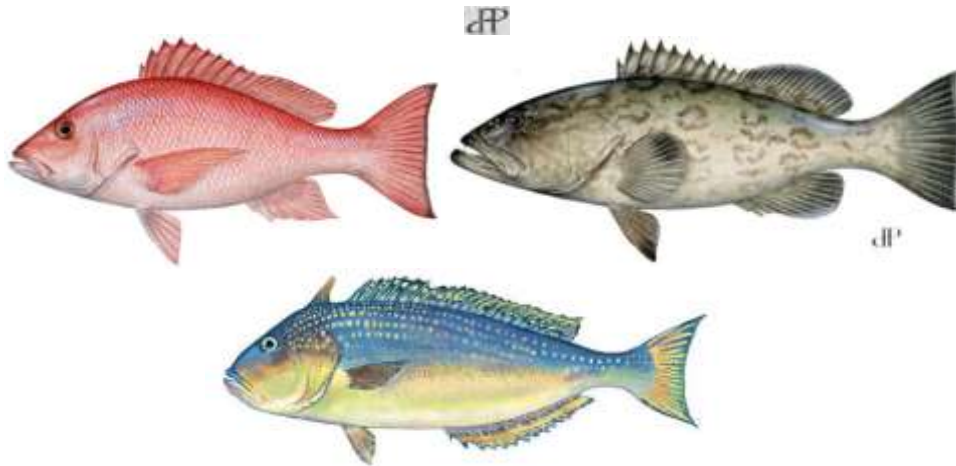


Modifications to Commercial Individual Fishing Quota Programs



Draft Amendment 36B to the Fishery Management Plan for the Reef Fish Resources of the Gulf of Mexico

October 2019



This is a publication of the Gulf of Mexico Fishery Management Council Pursuant to National Oceanic and Atmospheric Administration Award No. NA15NMF4410011

This page left intentionally blank

Amendment 36B to the Fishery Management Plan for Reef Fish Fishery in the Gulf of Mexico Region

Modifications to Commercial Individual Fishing Quota Programs, Including Environmental Assessment

Proposed actions: This amendment would require individual fishing quota (IFQ) shareholder accounts to be associated with a commercial reef fish permit and establish a divestment procedure for shareholder accounts that are not compliant with the permit requirement.

Responsible Agencies and Contact Persons

Gulf of Mexico Fishery Management Council 4107 West Spruce Street, Suite 200 Tampa, Florida 33607 Ava Lasseter (ava.lasseter@gulfcouncil.org)	813-348-1630 813-348-1711 (fax) gulfcouncil@gulfcouncil.org http://www.gulfcouncil.org
National Marine Fisheries Service Southeast Regional Office 263 13 th Avenue South St. Petersburg, Florida 33701 Peter Hood (peter.hood@noaa.gov)	727-824-5305 727-824-5308 (fax) http://sero.nmfs.noaa.gov

Type of Action

<input type="checkbox"/> Administrative	<input type="checkbox"/> Legislative
<input checked="" type="checkbox"/> Draft	<input type="checkbox"/> Final

ABBREVIATIONS USED IN THIS DOCUMENT

ACL	annual catch limit
ACT	annual catch target
Council	Gulf of Mexico Fishery Management Council
CSOS	Catch Share Online System
DWG	deep-water grouper
GG	gag (grouper)
GT-IFQ	grouper-tilefish individual fishing quota (program)
Gulf	Gulf of Mexico
gw	gutted weight
IFQ	individual fishing quota
NMFS	National Marine Fisheries Service
NPFMC	North Pacific Fishery Management Council
PP	public participant
RG	red grouper
RS-IFQ	red snapper individual fishing quota (program)
SERO	Southeast Regional Office
SWG	shallow-water grouper
TF	tilefish
ww	whole weight

TABLE OF CONTENTS

Abbreviations Used in this Document	ii
List of Tables	iv
List of Figures	v
Chapter 1. Introduction	1
1.1 Background	1
1.2 Purpose and Need.....	4
1.3 Additional information on the IFQ Programs	4
Chapter 2. Actions and Alternatives	9
2.1. Action 1 – Permit Requirement.....	9
2.2 Action 2 – Share Divestment	12
Chapter 3. References	14
Appendix A. Goals of the IFQ Programs.....	15
Appendix B. Conclusions from the Red Snapper and Grouper-Tilefish 5-year Reviews	17
Appendix C. Individual Fishing Quota Program Glossary	23
Appendix D. Control Dates.....	25
Appendix E. Advisory Panel Meeting Summaries	27
Appendix F. Summary of Scoping Workshops	43

LIST OF TABLES

Table 1.1.1. Share categories for species currently managed in the GT-IFQ program.....	1
Table 1.3.1. Overlap between vessels landing red snapper and grouper-tilefish.....	6
Table 2.1.1. Gulf commercial reef fish permits in relation to landings and IFQ accounts (2015).	11

LIST OF FIGURES

Figure 1.1.1. Percent of RS-IFQ and GT-IFQ shares held in shareholder accounts with and without a commercial reef fish permit (2007-2017).	3
Figure 1.3.1. Public (PP, no permit) and non-public (permit) IFQ shareholder accounts.	8

CHAPTER 1. INTRODUCTION

1.1 Background

There are two commercial individual fishing quota (IFQ) programs in the Gulf of Mexico (Gulf). The red snapper IFQ (RS-IFQ) program began on January 1, 2007 (GMFMC 2006), and the multi-species grouper-tilefish IFQ (GT-IFQ) program began on January 1, 2010 (GMFMC 2008; Table 1.1.1). The programs were implemented to reduce overcapacity in the commercial harvest of red snapper, grouper, and tilefish, and to the extent possible, the problems associated with derby fishing conditions.¹

Table 1.1.1. Share categories for species currently managed in the GT-IFQ program.

Multi-species share category	Share category Abbreviation	Species Included
Deep-water grouper	DWG	Snowy grouper Speckled hind Warsaw grouper Yellowedge grouper
	GG	Gag
	RG	Red grouper
Shallow-water grouper	SWG	Black grouper Scamp Yellowfin grouper Yellowmouth grouper
Tilefish	TF	Blueline tilefish Tilefish (golden) Goldface tilefish

During the development of the IFQ programs, the Gulf of Mexico Fishery Management Council (Council) discussed whether to allow public participation or to require new shareholder accounts be associated with a valid or renewable commercial reef fish permit, which is required to land the species managed under the IFQ programs. A shareholder account is considered associated with a permit if it has the exact same entities listed on both the shareholder account and permit. Ultimately, the Council allowed each IFQ program to be open to the public 5 years after implementation. Therefore, for the first 5 years of each program, only those entities that possessed a valid or renewable Gulf commercial reef fish permit were eligible to receive shares and allocation. During those first 5 years, shareholder accounts that no longer had a valid Gulf commercial reef fish permit could maintain or decrease their shares or allocation, but could not obtain additional shares or allocation, nor land IFQ species. As of January 1, 2012, for the RS-IFQ program, and January 1, 2015, for the GT-IFQ program, any U.S. citizen, permanent

¹ Appendix A provides the goals of the programs from the respective amendments implementing each IFQ program.

resident, or U.S. entity (e.g., a business) is eligible to participate in the respective program as a shareholder. However, at the request of the Council, the National Marine Fisheries Service (NMFS) published a control date in the *Federal Register* notifying RS-IFQ program participants that the requirements for participation may be modified in the future (76 FR 74038, November 30, 2011; Appendix D). A comparable control date was published in the *Federal Register* notifying GT-IFQ program participants that participation requirements may be modified in the future (79 FR 72566, December 8, 2014; Appendix D).

Since implementation of the IFQ programs, the amount of shares held in shareholder accounts with a commercial reef fish permit has decreased, while the amount of shares held in shareholder accounts without a commercial reef fish permit has increased (Figure 1.1.1). At the end of the first year of the RS-IFQ program, 14% of the RS-IFQ shares were held in accounts without a commercial reef fish permit (NMFS 2018a), as some initial recipients of shares did not maintain their permit. In contrast, 1% or less of GT-IFQ shares in each share category were held in accounts without a commercial reef fish permit at the end of the first year of that program (NMFS 2018b). The amount of shares held in accounts without a commercial reef fish permit continued to increase in both programs until 2015. From 2015 through 2017, the amounts of red snapper shares held in accounts with or without a permit remained relatively stable. At the same time, the number of accounts holding shares without a commercial reef fish permit increased. Some of this increase is attributable to the establishment of related accounts. Shareholder accounts are considered related if they have at least one individual or entity in common. Section 1.3 provides additional information on related accounts.

