

The Daily Gazette

Tuesday 4th November 1873

G.P.O. Fraud Uncovered - Millions Stolen!

We now know that an unprecedented fraud took place in the early 1870's against the G.P.O., and the *fictitious* newspaper headlines above might well have announced the crime to the nation, but the truth is that it remained undiscovered for a quarter of a century. Even then, the public had to wait a further twelve years for yet more details to emerge, before an enquiry was carried out by the G.P.O. Of course, we're talking about the now famous (or infamous depending on your point of view) *Stock Exchange Forgery* involving the surface printed Queen Victoria one shilling green postage stamp from plate 5, forgeries of which were first discovered in 1898, and plate 6 where the forgeries were not discovered until 1910.



Photo

The torn corner portion of a Telegraphs Form illustrated above (courtesy of the Internet) shows a *forged one shilling stamp* attached as payment for 'up to 20 words' used on the Telegram. It has been cancelled at the London Stock Exchange for the 16th July 1872 (a Tuesday). Worthy of note is that two *different* cancels have been applied, one showing a "dash" between the words 'Stock' and 'Exchange', and an 'E.C' *without* a stop after the "C", and the other with more of a "stop" between 'Stock' and 'Exchange' and an "E.C." *with* a stop after the "C". This suggests that an unstamped Telegraphs form had been cancelled by a counter clerk, before being passed on to another clerk (perhaps in a back room) to receive the forged postage stamp, and then cancelled again tying the stamp to the Telegram.

What do we know?

- It's not known when the fraud first started or indeed when it stopped, but the earliest date noted on a forged stamp is *Monday 3rd June 1872*, and the latest is *Friday 13th June 1873*. The London Stock Exchange was open Monday to Saturday, which amounts to just over 320 working days throughout the period of time noted. However, this is likely to be just the tip of the iceberg!
- *Ian Ray*, a leading authority on the subject, has suggested that up to *2,000 Telegrams* were dispatched daily from the London Stock Exchange during the period 1872/1873.
- In 1915 a special study was made of existing forms specifically dated *24th June 1872*, which were among *9 tons* of un-pulped paper discovered at Hamper Mills, near Watford in 1910. Of these, no less than *724* bore one shilling stamps *identified as forgeries*.
- Assuming this level of fraud existed throughout the recorded 320 working day period, the G.P.O. is likely to have been defrauded to the tune of *£11,584*, which today would equate to in excess of *£1,250,000* - hence the newspaper headlines! More than that, almost *231,700* forged stamps would have had to have been printed and used.
- The perpetrators - *Ian Ray* records the names of the G.P.O. 'Insiders' as *George Smith*, controller of the Stock Exchange Telegraph Office, aided and abetted by two counter clerks, *Benjamin Hind* and *T(homas) Wright*. The engraver and printer have never been identified. By the time of the G.P.O. investigation, conducted after the discovery of more forged stamps in 1910, both Hind and Wright were dead, but George Smith was still alive and interviewed. The results of that interview have never been published. Interestingly, George Smith retired from the G.P.O. in the early 1870's due to ill health!
- Although the source of the 1892 leakage is not known, the location of the plate 6 forgeries in 1910 was supplied to the G.P.O. via an anonymous tip-off from one of the workmen involved in a row over the stamps - Hamper Mills, near Watford. On further investigation, the Paper Mill Owner, a certain *Joseph Gutteridge Smith (1823-1914)* said he simply closed the Paper Mill down in the early 1870's leaving everything 'just where it was'. However, census records for 1871, 1881, 1891, 1901, and 1911 all show the Mill still in operation, with Joseph Smith employing many mill-hands throughout that time. *What was the secret he was hiding?*
- *Plate 5* forgeries were first discovered in 1898 by the young philatelist *Charles Nissen (1880-1944)*. He found 100 examples all dated 23rd July 1872 (a Tuesday) all in the one batch. For reference, Plate 5 was first put to press 20th February 1871.
- *Plate 6* forgeries from 1872/3 only came to light in 1910, but these were better produced and consequently more difficult to spot. Plate 6 was first put to press 20th March 1872.
- Quite apart from the printing differences when compared to the original, the forgeries are on *un-watermarked* paper, often using corner letter combinations not found on genuine postage stamps which lie in the range AA-TL. An example of Plate 6 with the '*impossible*' letters **BP** is shown alongside.



Photo

What are the differences between the genuine stamp and the forgeries?

