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[REDACTED]

15 June 1987

MEMORANDUM FOR: Chief, [REDACTED]
FROM: [REDACTED]
SUBJECT: FOIA Request Pertaining to [REDACTED] Personnel

1. In April 1987, Department of the Treasury, Bureau of Engraving and Printing (BEP), submitted an investigative file on the sale of misprinted stamps in conjunction with a FOIA request from a stamp dealer. BEP requested that the Agency review the file for appropriate exemptions prior to its release. The names and identifying data of two [REDACTED] employees were deleted from the report.

2. In May 1986, BEP conducted an investigation to determine the circumstances surrounding the printing of inverted postage stamps, specifically, the \$1 Americana Candleholder and Rush Lamp stamp. One sheet (400 stamps) was reversed inadvertently prior to printing which caused that portion of the stamp to be printed upside down. The error was not discovered during subsequent processing and examination. A portion of the sheet (95 stamps) was sold to a postal customer on March 27, 1986, at the McLean Post Office Sub-station, 1544 Spring Hill Road, McLean. No information was developed during the investigation to indicate intentional wrongdoing on the part of any BEP employee or collusion between a BEP employee and any persons in possession of the inverted stamps after release to the Postal Service.

3. During the course of the BEP investigation, [REDACTED] stamp dealer, was interviewed. [REDACTED] in an article published in Linn's Stamp News. [REDACTED] 85 inverted \$1 stamps from two individuals acting on behalf of themselves and seven other individuals. He was given one stamp which was severely damaged. [REDACTED] provided the name and telephone number of [REDACTED] as seller of the stamps.

4. In May 1986, [REDACTED] and [REDACTED] identified as CIA employees, were interviewed by BEP investigators. [REDACTED] stated that in [REDACTED] capacity as a [REDACTED] supervisor, [REDACTED] routinely purchased postage stamps for official use. On 27 March 1986, [REDACTED] purchased 95 \$1

[REDACTED]

[REDACTED]

stamps. On 31 March 1986, a subordinate noticed that the stamps were printed incorrectly. This created speculation within the office that the stamps may be valuable to a collector. [redacted] a subordinate and also an amateur stamp collector, concurred that the stamps might be rare. An Annandale, Virginia, stamp dealer referred [redacted] to [redacted] in New Jersey. The proceeds of the sale to [redacted] were shared by [redacted] and seven other unidentified CIA employees. [redacted] emphasized that the 86 inverted postage stamps, normally valued at \$86, were replaced with regular postage stamps. [redacted]

5. The FOIA request and accompanying investigative report were reviewed by the Office of General Counsel (OGC) and the Office of the Inspector General (OIG). OIG deferred the investigation to the Office of Security, and OGC noted that although the act was not a major crime, it was considered conversion of U.S. Government property for personal gain. Subsequently, it was determined by the [redacted] and [redacted] that each of the nine individuals would be interviewed and would be told that a possible violation of law had occurred, and that the matter may be referred to the Department of Justice. [redacted]

6. The nine employees were identified as [redacted]

[redacted] currently assigned to [redacted]

7. [redacted]

[redacted] is the [redacted] supervisor, and as such, [redacted] is responsible for the procurement of mail supplies and postage. In March 1986, [redacted] requested an advance of funds from [redacted] for the purchase of stamps. Several denominations of stamps were purchased, including 95 \$1 stamps. Subsequently, a receipt for the purchase was submitted to [redacted]

8. [redacted] instructed [redacted] to purchase the stamps on 27 March 1986. Nine stamps were used for official purposes before [redacted] noticed the misprint a [redacted]

few days later. He suspected that the inverted stamps might be valuable, and he suggested to [REDACTED] that they seek advice from [REDACTED] known to [REDACTED] personnel as an amateur stamp collector. [REDACTED] recognized that the inverted stamps were of special interest and he recommended an appraisal. By this time, all [REDACTED] employees were aware of the discovery. They jointly referred to the Yellow Pages directory to locate a professional dealer. At this point, [REDACTED] took possession of the 86 inverted stamps and used \$86 of [REDACTED] personal funds to purchase an additional 86 stamps for official use. [REDACTED] also decided that the profit from the sale of the stamps would be divided equally among nine [REDACTED] employees. [REDACTED]