The Council has expressed concerns with reported increases in participation in the IFQ programs by entities that hold IFQ shares but do not engage in fishing, that is, public participation. The IFQ programs have fundamentally changed the way the commercial reef fish fishery is prosecuted, including fishing behavior and relationships among those involved in the fishery. This is especially true for red snapper, which have become more common in the eastern Gulf as the stock recovers. Further, the structure of the IFQ programs has allowed for the emergence of new participation roles such as brokers, who transfer (buy and sell) allocation and shares, but may not land IFQ species. In turn, these changes may make it more difficult for some fishermen to obtain IFQ allocation, especially for red snapper. To address some of the changes resulting from the IFQ programs, the Council intends to modify the programs by requiring shareholders to have a commercial reef fish permit.

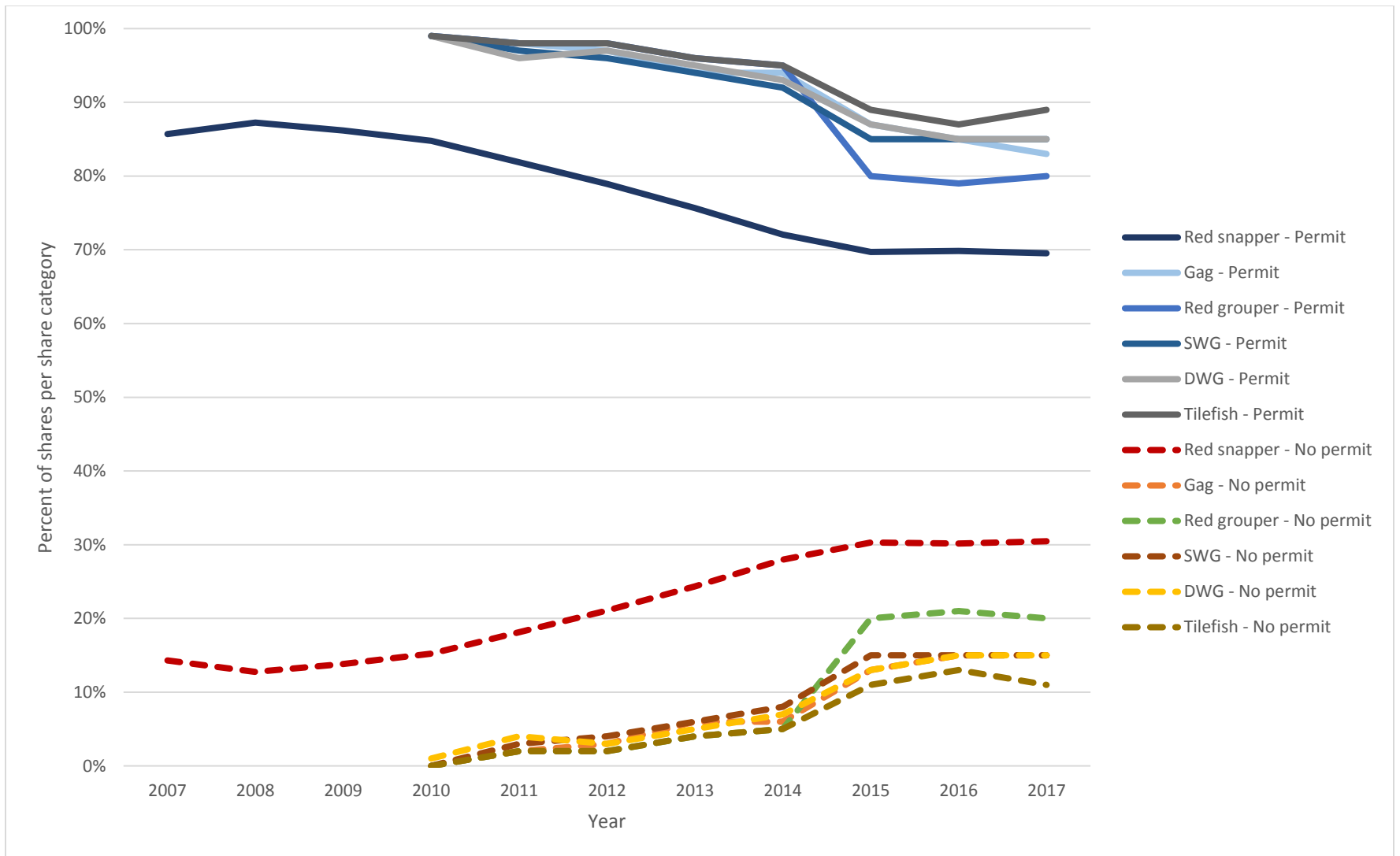


Figure 1.1.1. Percent of RS-IFQ and GT-IFQ shares held in shareholder accounts with and without a commercial reef fish permit (2007-2017). The solid lines represent shares held in accounts associated with a commercial reef fish permit, and the dotted lines represent shares held in accounts that are not linked to a commercial reef fish permit.

Source: Table 3 in NMFS 2018a and Table 6 in NMFS 2018b.

1.2 Purpose and Need

The purpose of this action is to limit IFQ share ownership by shareholders without a valid or renewable commercial reef fish permit and promote share ownership by fishermen landing reef fish within the RS and GT-IFQ programs. This action considers placing limitations on shareholder accounts that are not associated with a valid or renewable commercial reef fish permit. A shareholder account is considered to be associated with a permit if the exact same entities are listed on both the shareholder account and permit.

The need is to modify the IFQ programs to reflect changes in the fishery since implementation of the programs and achieve, on a continuing basis, the optimum yield from fish stocks managed under the IFQ programs.

1.3 Additional information on the IFQ Programs

As mandated by the Magnuson-Stevens Fishery Conservation and Management Act, the Council and NMFS collaboratively conducted a 5-year review of the RS-IFQ program (GMFMC and NMFS 2013), which was formally approved at the April 2013 Council meeting, and a 5-year review of the GT-IFQ program (GMFMC and NMFS 2018), which was formally approved at the April 2018 meeting.² The next review has begun and will assess both the RS-IFQ and GT-IFQ programs together.

The 5-year reviews concluded that each IFQ program has had moderate success in reducing overcapacity. The 5-year reviews also concluded that the programs have been successful in providing fishermen with the opportunity to harvest and land red snapper, grouper, and tilefish year-round, provided they can obtain the necessary allocation (GMFMC and NMFS 2013, 2018). Further, safety-at-sea has increased and annual fatalities related to fishing have declined. Therefore, the Council indicated that because derby fishing has been eliminated through the IFQ programs, this could be removed as a program goal.

Following approval of the RS-IFQ Program 5-year Review, the Council initiated an amendment (Amendment 36A) to consider modifications to improve the performance of the IFQ programs. The Council took final action on Amendment 36A at its April 2017 meeting (GMFMC 2017). Amendment 36A expanded the hail-in requirement to all commercial reef fish vessels landing any reef fish species, returned shares held in non-activated accounts to NMFS, and provided the Regional Administrator the authority to withhold IFQ allocation at the beginning of a year in which a quota reduction is to occur. At its August 2019 meeting, the Council divided the actions in Amendment 36B into separate amendments that address additional modifications to the IFQ programs to reflect changes in the fishery since implementation of the IFQ programs. Amendment 36B addresses the requirement for IFQ shareholders to have a commercial reef fish permit. Amendment 36C primarily considers distributing reclaimed shares held by NMFS, the establishment of a quota bank, and requiring accuracy in the estimated weights provided on advance landing notifications.

² The conclusions of the reports are provided in Appendix B.

Overview and Structure of the IFQ Programs

The RS-IFQ and GT-IFQ programs are both administered using the Southeast Regional Office (SERO) Catch Share Online System (CSOS). IFQ program participants do not have separate accounts for each program. This means administrative changes affecting one program would likely affect the other program as well. Both IFQ programs use shares and allocation to distribute and monitor fishing quotas. Shares for each species or species group (share category) represent a percentage of the commercial quota for that share category, such that 100% of shares represent the total commercial quota for a given IFQ managed species or share category. These shares are durable; that is, they may remain with the shareholder year after year unless transferred to another shareholder account or are revoked, limited, or modified by the Council. Allocation refers to the pounds of quota represented by the shares (percent of quota) held by a shareholder and is distributed to shareholder accounts by the first of each year or during the year if an in-season quota increase occurs. Allocation may only be used in the year for which it was distributed; remaining annual allocation is removed from all accounts at the end of the year.

Shares and allocation can be transferred among IFQ program participants. The transfer of shares changes the ownership of those shares and the transfer of allocation transfers the right to catch the quantity of pounds sold, often referred to as “leasing.” NMFS does not define leasing; when allocation is moved between accounts, it is called an allocation transfer. Leasing is a term used by fishermen, the public, and academics to refer to the broader transaction between IFQ program participants: both transferring allocation through the online IFQ system and the private financial transaction in which the entity receiving the allocation pays a price per pound of transferred allocation (Pinkerton and Edwards 2009). Appendix C contains a glossary of terms used in the IFQ programs.