Forgery



Genuine

The two Plate 5 stamps illustrated above were both used on the very same day at the London Stock Exchange as payment for telegraph messages, and both bear the same corner letters - **DA**. The right-hand example is genuine, whereas the left-hand is a forgery.

Forgery



Genuine

Although very similar, there is a dead give-away regarding *Plate 5* in that the coloured corner squares containing the large white letters, which signify the position of the stamp on the printed sheet, are noticeably rounded on the forgery compared to the crisp corners on a genuine stamp.

Admittedly the Stock Exchange Forgery will never be found with a Perfin, but it is known that thirteen companies perforated genuine 1/- green Plate 5 stamps with their initials, and fourteen perforated genuine 1/- green Plate 6 stamps. Shown below is a '*genuine forgery*', flanked by two genuine Plate 5 stamps with Perfins, along with two genuine Plate 6 stamps with Perfins.



C0960.04M



C2087.01



N2520.01M



Liverpool Corn Exchange >>



R1030.12M

Issue of special Telegraph Stamps.

The very first 'official' telegraph message was transmitted on the 24th May 1844 in the U.S.A by **Samuel Finley Breese Morse (1791-1872)** - 'What hath God wrought?' - from Washington D.C. to Baltimore, a distance of some 40 miles. Inevitably, this sparked a revolution in communications technology, eventually leading to what we have today - mobiles and satellites.

Prior to 1870, when the G.P.O. was handed the monopoly for the *inland business* by the Government, transmission of telegrams was left to private enterprise, with many different companies competing for the trade. For example:

- The Electric Telegraph Co.
- London District Telegraph Co Ltd.
- United Kingdom Electric Telegraph Co Ltd.
- Universal Private Co Ltd, and many more.

Although private companies were not allowed to erect any telegraph poles on public land, they managed to get around the restriction by using the telegraph lines set up by the Railways Co's.

By and large, nationalisation of the telegraph system was prompted by the inadequate coverage offered by the private companies, particularly in the rural areas of Ireland, Scotland, and Wales. As a consequence, Acts of Parliament were passed in 1868 and 1869 authorising the Post Office to take over the *inland business* of existing telegraph companies. This was deemed complete on the 5th February 1870, at which point the Post Office took control of the service - in all, some 1,000 Telegraph Offices in Post Offices, and a further 1,800 located at Railway Stations. A standard rate was also introduced - one shilling for the first 20 words, and an extra 3d for each subsequent five words. Proof of payment was postage stamps to the required value stuck on the Telegraphs Form which was then cancelled by the Telegraph Office counter clerk.

Within the first few years it became evident that the service was running at a loss, no doubt exacerbated by the as yet undiscovered 'Stock Exchange Forgery'. Late in 1874, the Finance Secretary to the Post Office urged the use of special 'Telegraph Stamps' so that proper accounts could be made. This idea had originally been rejected in the late 1860's, but was eventually authorised in January 1875. The first P.O. Telegraph Stamps appeared on the **1st February 1876**, and from the 1st of May that year, postage stamps could no longer be used as payment. The denominations issued were the 1d, 3d, 1/-, and 5/-, all four of which are known with Perfins. Typical examples are shown below.



The 3d stamp above shows *postal use* in Glasgow on 19th January 1882. Although not officially sanctioned, postal use seems to have been tolerated after 31st October 1880 when Telegraph Stamps became obsolete.

It soon became evident that additional denominations were required, so a second issue was introduced on the **1st March 1877** comprising 4d, 6d, 3/-, 10/-, £1, and £5. Although the £5 Telegraphs stamp is not known with a Perfin, the £1 stamp is known Perfined.



There was in effect a third issue, when the 1/2d Telegraphs Stamp was introduced on the **1st April 1880**. This was necessary to meet alterations in some of the foreign rates, but the stamp was destined to be overtaken by events. Although known with Perfins, this scan of an imprimatur has been shown here for reference.



Photo

In May 1881, the Treasury was satisfied that separate accounts *could*, after all, be kept using postage stamps, and as a result no further stocks of Telegraph Stamps were sent out to postmasters after the 31st October 1881.

To misquote Paul Hogan (Crocodile Dundee), *'Now this is what I call a block'!*



Photo
© Grosvenor Auctions

This impressive 3x4 block of the 3d Telegraphs Plate 2, was used at the Wellington Street Telegraph Office in Hull on the 15th December, 1877. It is thought to be the *second largest* known block of the stamp, and was recently sold by Grosvenor Auctions.



The Perfin is "B&L/H" (B4390.02M), used by the shipping company *'Bailey & Leatham'* - the *'Tombstone Line'*.