9. [REDACTED] traveled voluntarily to Annandale, Virginia, to visit the stamp dealer. He was accompanied by [REDACTED]. They were referred to a stamp dealer in New Jersey who specialized in misprints. During a telephonic conversation with [REDACTED] in New Jersey, [REDACTED] was requested to board the next available airline flight at [REDACTED] expense. [REDACTED] has a fear of flying, so he requested that [REDACTED] accompany him to New Jersey via private vehicle. The next day, [REDACTED] and [REDACTED] used annual leave and departed the Washington vicinity at 1000 hours. [REDACTED]

10. After a five hour drive, they met with [REDACTED] who acted on behalf of a buyer he had contacted prior to their arrival. [REDACTED] and this unidentified buyer conversed telephonically in the presence of [REDACTED] and [REDACTED]. They were queried for a purchase price and after some discussion, they sought advice from [REDACTED] telephonically. [REDACTED] advised them to request \$50,000, which was rejected and counter-offered at \$20,000. [REDACTED] then agreed to charge the commission fee of \$5,000 to the buyer, and [REDACTED] made the final decision to sell the stamps for \$25,000. One check in the amount of \$25,000 was paid to [REDACTED] but after consulting with [REDACTED] was requested to provide checks in the names of the nine individuals for \$2,777.77 each. [REDACTED] and [REDACTED] arrived in the Washington vicinity at 2200 hours and presented the checks to their co-workers the next day. [REDACTED]

11. In April 1986, [REDACTED] read an article in Linn's Stamp News which reflected that the inverted stamps were purchased by a Virginia business firm and sold to a collector. The article reflected that both the seller and buyer wished to [REDACTED]

remain anonymous. The stamps were insured by the buyer for \$500,000. At this time, [redacted] became concerned that the sale of the stamps was illegal. [redacted] anxiety was heightened when [redacted] was contacted by BEP during an investigation of the misprint. [redacted] agreed voluntarily to be interviewed by BEP under the condition that the other seven employees not be identified. [redacted] failed to report the matter to [redacted] supervisor in order to protect [redacted] staff from disciplinary action. [redacted] noted that subsequently, two of the individuals completed routine [redacted] satisfactorily. [redacted]

12. [redacted] is a [redacted] employee.

[redacted]
[redacted] In late March 1986, he was instructed by his supervisor, [redacted] to purchase postage stamps at the McLean Post Office Sub-station. He used official funds to purchase [redacted] 95 \$1 stamps. He delivered the stamps and receipts to [redacted] Nine of the \$1 stamps were used for official business purposes prior to detection of the inversion by [redacted] was aware of [redacted] action regarding the sale of the stamps, and he was told by [redacted] that he would be included in the proceeds of the sale. [redacted] made no decisions in the sale of the stamps, and he noted that none of the employees realized that the transaction might have been construed as illegal. The profit was shared equally among nine individuals, and each received a check in the amount of \$2,777.77. [redacted]

13. [redacted] is a [redacted] employee.

[redacted] stated that he was the first to notice the misprinted stamp, which depicted the engraved portion of the design inverted in relationship to the offset portion. This was the first real invert on a U.S. postage stamp since the 1918 upside down Jenny airmail stamp. [redacted] was aware of the value of the misprint because his grandfather served in World War I as a Jenny aircraft pilot. He related the discovery of the misprinted stamps to other [redacted] employees, and [redacted] advised that [redacted] would purchase the stamps with personal funds and reimburse the Agency the face value of the stamps. [redacted] had no decision-making role in the sale of the stamps, although he was told by [redacted] that nine [redacted]

employees would share the proceeds from the sale. He was aware of the ensuing events as already described, and he also received a check in the amount of \$2,777.77. [redacted]

14. [redacted] is a [redacted] employee [redacted]

[redacted] stated that in late March 1986, [redacted] approached him with a sheet of 86 postage stamps which [redacted] subordinates [redacted] believed might be valuable. [redacted] has been an amateur stamp collector since childhood. He recognized that the inverted stamps were of special value and he recommended an appraisal. [redacted]