Example: [shares] x [quota] = pounds of allocation

Shares = percentage of the total quota.

Allocation = pounds of the total quota represented by the shares.

Year 1

A shareholder has 3% of shares.

Quota is 1.0 mp.

The shareholder receives 30,000 lbs of allocation at beginning of year 1.

Year 2

The next year, the shareholder still has 3% of shares.

Quota increases to 1.5 mp.

The shareholder receives 45,000 lbs of allocation at beginning of year 2.

Year 3

During year 2, the shareholder sells 1% of shares (he now has 2% of shares).

Quota increases to 2.0 mp.

The shareholder receives 40,000 lbs of allocation at beginning of year 3.

Because both programs use the CSOS, the same shareholder accounts are used to participate in both programs (i.e., a fisherman has one IFQ account that can be used for both the RS-IFQ and GT-IFQ programs). For example, in 2016, of the 749 accounts that held shares, 278 (37%) held both RS and GT-IFQ shares (J. Stephen, Southeast Regional Office, pers. comm.). Also, since implementation of the GT-IFQ program on January 1, 2010, a majority of vessels that land red snapper also land grouper-tilefish species, and vice versa (Table 1.3.1). In addition, both programs follow the same regulations for landing notifications (hail-ins), offloading, cost-recovery fees, and account status determinations (e.g., active or inactive). The actions in this amendment address both IFQ programs.

Table 1.3.1. Overlap between vessels landing red snapper and grouper-tilefish.

Year	# Vessels landing GT	% Vessels landing GT also landing RS	# Vessels landing RS	% Vessels landing RS also landing GT
2010	452	78%	384	91%
2011	440	75%	362	91%
2012	449	77%	371	94%
2013	414	81%	368	91%
2014	434	83%	401	90%
2015	446	85%	415	91%
2016	441	87%	430	89%

Source: Tables 8 and 10 for grouper-tilefish vessels (NMFS 2017b); Table 6 for red snapper vessels (NMFS 2017a).

While the RS-IFQ program includes a single stock, 13 reef fish species are currently managed under the GT-IFQ program under five share categories. Gag and red grouper represent their own share categories, and the remaining species are managed as multi-species share categories (Table 1.1.1). The deep-water grouper (DWG) share category includes four species; the other shallow-water grouper (SWG) category includes four species; and the tilefish (TF) category includes three species. Additional flexibility is provided to allow some species to be landed under the allocation of another share category. A proportion of gag (GG) and red grouper (RG) allocation may be designated annually as multi-use and converted to gag multi-use and red grouper multi-use allocation. The multi-use allocation is determined based on a formula utilizing the commercial quota, annual catch limits, and the status of the stock. If either stock is under a rebuilding plan, the percentage of the other species multi-use allocation will equal zero. Red grouper multi-use allocation can be used to harvest gag once all gag and gag multi-use allocation in an account has been harvested or transferred out of the vessel and associated shareholder account, and vice versa. Scamp are designated as a SWG species, but may be landed using DWG allocation after all SWG allocation in an account has been harvested or transferred out of the vessel and associated shareholder account. Similarly, warsaw grouper and speckled hind are designated as DWG, but may be landed using SWG allocation after all DWG allocation in an account has been harvested or transferred out of the vessel and associated shareholder account. For all multi-use or flexibility measures, the system determines the allocation category automatically. In each of the three multi-species share categories, one species comprised the majority of the landings in 2015: yellowedge grouper represented 77% of the DWG category;

scamp represented 76% of the SWG category; and tilefish (golden) represented 90% of the TF category (NMFS 2016b).

IFQ Program Accounts

The CSOS annually determines the account activity in each program with respect to holding shares, holding allocation, and landings. The three main account types in the CSOS are shareholder, vessel, and dealer accounts. Shareholder accounts may hold shares and allocation or just hold allocation. Vessel accounts are sub-accounts to shareholder accounts and may hold allocation; they do not hold shares. A vessel account is associated with a commercial reef fish permit and a shareholder based on the entities listed on both the permit and shareholder account. Because a reef fish permit is required to harvest IFQ species, the IFQ system will restrict access for vessel accounts no longer associated with a reef fish permit. Dealer accounts are associated with federal dealer permit holders. Allocation must be transferred from a shareholder account to a vessel account, prior to a dealer completing a landing transaction through a dealer account.

Each shareholder account is composed of a unique set of entities and no two accounts are composed of the same set of entities. A unique entity may be a single person or business, or a combination of people and/or businesses. For any business that is part of a shareholder account, NMFS collects the ownership information for that business and the percentage of the business owned by each individual. If a business is owned in part or in total by another business, NMFS collects the ownership information of all parent companies. Owners/shareholders of a business and the percentage held by such an individual may change over time. Any time a change (e.g., ownership, percentage owned, address) is made in ownership within a business, the business must inform NMFS. NMFS tracks owners/shareholders of businesses throughout time using start and end dates for each change submitted to NMFS. This information is critical to ensuring that no one individual exceeds the established share cap for any one share category.

Public Participant (PP) Accounts

For the purpose of this document, shareholder accounts that do not have an associated Gulf commercial reef fish permit (i.e., same entities on the account and permit) and hold shares or allocation are termed public participant (PP) accounts. These PP accounts may include shareholder accounts that were once associated with a Gulf commercial reef fish permit (e.g., initial recipients of shares). As explained above, a shareholder account may hold RS-IFQ shares, GT-IFQ shares, or both types of shares.

PP accounts can be divided into two categories: those accounts created in the first 5 years of the program (i.e., the shareholder account was previously associated with a permit) and accounts that were created after the first 5 years (i.e., did not require an association with a permit to open a shareholder account). Since PP accounts are determined by the permit association and permits can be obtained at any point during the year, the number of PP accounts may fluctuate throughout a year. For the purpose of this amendment, PP accounts are determined by the permit status throughout the year. If an account was associated with a permit at all during the year, it was not considered a PP account for that year. Figure 1.3.1 compares the number and percentage of all shareholder accounts that were associated with a permit (non-public) and those not associated with a permit (PP).

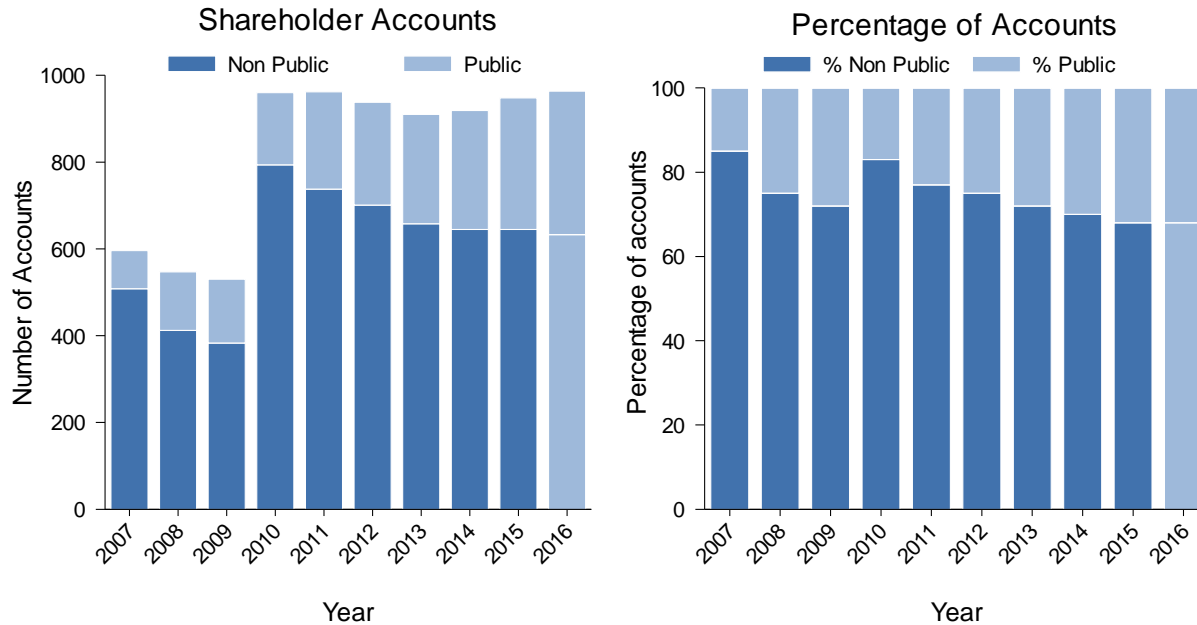


Figure 1.3.1. Public (PP, no permit) and non-public (permit) IFQ shareholder accounts. The figure on the left provides the number of accounts, while the figure on the right provides the percentage of all accounts.

