

# Rounding Up the MASTER MINDS of the COUNTERFEIT STAMP RACKET

**W**HILE smashing through a secret passageway in an inconspicuous Philadelphia office building a short while ago, Treasury Secret Service men made a sensational discovery—a discovery that was to link Cleveland, Akron, Philadelphia and New York with a nation-wide stamp counterfeiting ring, and which led to its expose. Cunningly concealed underneath fake drawers and desks was complete equipment for manufacturing and counterfeiting stamps, including engraving plates, perforating machines, cameras and gumming apparatus.

Everything was of ultra-modern design and most efficient in operation. Three enormous boxes contained thousands of forged stamps of the current two-cent United States variety, which, if genuine, would be worth approximately \$14,000. And as if this were not enough, two other boxes were well filled with bogus documentary stamps.

By piecing together various bits of evidence, the federal agents proved conclusively that here was headquarters for one of the largest-scale fake stamp "factories" in American history.

Not only was every stamp made so close to perfection that even the best of experts might be fooled despite the aid of high-powered microscopes and other identifying apparatus, but the equipment was capable of producing enough spurious stamps in a week's time to cheat the Treasury out of at least \$10,000.

This spectacular haul strikingly illustrates the importance to the nation of a little band of super-sleuths of the Treasury Department. Were it not for their everyday vigilance, intelligence, daring and clever undercover activities, the entire country would be flooded with a wealth of spurious stamps.



**Capt. William H. Houghton, Secret Service official, displays a stamp and dollar bill counterfeiting plant in a suitcase.**

**O**NE of the most difficult types of case to deal with is the illicit dealer in "washed" documentary stamps.

The prevailing methods of canceling documentary stamps make it comparatively simple for the crook to "wash" them, or remove the cancellation marks. Any registered government postal clerk can cancel such stamps by writing on them in ordinary ink. Whereupon, the crooked stamp dealer simply steams off the cancellation marks, or uses a chemical to remove them.

However, due to the very nature of these stamps—for use as a government sales tax on stock transactions—the market is limited. Therefore, a frequent practice is to form a ring composed of the expert who washes the stamp, and crooked stock brokers or bank officials. Such a ring was broken up months ago in Boston.

It seems that due to the alertness

of the Treasury undercover men, a certain dealer in collectors' stamps was under suspicion—he seemed to be doing very little business selling "rarities" and "semi-rarities," but gave evidence of prosperity. The G-men finally swooped down and caught him red-handed with washed documentary stamps worth \$5200 in \$1 and \$5 denominations. Through him was revealed the fact that he was operating with three other men, all of them shyder stock brokers on a small scale, who were using the stamps to avoid payment of taxes.