15. [redacted] and [redacted] voluntarily took the stamps to a professional dealer in Annandale, who referred them to an inversion specialist in New Jersey. Telephonic contact with the New Jersey stamp dealer confirmed their belief of a rare discovery. This stamp dealer, [redacted] encouraged them to travel to New Jersey as soon as possible, and he offered to pay for air transportation, a chauffeur and a limousine. [redacted] preferred to drive, and the next day he and [redacted] traveled from Washington to New Jersey. They met with [redacted] for approximately one hour before the sale was negotiated. In the meantime, [redacted] sought advice from [redacted] telephonically. [redacted] wanted to divide the stamps among the co-workers to be saved as a collector's item; however, it was clear that [redacted] and [redacted] desire was to sell the stamps for profit. [redacted] and [redacted] also took it upon themselves to identify the nine individuals who would receive a profit from the sale of the stamps. [redacted]

16. [redacted] is a [redacted] employee [redacted]

[redacted] provided substantially the same information as [redacted] and [redacted] noted that none of the individuals realized that what they had done could be construed as an illegal act, especially since the stamps were replaced with personal funds. All employees contributed an equal share to reimburse [redacted] the \$86 that [redacted] used to replenish the official supply of stamps. Additionally, it was unknown how valuable

[REDACTED]

the stamps were until [REDACTED] and [REDACTED] met with the stamp dealer in New Jersey. Therefore, [REDACTED] rationalized that no intentional wrongdoing was planned by any members of the [REDACTED] staff. [REDACTED] stated that the discovery was a once in a lifetime lark, and they seized upon the opportunity for personal gain. If [REDACTED] and [REDACTED] had realized that the act was considered conversion of U.S. Government property for personal gain, they would not have briefed the staff on the discovery of the misprinted stamp. [REDACTED]

17. [REDACTED] is a [REDACTED] employee [REDACTED]

[REDACTED] was present when [REDACTED] first noticed the misprinted stamp. By close of business, all [REDACTED] employees had been notified by [REDACTED] that the stamps might be valuable, and all were told that they would receive an equal share of the profit. [REDACTED] was not involved in the sale transaction; however, he assumed that the sale was legal because [REDACTED] endorsed it. A few days later, he was presented with a check in the amount of \$2,777.77. [REDACTED]

18. [REDACTED] is a [REDACTED] employee [REDACTED]

[REDACTED] advised that he was on annual leave during the period of the stamp discovery and subsequent sale. He recalled that [REDACTED] contacted him at home telephonically and related the terms of the sale. When he returned to work a few days later, he was presented with a check in the amount of \$2,777.77. [REDACTED]

19. [REDACTED] is a [REDACTED] employee [REDACTED]

[REDACTED] advised that he was a part-time employee in the [REDACTED]. He was present on the day that the misprint was discovered and noted that [REDACTED] considered giving him only one-half of a share in the sale of the stamps because of his part-time status. He was surprised when he returned to work the next week and was presented with an equal share of the proceeds in the amount of \$2,777.77. [REDACTED] recalled that the staff became concerned when the sale of the stamps was disclosed in a stamp publication, but they were assured by [REDACTED] that the matter was in [REDACTED] control. [REDACTED]

[REDACTED]

20. [redacted] is a [redacted] employee.

[redacted] advised that he was enrolled in college full-time from January to May 1986 and was not employed during the period of the misprint discovery and subsequent sale. Furthermore, he was [redacted]. He recalled that [redacted] contacted him telephonically in April 1986 and requested that he report to the office. He presumed that the request was related to his pending [redacted] and he was surprised when he was presented with a check in the amount of \$2,777.77.

21. The nine employees were shocked by the revelation that the act represented a conversion of U.S. Government property for personal gain. They were remorseful of their involvement in such an activity, but all of them stressed that no intentional wrongdoing had occurred. It was apparent during the interviews that [redacted] and [redacted] were the primary organizers and executors of the sale of the misprinted stamps. [redacted] was visibly shaken and expressed [redacted] remorse repeatedly. [redacted] felt most responsible for the transaction because of [redacted] position as supervisor of the [redacted].

22. [redacted]

[redacted]
It is recommended that a copy of this memorandum be placed in each employee's file, and the [redacted]