Related Accounts

An individual or entity (e.g., business or non-profit) may be associated with more than one shareholder account. Shareholder accounts with at least one entity in common are called related accounts. While no two IFQ accounts have the same set of entities, one entity may be associated with multiple IFQ accounts. For example, John Smith may hold an account, and John Smith and Jane Smith may hold another account. These accounts are considered related as John Smith is involved in both accounts. Similarly, if John Smith is an owner of John Smith, Inc., that account is also related to the John Smith account and the John Smith and Jane Smith account. Likewise, an account may be held by John Smith, Inc. and another account is held by Smith LLC. Both John Smith, Inc. and Smith LLC may have one or all owners in common, and therefore are related accounts. Just as the owners of businesses may change, relations between accounts may also change over time. For example John Smith may have held shares in ABC, Inc. in 2010, but not in 2014. This would mean that the ABC, Inc. account was related to the John Smith account in 2010, but not in 2014.

Although the relationships among accounts is determined at the entity level, the CSOS manages at the account level. Thus, an individual can be involved in accounts with and without shares, with and without associated permits, and with and without landings. Because the CSOS manages at the account level, all transactions (i.e., transfers of shares or allocation and landings) are associated with the account and not the account holders. The exception to this general rule is with respect to the monitoring of share caps, which are mandated to be monitored for control at the entity level.

CHAPTER 2. ACTIONS AND ALTERNATIVES

2.1. Action 1 – Permit Requirement

Alternative 1: No Action. Do not establish new requirements to obtain or maintain individual fishing quota (IFQ) shares.

Alternative 2: In order to obtain (transfer into a shareholder account) or maintain shares (hold existing shares in a shareholder account), all shareholder accounts must be associated with a valid or renewable commercial reef fish permit. A shareholder account is considered to be associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Alternative 3: In order to obtain (transfer into a shareholder account), or maintain shares (hold existing shares in a shareholder account), all shareholder accounts established as of January 1, 2015 must be associated with a valid or renewable commercial reef fish permit. A shareholder account is considered to be associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Alternative 4: In order to obtain (transfer into a shareholder account), or maintain shares (hold existing shares in a shareholder account), shareholder accounts established following implementation of this amendment must associated with a valid or renewable commercial reef fish permit. A shareholder account is considered to be associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Discussion:

The red snapper individual fishing quota (RS-IFQ) program began in 2007, and the grouper-tilefish IFQ (GT-IFQ) program began in 2010. For the first 5 years of each program, only those entities that possessed a valid or renewable Gulf of Mexico (Gulf) commercial reef fish permit were eligible to receive shares and allocation. During those first 5 years, shareholder accounts that no longer had a valid Gulf commercial reef fish permit could maintain or decrease their shares or allocation, but could not obtain additional shares or allocation, nor harvest IFQ species. As of January 1, 2012, for the RS-IFQ program, and January 1, 2015, for the GT-IFQ program, any U.S. citizen or permanent resident is eligible to participate in the respective program as a shareholder.

Since implementation of the RS-IFQ program (and the GT-IFQ program thereafter), the amount of shares held by shareholders with a commercial permit for reef fish has decreased, while the amount of shares held by shareholders without a commercial reef fish permit has increased (Figure 1.1.1). In response to concerns that it may become increasingly difficult and expensive for commercial fishermen to obtain IFQ shares in the future, the Council is reconsidering the allowance for public participation in the IFQ programs. In order to promote access to IFQ shares for fishermen who could actively fish and land the allocation, the Council is considering a requirement that shareholder accounts be associated with a commercial reef fish permit. A

shareholder account is considered to be associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Alternative 1 (No Action) would continue to allow public participation in the IFQ programs and shareholder accounts would not need to be linked to a commercial reef fish permit. A shareholder account is an IFQ account that may hold shares and/or allocation, and includes accounts that only hold allocation. Shareholders would not be required to possess a valid or renewable commercial reef fish permit to open an IFQ shareholder account; to obtain, maintain, or transfer shares; or to transfer (including buying, selling, gifting, etc.) allocation to other shareholder or vessel accounts. A shareholder account with shares would be able to continue to hold those shares with or without a valid commercial reef fish or dealer permit. This would allow shares to be held by any U.S. citizen or permanent resident, regardless of whether they land IFQ species. These individuals' involvement in the program would remain limited to transferring shares and annual allocation.

Alternatives 2-4 would require all or some shareholder accounts to be associated with a valid or renewable commercial reef fish permit. A shareholder account is associated with a permit when the exact same entities are listed on both the shareholder account and permit. As currently written, the alternatives would require the possession of a permit at the *account* level. A single individual may be a partial owner in multiple accounts; see Section 1.3 for more on related accounts. For a shareholder account in the name of a business entity with multiple owners, a single permit would need to be associated with the shareholder account, rather than a unique permit for each of the owners of the business entity.

Table 2.1.1 provides information from 2015 on the number of permits that may be available for shareholders that may need a commercial reef fish permit to comply with new requirements. At the end of 2015, there were 868 valid or renewable commercial permits for reef fish. Over the course of the year, 533 vessels with a commercial reef fish permit landed at least one pound of reef fish species, which is an indication of the number of actively fished permits. The number of latent permits is estimated by subtracting the number of permits being fished from the total number of permits. Within the IFQ online system in 2015, there were 794 shareholder accounts linked to a commercial reef fish permit, although not all of these accounts were actively used by the account holder that year. Of those 794 shareholder accounts linked to a commercial reef fish permit, there were 485 vessel accounts that recorded landings of IFQ species.

Table 2.1.1. Gulf commercial reef fish permits in relation to landings and IFQ accounts (2015).

Reef Fish permits	868
Vessels with reef fish landings ¹	533
“Latent” permits ¹	335
IFQ accounts with Reef Fish permits	794
With active IFQ account	763
With inactivated IFQ accounts ²	31
With IFQ landings	485

Sources: Southeast Regional Office permits database accessed 4/22/2016 and Southeast Fisheries Science Center (SEFSC) Coastal Logbooks accessed 4/25/2016.

¹The SEFSC Coastal logbook records were accessed to determine the number of vessels that harvested reef fish and this can be a proxy to determine the number of active reef fish permits.

²Inactivated accounts are IFQ accounts that are still in an initial status (have not been activated) or vessel accounts that have an expired permit. Shareholder accounts are suspended when citizenship has not been provided or updated. Vessels associated with suspended accounts cannot harvest fish.

Alternative 2 would require shareholder accounts to be associated with a valid or renewable commercial reef fish permit to obtain or maintain shares. The shareholder accounts with shares would be required to obtain a permit in the same name(s) as on the shareholder accounts or divest their shares (see Action 2) once notified by NMFS that they are no longer allowed to hold shares because they lack the proper permit. A shareholder account without an associated permit would still be allowed to obtain and maintain allocation (e.g., allocation brokers).

Alternative 3 is similar to **Alternative 2** except that shareholder accounts established before January 1, 2015, would be able to obtain and maintain IFQ shares regardless of whether or not there is an associated commercial reef fish permit. This would protect historical participants still holding shares in the IFQ programs, because those that initially had a permit but then sold it would be allowed to continue to hold shares in the program. Participants without permits and who were not shareholders in the IFQ program's initial 5 years, but who obtained red snapper or grouper-tilefish shares after January 1, 2015, would need to obtain a permit and link it to their shareholder account or divest their shares per Action 2. A shareholder account without an associated permit would still be allowed to obtain and maintain allocation (e.g., allocation brokers).

Alternative 4 is the least restrictive alternative of **Alternatives 2-4** relative to share ownership. Any shareholder account established prior to the implementation of the final rule for this amendment would be allowed to obtain or maintain shares. Shareholder accounts established following implementation of the final rule for this amendment would need to have a valid or renewable commercial reef fish permit linked to the shareholder account to obtain shares. A shareholder account without an associated permit would still be allowed to obtain and maintain allocation (e.g., allocation brokers).

2.2 Action 2 – Share Divestment

Notes: Action 2 is only valid if an alternative other than Alternative 1 is chosen in Action 1. Both Alternative 2 and Alternative 3 may be selected as preferred. A shareholder account is considered to be associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Alternative 1: No Action. If the Council requires some or all shareholder accounts to be associated with a commercial reef fish permit in Action 1, there is no specified time by which shareholders must comply with the requirement.

Alternative 2: A shareholder account with shares that is not associated with a commercial reef fish permit must divest of shares as needed to meet the requirements set in Action 1 or the shares will be reclaimed by NMFS:

Option 2a: Within 1 year following the effective date of the final rule implementing this amendment.

Option 2b: Within 3 years following the effective date of the final rule implementing this amendment.