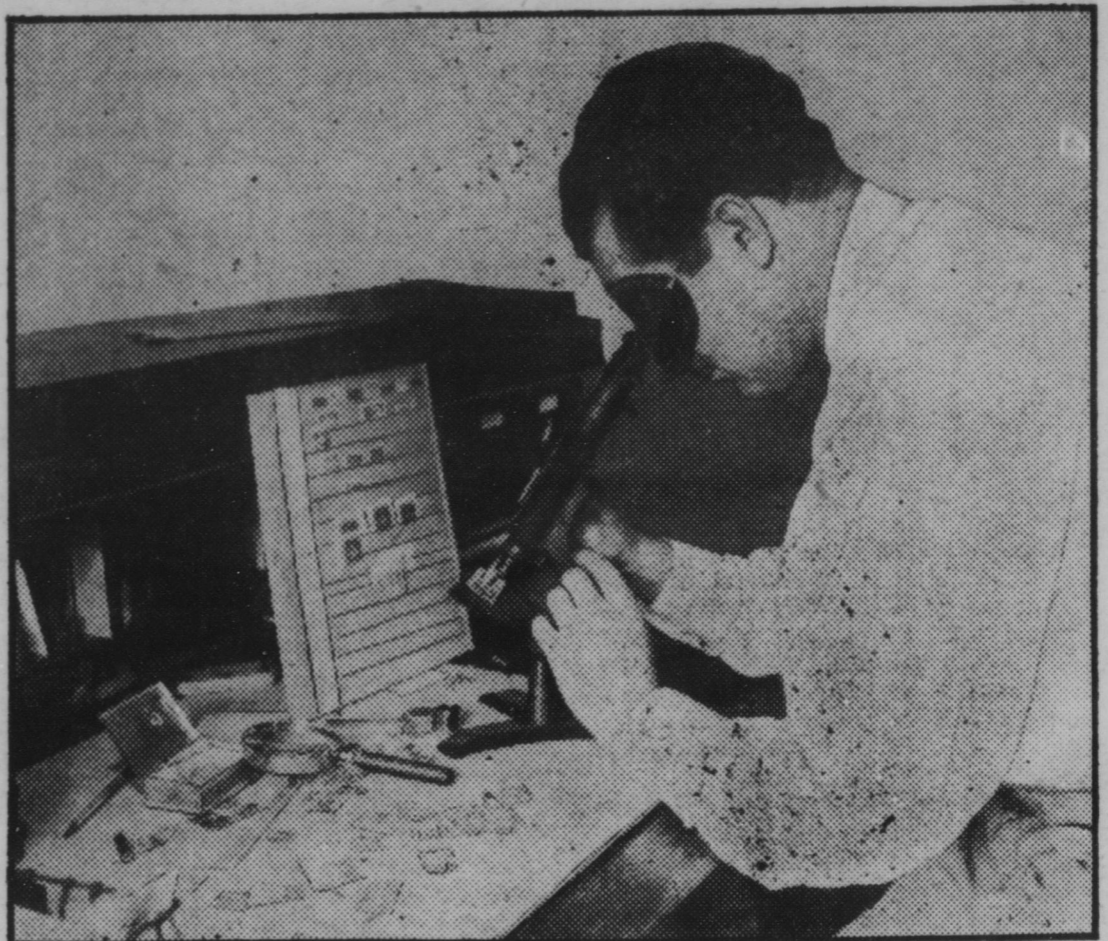


**When the go-between bought a ticket in New Orleans for a steamship bound for Havana, Secret Agent X cracked down.**

bogus Cuban documentaries in required denominations, the go-between hopped a train for New Orleans—but Secret Agent X was on that train too. The Federals did not want to make an arrest just yet, for they did not know for whom the stamps were intended, nor even, as a matter of fact, that they were Cuban stamps.

When the go-between bought a ticket in New Orleans for a steamer bound for Havana, Secret Agent X cracked down. As a result, the lawyer was taken into custody, but—Cuban authorities being a trifle careless—he escaped to Mexico, where he is now in exile. However, X didn't fail in his duty, for so secretly did he work that the Philadelphia end of the racket was effectively squelched.

A somewhat similar case was successfully handled by the government stamp detectives in New York City. In this instance, one crook operated practically alone, and combined washing documentaries with counterfeiting regular 2-cent stamps. More than \$10,000 worth of the former were found in his possession, so perfectly restored to their original condition that only the canniest of experts could tell they had been used.



**A stamp G-man—wearing a mask so that his identity won't be revealed by the camera—using an especially devised magnifying apparatus to determine whether a stamp is genuine or spurious.**

**C**ASE 16074-M in official postal records describes the maneuvers of a counterfeiting ring that was exposed some months ago in Akron, Ohio. Involved were a man in the rubber goods business in Akron, a pawnbroker in Cleveland, and a forger in New York City.

Upon advice from a stamp collector that bogus 2-cent stamps were being widely circulated in Akron, the local postmaster telephoned headquarters in Washington. An ace inspector at once hopped a plane to the Ohio city to take charge of the case and attempt to run down the culprits.

The tip-off proved correct. Hundreds of spurious stamps were being distributed in the region and several good-sized business concerns were unwittingly using them for mailing advertising booklets and other literature in large amounts.

The counterfeits were perforated 12 by 12, whereas the real stamps carried only 11 perforations on two sides and 10½ on the other two. Otherwise the fakes could not have been told from the genuine, even by experts, so clever was the job of engraving.

Investigation revealed that the principal user of the stamps (and innocently enough, it developed) was a large automobile dealer. He had received the fakes from a certain Mr. K, who was promptly arrested by the local police when he returned from a trip to Cleveland.

Several of the fake stamps were found in his wallet. Mr. K stated that he was in the rubber goods business and had received the guilty stamps from a pawnbroker in Cleveland in payment for some merchandise he had sold.

Cleveland authorities pounced on the pawnbroker, and found 5000 of the illegal stamps in his possession. That washed up the case completely.

Recently similar fakes began showing up in other parts of the country, and a certain New York pawnbroker was discovered selling a number of stamps identical with those the Cleveland pawnbroker had marketed. The engraving plate was found in the New Yorker's possession and he cooked up the explanation that he was making the stamps to sell to collectors, and was in no way trying to violate the law!

Throughout the case, the Treasury was convinced that the New Yorker distributed his fakes through a series of inter-city pawnbrokers. He and the Cleveland pawnbroker were convicted, but no other pawnbrokers connected with the so-called ring were caught. K was adjudged not guilty.