold in 2013 for \$2,300

Thanks to certification services like The Philatelic Foundation (PF) and Professional Stamp Experts (PSE), collectors have the means to protect themselves against misrepresentation most of the time. If a stamp has a certificate dated within the past ten years, then most condition factors affecting the value will be described in the opinion. Not all, but most. It is important to make sure the certificate is an original, not a copy, and that the photograph on the certificate matches the stamp.

As for price, there are three sources: the Scott Catalogue for relative values, *Stamp Market Quarterly* (published by PSE) for graded stamps, and the Siegel firm's online POWER SEARCH, which allows you to see what actual stamps have brought in Siegel auctions (by Scott number, condition, grade). There is no easy way to learn about values, but these sources are a start.

Just remember that you will fall sometimes. It is inevitable. The key is playing the game without letting your fear of making a mistake get in the way.

Finding a partner in collecting

You wouldn't go on an African safari without a guide, would you?

Stamp collecting is often described as a loner's hobby, but the reality is almost every collector I know enjoys conversing with others. Current auctions, upcoming shows, the relative merits of this or that item, research projects—these are the things stamp collectors, or *any* collectors, talk about with each other.

Collecting in a vacuum is simply not as much fun. In fact, without a social partner in collecting, making decisions can be more difficult. The exchange of information and opinions is an essential part of gaining knowledge and market awareness.

Shortly after Miss Coyle got me started collecting stamps, I discovered a stamp dealer in a nearby town. His name was Matthew Stanček, and he ran a street-level shop called Bergenfield Stamp & Coin. Matt was in his 50s and I was just ten years old when we met. He indulged my daily afterschool visits, when my mother would drive me to his shop and pick me up a couple of hours later. We became lifelong friends.

Matt was my partner in stamps. He taught me the basics and allowed me to look through his inventory and collections as they came through the door. He told me stories about the stamp business and advised me on proper business conduct and ethics. We stayed in touch after I started my career in stamps, a destiny he knew would be mine from the day we met.

The relationship between a collector and his “adviser” is one that must be built on trust. Some of my clients feel that I have a built-in bias to promote my consignors' interests, and therefore I cannot or should not be relied upon for impartial advice.

I agree that my consignors expect me and my staff to market their stamps to the best of our ability. However, I do not think that prevents us from giving prospective bidders information and substantive opinions. Most of what we have to say about an item is in the sale description. However, how or whether an item fits into *your* collection and collecting strategy is something we can only say to you, not publish in a catalogue. In that respect, we can be helpful and impartial partners.



2¢ Pan-American Invert
(Scott 295a), original gum,
certified Superb 98 by PSE
Sold in 2013 for \$218,500

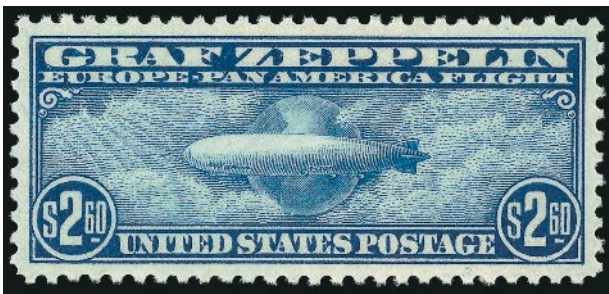


\$1 1908 (Scott 342),
Mint NH, certified
XF-Superb 95 by PSE
Sold in 2015 for \$6,612

Auctioneers, dealers and auction agents

The three kinds of professionals in the stamp business are auctioneers, dealers and auction agents. While each goes by a specific title, the fact is, all three offer overlapping services.

Generally, auctioneers take consignments and sell them at auction for a commission. Auctions can be either reserved or unreserved. Reserves are minimum acceptable bids set by the consignor and agreed to by the house. Unreserved lots have no such minimums. However, I always say that I have a fiduciary responsibility to the consignor to reject a bid I feel is unacceptable, even if the consignor has not placed a reserve on the lot. My threshold of acceptability is usually 50% of our estimate.



\$2.60 Graf Zeppelin (Scott C15), Mint NH, certified Superb 98 by PSE

Sold in 2014 for \$3,687

Dealers are, by definition, buyers, sellers and holders of items. I have great respect for those who do stock stamps. Knowing what to buy and how much to pay is very difficult. Knowing how much to sell it for is even more challenging. Historically, dealers provided stability to the stamp market, and in the U.S. they still do.

Finally, there are the auction agents. These individuals neither stock inventory nor conduct their own auctions. They attend auctions, execute bids and examine the lots for clients. Collectors use an agent when they cannot attend an auction in person, bid online, bid by phone, and do not want to give their bids directly to the house. An auction agent executes absentee bids and charges a fee for keeping the maximum bids secret.

Collectors will discover that each professional has a role to play in different circumstances. If I told you that all of your stamp-collecting needs can be met by the Siegel firm, you would have good reason to doubt me.

I do believe that auctions provide buyers and sellers with the best way to exchange information and establish a fair market price for a transaction. If I didn't believe that, I would not be in the auction business. But dealers and auction agents play an important role, and having the right ones helping you is never a bad idea.

The takeaway from this brief overview of professionals should be the importance of finding your own "Matt Stanchek," someone who is a reliable teacher and advocate.



The world's number one source

If the time has come for you to start collecting United States stamps, we are here

The Siegel firm has been selling stamps to collectors continuously since 1930, when a teenage Robert A. Siegel started operating from his home in Kansas City, Missouri.

We take special pride in working closely with serious collectors to help them learn about philately and the market. We source material from consignors, and our auctions are conducted with the utmost integrity. Stamps bought from Siegel are backed by decades of experience and a return policy if the PF or PSE experts disagree with our description.

Our buyer's premium and commission rates are competitive. Our sale catalogues win awards for research and presentation. And our online resources are used by thousands of stamp buyers around the world, every day.

The decision to start forming a collection of U.S. stamps is a big step, requiring a major commitment of personal capital and effort. To do it right, and to avoid the traps that can ruin a collecting experience, please call us before you spend one dollar. We are here to help you achieve your goals.

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