Alternative 3: After implementation of this amendment, if a shareholder account no longer has an associated valid or renewable reef fish permit (i.e., the permit is transferred or is not renewed within one year of the expiration date and is terminated), the shareholders must divest of the account's shares as needed to meet the requirements set in Action 1 or the shares will be reclaimed by NMFS:

Option 3a: Within 1 year following the transfer or termination of the permit.

Option 3b: Within 3 years following the transfer or termination of the permit.

Discussion:

If a shareholder account does not meet the criteria under Action 1, Alternatives 2-4, the owner(s) must divest of their shares. Owners of shareholder accounts would be required to divest their shares (Action 1, Alternatives 2-4) once notified by NMFS that they no longer qualify to hold shares under the IFQ program. If the account holder(s) did not divest their shares as required by NMFS, NMFS would reclaim those shares. The shares would be placed in the NMFS account that currently contains the shares reclaimed through Amendment 36A, until such time that the Council determines the method and recipients of the shares (to be addressed through Amendment 36C).

Alternative 1 (No Action) would not have a divestment process and thus there is no specified time by which shareholders must comply with the proposed requirements put in place in Action 1. **Alternative 2** would put in place a divestment process where, if the owner of a shareholder account did not have the appropriate permit defined by Action 1, they could divest their shares. If they do not divest their shares within the time allotted in **Options 2a-2b**, NMFS would reclaim

the shares. Likewise, **Alternative 3** would address shareholder accounts that meet the requirement defined in Action 1 when this amendment would be implemented, but at a subsequent time, no longer have a valid or renewable permit linked to their account, either because the permit was transferred or allowed to terminate.

Alternatives 2 and 3 have options for the amount of time a shareholder without a permit would have to divest of shares. The shortest time period a participant could divest themselves would be under **Options a** where shares would need to be divested within one year of the final rule implementing this amendment. **Options b** provides a longer time period such that a shareholder would have 3 years to divest themselves of their shares following the effective date of the final rule implementing this amendment. The longer the time period a shareholder has before the required divestment of shares, the longer the shareholder has to consider alternatives to divestment.

CHAPTER 3. REFERENCES

GMFMC. 2006. Final amendment 26 to the Gulf of Mexico reef fish fishery management plan to establish a red snapper individual fishing quota program, including supplemental environmental impact statement, initial regulatory flexibility analysis, and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida. 298 pp.

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend26031606FINAL.pdf>

GMFMC. 2008. Amendment 29 to the reef fish fishery management plan – effort management in the commercial grouper and tilefish fisheries including draft environmental impact statement and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida. 88 pp.

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Final%20Reef%20Fish%20Amdt%2029-Dec%2008.pdf>

GMFMC. 2017. Final amendment 36A to the fishery management plan for the reef fish resources of the Gulf of Mexico: Modifications to commercial individual quota programs.

Gulf of Mexico Fishery Management Council. Tampa, FL. 192 pp.

<http://gulfcouncil.org/wp-content/uploads/RF36A-Post-Final-Action-5-25-2017-with-bookmarks.pdf>

GMFMC and NMFS. 2013. Red snapper individual fishing quota program 5-year review. Gulf of Mexico Fishery Management Council and NMFS Southeast Regional Office. Tampa and St. Petersburg, FL. 96 pp.

<http://www.gulfcouncil.org/docs/amendments/Red%20Snapper%205-year%20Review%20FINAL.pdf>

GMFMC and NMFS. 2018. Grouper-tilefish individual fishing quota program 5-year review. Gulf of Mexico Fishery Management Council and NMFS Southeast Regional Office. Tampa and St. Petersburg, FL. 168 pp.

<https://portal.southeast.fisheries.noaa.gov/reports/cs/Grouper-Tilefish-IFQ-Review.pdf>

NMFS. 2017a. 2016 Gulf of Mexico red snapper individual fishing quota annual report. SERO-LAPP-2017-4. NMFS Southeast Regional Office. St. Petersburg, FL. 54 pp.

NMFS. 2017b. Gulf of Mexico 2016 grouper-tilefish individual fishing quota annual report. SERO-LAPP-2017-7. NMFS Southeast Regional Office. St. Petersburg, FL. 77 pp.

NMFS. 2018a. 2017 Gulf of Mexico red snapper individual fishing quota annual report. SERO-LAPP-2018-5. NMFS Southeast Regional Office. St. Petersburg, FL. 57 pp.

NMFS. 2018b. Gulf of Mexico 2017 grouper-tilefish individual fishing quota annual report. SERO-LAPP-2018-6. NMFS Southeast Regional Office. St. Petersburg, FL.

APPENDIX A. GOALS OF THE IFQ PROGRAMS

Red Snapper IFQ Program (Amendment 26; GMFMC 2006)

The purpose of the IFQ program proposed in this amendment is *to reduce overcapacity in the commercial fishery and to eliminate, to the extent possible, the problems associated with derby fishing*, in order to assist the Council in achieving OY. In a 1999 review of the effectiveness of IFQ programs worldwide, the National Research Council concluded such programs are valuable in addressing these two long-standing fishery problems (NRC 1999). Case studies describing the effects of existing IFQ programs are provided in Appendix G of that publication. The harvest privileges provided by IFQ programs are intended to give fishermen a long-term interest in the health and productivity of the fishery and, thus, an incentive to conserve it for the future. By eliminating the incentive to over invest in the fishery, these privileges eliminate the incentive to race for fish. IFQ programs are generally effective in controlling exploitation, reducing the incentive to fish during unsafe conditions, improving fishery profitability, and extending the availability of fresh fish products to consumers. In some cases, these programs also have been shown to increase product quality by improving fishing and handling methods by allowing fishermen greater flexibility in operations. The proposed IFQ program is intended to help the Council address overfishing by reducing the rate of discard mortality that normally increases with increased fishing effort in overcapitalized fisheries (NRC 1999; Leal et al. 2005). IFQs provide the opportunity to better utilize fishing and handling methods and reduce bycatch of non-targeted species. Improving catch efficiency may also result in a decrease in regulatory discards of red snapper and other reef fish species by allowing fishermen the choice on when and where to fish. Additionally, the slower paced fishery anticipated under the IFQ program will support fewer fishermen operating over a longer season.

Grouper-Tilefish IFQ Program (Amendment 29; GMFMC 2008)

The purpose of this amendment is to rationalize effort and reduce overcapacity in the commercial grouper and tilefish fisheries in order to achieve and maintain optimum yield (OY) in these multi-species fisheries. Rationalization is defined as “a management plan that results in an allocation of labor and capital between fishing and other industries that maximizes the net value of production” (Fin 2003). Terry and Kirkley (2006) defined overcapacity as the difference between harvesting capacity and a management target catch, given the stock conditions associated with that target catch. Excess capacity is defined as the difference between harvest capacity and actual harvests.

Rationalizing effort should mitigate some of the problems resulting from derby fishing conditions or at least prevent the condition from becoming more severe. Reducing overcapitalization should improve profitability of commercial grouper fishermen. Collectively, working conditions including safety at sea should improve and bycatch in the tilefish and grouper fisheries should be reduced, and a flexible and effective integrated management approach for tilefish and the grouper complex and tilefish should follow. This amendment evaluates several management programs that could be capable either independently or in combination of accomplishing the objectives specified above.

References

Fina, M. 2003. Development of rationalization programs in the North Pacific groundfish and crab Fisheries paper presented at the National Fishery Law Symposium – University of Washington School of Law, Seattle Washington October 23-24.

GMFMC. 2006. Final amendment 26 to the Gulf of Mexico reef fish fishery management plan to establish a red snapper individual fishing quota program, including supplemental environmental impact statement, initial regulatory flexibility analysis, and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida. 298 pp.

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend26031606FINAL.pdf>

GMFMC. 2008. Final amendment 29 to the reef fish fishery management plan – effort management in the commercial grouper and tilefish fisheries including draft environmental impact statement and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida. 88 pp.

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Final%20Reef%20Fish%20Amdt%2029-Dec%2008.pdf>

Leal, D., M. de Alessi, and P. Baker. 2005. The ecological role of IFQs in U.S. fisheries: A guide for federal policy makers. Property and Environment Research Center (PERC), Bozeman, MT. 16 pp.

https://www.perc.org/wp-content/uploads/old/ifq_ecology.pdf

National Research Council (NRC). 1999. Sharing the fish: Toward a national policy for individual fishing quotas. Washington, DC: National Academy Press. 422 pp.

Terry J.M. and J.E. Kirkley (eds). 2006. Assessments of excess fishing capacity in select federally-managed commercial fisheries – National Marine Fisheries Services.

APPENDIX B. CONCLUSIONS FROM THE RED SNAPPER AND GROUPE-TILEFISH 5-YEAR REVIEWS

The Red Snapper Individual Fishing Quota (IFQ) program 5-year review was completed by NMFS and Council staff (GMFMC and NMFS 2013). The conclusions from the review are provided below.

The original purpose and need defined in Amendment 26 (GMFMC 2006), reads as follows:

The purpose of the IFQ program proposed in this amendment is to reduce overcapacity in the commercial fishery and to eliminate, to the extent possible, the problems associated with derby fishing, in order to assist the Council in achieving OY.

National Standard 1 of the Magnuson-Stevens Act mandates conservation and management measures prevent overfishing and achieve OY from a fishery. OY is defined as the amount of fish that will provide the greatest overall benefit to the nation, particularly with respect to food production and recreational opportunities. OY must take into account the protection of marine ecosystems and is prescribed based on the maximum sustainable yield (MSY) from the fishery, as reduced by any relevant economic, social, or ecological factors. In practice, the commercial sector's share of the quota is equivalent to the sector's share of OY for the red snapper fishery. Commercial harvests that are equal or very close to the quota without exceeding it would be consistent with the prevention of overfishing and achievement of OY mandated by the Magnuson-Stevens Act.

The RS-IFQ program 5-year review (GMFMC and NMFS 2013) evaluated the progress of the program towards achieving its goals and objectives. The performance of the RS-IFQ program in achieving OY was assessed by measuring its ability to constrain harvest at or below the quota while allowing RS-IFQ participants to harvest as much red snapper as possible.

Recommendations from the review have been presented to the Council and incorporated into the potential changes included in this scoping document. As part of the process of considering program modifications, the Council may wish to evaluate modifications to continue progress towards the program's goals and objectives, to improve program performance, participant satisfaction, and to continue assisting the Council in achieving OY.

The conclusions of the RS-IFQ program 5-year review³ are:

Participant Consolidation and Overcapacity

Conclusion 1: The RS-IFQ program has had moderate success reducing overcapacity, however economic analyses indicate that additional reductions in fleet capacity are still necessary.

³ The full supporting summaries for each conclusion are provided in Appendix B. The entire Red Snapper IFQ Program 5-year review may be accessed at <http://www.gulfcouncil.org/docs/amendments/Red%20Snapper%205-year%20Review%20FINAL.pdf>

Achievement (or Harvesting) of Optimum Yield

Conclusion 2: The RS-IFQ program has been successful in reducing quota overages, which is consistent with the achievement of OY. Landings have averaged greater than 95% of the commercial quota; however, many inactive accounts remain and account for as much as 1.5% of the commercial quota.

Mitigating the Race to Fish and Safety at Sea

Conclusion 3: The RS-IFQ program was successful at mitigating the race to fish providing fishermen with the opportunity to harvest and land red snapper year-round. Inflation-adjusted share, allocation, and ex-vessel prices increased, indicating that fishermen were successfully maximizing profits and had increased confidence in the RS-IFQ program. Safety at sea has increased and annual mortalities related to fishing have declined since the RS-IFQ implementation. [According to Boen and Keithly (2012),] medium and large shareholders perceive that the RS-IFQ program has improved safety at sea.

Biological Outcomes

Conclusion 4: The implementation of the RS-IFQ program coupled with revisions to the red snapper rebuilding plan and reductions in quota and the commercial size limit, have all contributed to lower commercial fishing mortality rates and reduced discards. The RS-IFQ system has also prevented commercial quota overruns, which were frequent prior to RS-IFQ implementation. Discards continue to be high in the eastern Gulf where a large percentage of legal-sized red snapper are discarded by fishermen due to a lack of allocation.

Social Impacts

Conclusion 5: Large shareholders and western Gulf shareholders are generally more supportive of the RS-IFQ program than small to medium shareholders and those from the eastern Gulf. Entry and participation in the red snapper fishery is now more difficult and costly due to the increased costs of shares and allocation. Consolidation has resulted in less competition for harvest and higher revenues per trip. Crew sizes are smaller, but the ability to hire and keep stable crews has improved. The increase in the number of shareholders not landing any fish has led to perceptions that many are profiting from the program at the expense of hard-working fishermen.

Enforcement and Program Administration

Conclusion 6: RS-IFQ participants are generally satisfied with the IFQ online system and customer service when contacting NMFS and the 24-hour call service for advance landing notifications. Vessel monitoring systems, notification requirements, and random dockside inspections aid enforcement in monitoring program compliance; however, a variety of enforcement violations have been identified. Compliance has improved since RS-IFQ program implementation but additional enforcement efforts may be necessary to deter violations. IFQ program expenses currently exceed the 3% cost recovery collected for program administration, research, and enforcement.

References

Boen, C. and W. Keithly. 2012. Gulf of Mexico Red Snapper IFQ Program: Survey Results and Analysis.

GMFMC. 2006. Final amendment 26 to the Gulf of Mexico reef fish fishery management plan to establish a red snapper individual fishing quota program, including supplemental environmental impact statement, initial regulatory flexibility analysis, and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida.
<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend26031606FINAL.pdf>

GMFMC and NMFS. 2013. Red snapper individual fishing quota program 5-year review. Jointly prepared by Gulf of Mexico Fishery Management Council and NMFS Southeast Regional Office. Tampa and St. Petersburg, FL.
<http://www.gulfcouncil.org/docs/amendments/Red%20Snapper%205-year%20Review%20FINAL.pdf>

The Grouper-Tilefish Individual Fishing Quota (IFQ) program 5-year review was completed by NMFS and Council staff (GMFMC and NMFS 2018). The conclusions from the review are provided below.

The original purpose and need defined in Amendment 29 (GMFMC 2008), reads as follows:

The purpose of this amendment is to rationalize effort and reduce overcapacity in the commercial grouper and tilefish fisheries in order to achieve and maintain optimum yield (OY) in these multi-species fisheries.

This section summarizes the main conclusions of this initial review of the grouper-tilefish individual fishing quota (GT-IFQ) program and discusses the progress made towards achieving the stated goals and objectives of the program. In addition, the section includes recommendations made by the Gulf of Mexico Fishery Management Council (Council), its scientific and statistical committees (Standing and Socioeconomic SSCs) and advisory panel (Ad Hoc Red Snapper and Grouper-Tilefish IFQ Advisory Panel).

Data Collection and Reporting

- The collection of share and allocation prices has greatly improved since the addition of transfer reasons. However, gaps still exist in the data. Additional measures such as mandatory price reporting and further limiting the range of prices that can be entered may be needed.
- Different data collection programs, which are run for different purposes, have led to duplicative reporting and data discrepancies. Efforts are under way to reduce the data inconsistencies between the IFQ, coastal logbooks, and trip ticket data collection programs.

Participation and Operational Changes

- Stochastic frontier analyses indicate that following the implementation of the GT-IFQ program, fishing capacity and overcapacity have declined. Capacity utilization has increased and the technical efficiency of the fleet has increased for remaining vessels.
- The GT-IFQ program, in conjunction with other regulations, especially the enactment of a bottom longline (BLL) endorsement, has resulted in consolidation and efficiency gains within the BLL and vertical line (VL) sectors, which have seen a reduction in active vessels by 48% and 33%, respectively. However, further consolidation is possible as fishing capacity remains large relative to the available quotas.

Share and Allocation Caps

- Based on Gini coefficient estimates, the distributions of shares as well as landings by share category at the lowest known entity level have changed little if at all since the IFQ programs were implemented.
- Market power analyses concluded that market power does not exist in any of the markets for landings, shares, or annual allocation and that economies of scale are not being exhausted, i.e., average costs of production are not being minimized.
- Existing share and annual allocation caps are not constraining landings. Retaining the current share and annual allocation caps would still prevent participants from exercising market power and would not preclude businesses from achieving economies of scale under current market conditions. Additional flexibility from expanding the size of some of the smaller caps would not create additional risk of market power being exercised, and would provide even more flexibility for the type of consolidation that would improve cost efficiency.

Share, Allocation, and Ex-Vessel Prices

- Analyses of share and allocation prices have been hindered by missing or erroneous (e.g., under-reported values such as \$0.01 per pound) data. The collection of accurate share and allocation prices continue to be a challenge.
- Although grouper ex-vessel prices increased during the review period, the introduction of the GT-IFQ program does not appear to have an appreciable effect on ex-vessel prices for Gulf groupers.
- The flexibility afforded by the GT-IFQ program has improved the profitability of fishing operations. Fishermen are able to reduce operating costs, thereby improving net revenues.

Catch and Sustainability

- The GT-IFQ program has provided year-round fishing opportunities to participating commercial fishermen for all grouper and tilefish species included in the program.

- Gag (GGM) and red grouper (RGM) multi-use shares were not as effective as anticipated. As a result, the program could be streamlined by eliminating GGM and RGM shares and distributing red grouper and gag shares exclusively as red grouper and gag, respectively.
- Multi-use provisions for other shallow-water grouper (SWG) and DWG and overage provisions for all GT-IFQ categories should be maintained as they effectively contributed to reducing discards of GT-IFQ species.
- The GT-IFQ program has successfully met its objectives relative to discard reduction for red grouper. After the implementation of the GT-IFQ, red grouper discards and discard ratios significantly decreased across the Gulf of Mexico (Gulf) and for all gear types. However, due to a significant quota reduction, gag discards and discard ratios increased in 2011 but declined afterwards as the gag quota increased.

Safety-at-Sea

- The GT-IFQ program has successfully met its objectives relative to improving the safety-at sea of participating commercial fishermen.
- The GT-IFQ has allowed fishermen to select more favorable weather conditions to plan fishing trips and has resulted in significant decreases in the number of fatalities (Marvasti and Dakhliya 2017).
- Safety-at sea improvements were corroborated by which were corroborated by survey responses provided by captains and crewmembers

New Entrants

- Promoting new entrants may seem inconsistent with the program goal of reducing overcapacity. However, new entrants are often participants in the fishery, e.g., crew and hired captains who do not own shares but could buy allocation.
- Fostering access by new entrants would be consistent with the program objectives. Loan programs, share redistributions and quota banks could be considered.

Monitoring and Enforcement

- Seized annual allocation cannot be deducted from the shareholder's account before settlement of the case. Seizures may not be the strongest deterrent from violation of IFQ regulations because of the lengthy delay between the seizure and the adjudication of the citation.
- Updates to the Southeast Region summary settlement schedule to allow for greater penalties in relation to red snapper violations improved the enforcement of the red snapper (RS)-IFQ program. A similar approach could be considered for the GT-IPQ program.

Administration and Cost Recovery

- During the review period, collected cost recovery fees have fully funded the GT-IFQ program (including enforcement activities and salaries and benefits of staff working on the program).
- Changes to the administration of the program, including the provision of outreach material, are enacted on an as needed basis. Several administrative changes have been implemented during the review period, e.g., improvements to the reporting of share and allocation transfer prices.

Program Duration

- GT-IFQ shares are issued for 10 years, but they will be renewed if not rescinded, limited, or modified. Longer duration is more conducive to longer term planning and conservation.
- To promote the full utilization of the available quotas, the Council has revoked IFQ shares from non-activated accounts, i.e., accounts possessing shares but none of the shares or annual allocation associated with the shares has been landed or transferred to another account since 2010.

References

GMFMC. 2008. Final Amendment 29 to the reef fish fishery management plan – effort management in the commercial grouper and tilefish fisheries including draft environmental impact statement and regulatory impact review. Gulf of Mexico Fishery Management Council. Tampa, Florida.

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Final%20Reef%20Fish%20Amdt%2029-Dec%202008.pdf>

GMFMC and NMFS. 2018. Grouper-tilefish individual fishing quota program 5-year review. Jointly prepared by Gulf of Mexico Fishery Management Council and NMFS Southeast Regional Office. Tampa and St. Petersburg, FL.

Marvasti, Akbar, and Dakhli, Sami. 2017. Red Snapper and Grouper-Tilefish IFQ Programs and Occupational Fatalities in the Gulf of Mexico, *Southern Economic Journal*, 83(3): 705-720.

APPENDIX C. INDIVIDUAL FISHING QUOTA PROGRAM GLOSSARY

Active Account – An account in which the allocation holder has landed, bought, and/or sold (i.e., transferred) allocation within that year. Account activity status is determined yearly based on the actions taken by the account holder.

Allocation – Allocation is the actual poundage of IFQ-managed species (by share category) by which an account holder is ensured the opportunity to possess, land, sell, or transfer during a given calendar year. IFQ allocation is distributed to each IFQ shareholder at the beginning of each calendar year or any in-season quota increase, and expires at the end of each calendar year. Annual IFQ allocation is determined by the amount of the shareholder’s IFQ share and the amount of the annual commercial quota at the time of distribution. Dealer accounts may not possess allocation.

Allocation Transfer – A transfer of allocation (pounds) from one shareholder account to another shareholder or vessel account. Allocation transfers are an immediate one-step process. As soon as the allocation holder completes the transfer, the allocation is in the recipient’s account. This is different from the two-step share transfer process, and was created so that allocation could immediately be placed in a vessel account while the vessel was at sea.

Entity – An individual, business, or association participating in the IFQ program. Each IFQ account is associated with a unique set of entities.

Gulf of Mexico Commercial Reef Fish Permit Holder – An entity that possesses a valid Gulf commercial reef fish permit and therefore, is eligible to be exempt from bag limits, to fish under a quota, or to sell Gulf reef fish in or from the Gulf exclusive economic zone. There is an annual fee associated with the permit.

Landing Transaction – A report that is completed by an IFQ dealer using the online IFQ system. This report includes the date, time, and location of the transaction; weight and actual ex-vessel price of IFQ fish landed and sold; and information necessary to identify the fisherman, vessel, and dealer involved in the transaction. The fisherman landing IFQ species must validate the dealer transaction report by entering his vessel’s personal identification number when the transaction report is submitted. After the dealer submits the report and the information has been verified, the website will send a transaction approval code to the dealer and the allocation holder. Allocation equal to the landing is deducted from the vessel account upon completion of the landing transaction.

Participant - An individual, business, or other entity that is part of an IFQ entity. For example, John Smith, the participant, may belong to multiple entities such as John Smith, John and Jane Smith, and ABC Company. Share caps are tracked at the IFQ participant level, business level, and IFQ account level.

Public Participant Account – A shareholder account that does not have a permit associated with the account (i.e., the IFQ account and permit have the same entities). Public participants may hold, buy, sell, and transfer shares and allocation, but cannot harvest IFQ species.

Share – A share is the percentage of a commercial quota assigned to a shareholder account that results in allocation (pounds) equivalent to the share percentage of the quota. Shares are permanent until subsequently transferred or revoked. Dealer accounts may not possess shares.

Share Cap – The maximum share allowed to be held by a person, business, or other entity. The share cap prevents one or more IFQ shareholders or entities from controlling an excessive amount of IFQ shares and holding a monopoly in the IFQ program.

Share Transfer – The change in ownership of shares from one shareholder account to another shareholder account. A shareholder must initiate the share transfer and the receiver must accept the transfer by using the online IFQ system. Share transfers are a two-step process with the transferor initiating the transfer, but the completion does not occur until the transferee accepts the transfer. There may be a delay between initiation of the transfer and final acceptance of the transfer.

Shareholder – An entity that holds a percentage of commercial IFQ quota for any share category.

Shareholder Account – A type of IFQ account that may hold shares and/or allocation. This includes accounts that only hold allocation.

APPENDIX D. CONTROL DATES



Gulf of Mexico Fishery Management Council

Managing Fishery Resources in the U.S. Federal Waters of the Gulf of Mexico

2203 N. Lois Avenue, Suite 1100

Tampa, Florida 33607 USA

Phone: 813.348.1630 • Toll free: 888.833.1844 • Fax: 813.348.1711

www.gulfcouncil.org

November 1, 2011

005995 NOV 20 11

Dr. Roy Crabtree
Regional Administrator
National Marine Fisheries Service
263 13th Avenue South
St. Petersburg, Florida 33701

Dear Dr. Crabtree,

During its October 24-28, 2011 meeting in New Orleans, Louisiana, the Gulf of Mexico Fishery Management Council discussed Reef Fish Amendment 36, which considers changes to red snapper IFQ shares and allocation transfer provisions. This letter is written to request that NOAA Fisheries establish a control date of January 1, 2012, to notify red snapper shareholders that the Council is contemplating a "use it or lose it" provision, so anyone who owns red snapper shares after January 1, 2012 and is not using them may be at risk of losing them.

Sincerely,


Robert Gill
Council Chairman

SB:AD:tk

C: Gulf Council
Technical staff

H:\REEF\Amend-36 Red Snapper IFQ Transfer\Ltr to Crabtree re Red Snapper Control Date 11-11.docx



Gulf of Mexico Fishery Management Council

Managing Fishery Resources in the U.S. Federal Waters of the Gulf of Mexico

2203 N. Lois Avenue, Suite 1100
Tampa, Florida 33607 USA

Phone: 813.348.1630 • Toll free: 888.833.1844 • Fax: 813.348.1711
www.gulfcouncil.org

October 30, 2014

Dr. Roy Crabtree
Regional Administrator
National Marine Fisheries Service
263 13th Avenue South
St. Petersburg, Florida 33701

006434 OCT 20 14

Dear Dr. Crabtree,

This letter requests NMFS establish a control date of January 1, 2015 for grouper-tilefish IFQ shareholders in the Gulf of Mexico. This control date will notify grouper-tilefish IFQ shareholders that the Gulf of Mexico Fishery Management Council (Council) is considering modification to the participation requirements for entities obtaining transfers of grouper-tilefish IFQ shares after January 1, 2015.

During its June 23-27, 2014 meeting, the Council directed staff to develop the appropriate document to consider restricting transfer of grouper-tilefish and red snapper IFQ shares to commercial reef fish permit holders beyond the first 5 years of the IFQ program. Grouper-tilefish IFQ shares will become available for transfer to entities without a commercial reef fish permit beginning January 1, 2015. Due to the short time between the June 2014 meeting and January 1, 2015, it was not possible to implement an appropriate action to respond to the Council's June motion. Thus, at its October 20-23, 2014 meeting, the Council requested establishment of the control date, until the issue may be further evaluated in a plan amendment.

Similarly, the Council requested NMFS establish a control date of January 1, 2012, to notify red snapper IFQ shareholders that the Council is considering modifications to the programs' participation requirements. Red snapper IFQ shares became available for transfer to entities without a commercial reef fish permit on January 1, 2012. NMFS published this control date in the federal register, which remains in effect.

Sincerely,

Carrie M. Simmons for:

Kevin Anson
Council Chairman

AL: CMS

cc: Gulf Council / Technical Staff / Steve Branstetter, Ph.D.

APPENDIX E. ADVISORY PANEL MEETING SUMMARIES

This section includes the summary reports from advisory panel meetings that addressed modifications to the commercial individual fishing quota (IFQ) programs. The summaries from the following meetings are included:

- Ad Hoc Red Snapper IFQ Advisory Panel (November 5-6, 2013)
- Reef Fish Advisory Panel (October 4-5, 2016; only recommendations regarding commercial IFQ program modifications are included)
- Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (April 10, 2018)
- Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (November 7, 2018)

Red Snapper IFQ Advisory Panel Meeting Summary Gulf Council Office Tampa, FL November 5-6, 2013

In attendance

Tom Adams
Billy Archer
Buddy Bradham
Jason DeLaCruz
Bob Gill
John Graham
Scott Hickman
Chris Horton
David Krebs
Seth Macinko
Jerry Rouyea
Bob Spaeth
Bill Tucker
David Walker
Mike Whitfield
Troy Williamson
Jim Zubrick

Council and Staff

Doug Boyd
Assane Diagne
Ava Lasseter
Karen Hoak
Carrie Simmons
Steven Atran

Other attendees

Jim Clements
Sue Gerhart
Cathy Gill
Buddy Guindon
Stephen Holiman
Peter Hood
Mike Jepson
Tony Lamberte
Mara Levy
Kristen McConnell
Christina Package
Jessica Stephen
Melissa Thompson
Donny Waters
Wayne Werner

The meeting convened at 9 a.m. The AP appointed Bob Gill as Chair and Scott Hickman as Vice-chair. Assane Diagne reviewed the actions and preferred alternatives from Amendment 26, which established the Red Snapper IFQ program. Jessica Stephen summarized the IFQ program's 5-year review conclusions.

The AP then commented on the 5-year review. Overall, members felt that the program is working well and achieving its goals. The AP discussed whether the program goals should be

modified or refined, and whether it is desirable to further reduce overcapacity. It was noted that fewer vessels than the existing fleet can harvest the entire commercial quota, but maximizing economic efficiency is not the goal of the fishery. Other potential goals could address new entrants to replace retiring fishermen, and minimizing discards.

The AP also discussed the 3% recovery fee, with some members wanting IFQ program participants to pay more, and other members pointing out that 3% is the maximum allowable under the Magnuson-Stevens Act, and that the recovery fee was never intended to pay for the program.

Jessica Stephen reviewed the administrative changes NMFS is making to the IFQ programs and gave an overview of the IFQ program structure, to provide context and background information for members of the AP who are not familiar with the program. The AP then reviewed each of the actions from Reef Fish Amendment 26, which established the red snapper IFQ program.

The AP discussed the IFQ program duration and review requirements. Because red snapper is part of a multi-species fishery, members felt the red snapper IFQ program review should be aligned with other IFQ managed species, and passed the following motion:

Motion: That consideration be given to the future consolidation of the red snapper and the grouper/tilefish IFQ program reviews.

Addressing ownership caps, AP members who are IFQ program participants explained that the existing 6% cap reflected the landings of a fleet owner, not an individual fisherman. There was discussion about IFQ shareholders who sell allocation but no longer fish, and concern that putting controls on the market-based system would affect the functioning of the program.

Concerning the eligibility requirements for the transfer of IFQ shares, the AP discussed IFQ shareowners who do not possess a reef fish permit. Some members felt it was important to distinguish the IFQ program as a tool to support the commercial industry rather than being an investment tool. The AP passed the following motion.

Motion: To restrict the future transfer of shares to only those individuals possessing a valid commercial reef fish permit.

Mara Levy reviewed the legal issues and referendum requirements in the Magnuson-Stevens Act which pertain to IFQ programs. It would be necessary to define who would be included in any future referendum.

Following review of the amendment's actions, the AP discussed the conclusions from the red snapper IFQ program 5-year review. The AP noted that discards have decreased in some parts of the Gulf and increased in others. The AP expressed that a full retention fishery is ultimately the direction they need to go in the future, even though the transition has been painful in other regions and it may not be popular in the Gulf. The AP passed the following motion.

Motion: To recommend that the Council consider a regulatory full retention red snapper fishery, with no size limits.

The AP then discussed whether enforcement should be increased at landing sites, and whether the number of approved landing sites should be decreased. No additional recommendations to the 5-year review were made.

The AP reviewed the objectives of the IFQ program. Members discussed the objective to reduce overcapacity, and what vessel capacity the industry should aim for. There has been redirected effort toward other reef fish species, and most vessels target multiple species, not red snapper alone. The AP discussed capping the price at which allocation could be leased, but expressed concerns that shareowners would modify their behavior and use of allocation in ways unintended by the lease price cap. The AP discussed red snapper discards on vessels without sufficient allocation, and passed the following motion.

Motion: That the Council consider alternatives to allow a fisherman that does not have sufficient allocation to cover bycatch, to acquire the needed allocation prior to taking their next trip.

Next, the AP discussed shares held in accounts that have never been activated, alongside the issue of how to procure quota to provide for discards and new entrants to the fishery. The AP considered developing a type of quota set-aside, and expressed the need for the industry to further discuss these issues. The following motions resulted from the discussion.

Motion: Allow redistribution of shares in accounts that have never been activated since 2010, if the accounts are not active by December 31, 2014.

Motion: That the Council establish a quota bank using the shares from the inactive accounts from the previous motion.

Motion: That the shares from the previous motion be utilized for new entrants, to address discards, and to reduce bycatch.

Motion: The Council should develop a new ad hoc Advisory Panel, primarily of commercial red snapper stakeholders, to develop a plan to address new entrants' participation and bycatch, using future red snapper quota increases.

The AP then reviewed the presentation on administrative changes to the IFQ program. The issues raised here mainly concerned the timing and feasibility of landings and required notifications. Currently, a vessel is required to land within a declared 30 minute window, which some members of the AP felt is too short. Recognizing that modifying the landing time window affects how long enforcement officials must wait at the landing site, the AP passed the following motion.

Motion: 1 hour window to land (e.g., if landing at 5 pm, could land any time between 5-6 pm).

Another issue pertained to the required time limit for dealers to report landing transactions. Some members reported that the time requirement is too restrictive around holiday weekends. Jessica Stephen noted that even if the time period for the transaction was to be extended, fish may not be moved until the dealer submits the landing transaction. The AP then passed the following motion.

Motion: Offloading and landing transaction must occur within 72 hours of landing, excluding holidays and Sundays.

Finally, the issue of offloading after hours was discussed, and the AP passed the following motion.

Motion: If offloading has begun prior to 6 pm, offloading may continue after 6pm if law enforcement authorizes offload after hours

Other issues discussed included support for prohibiting deduction of ice and water weight when completing a landing transaction, and reviewing the number of approved landing locations. The AP then discussed other items outside of their charge.

The AP discussed the potential collection of a resource rent on the commercial red snapper quota but the motion recommending to the Council to consider imposing a resource rent failed. AP members indicated that rents were collected for oil and minerals and that the public should be compensated. It was also indicated that rent collections were not the norm in fisheries and that collections should not be limited to the commercial sector but include all users of the red snapper resource.

A member raised the issue of dual-permitted vessels having a crew size limit when fishing commercially, stating that the rule prohibits these vessels from taking family members fishing. Another member noted that eliminating the crew size restriction would give those with dual-permitted vessels with IFQ shares an unfair advantage. The AP passed the following motion.

Motion: To eliminate the crew size limit for dual permitted vessels fishing under the commercial IFQ system.

The AP then discussed putting additional reef fish species into IFQ programs, noting that effort had been redirected from those species now managed under IFQs, toward these other species. Members felt an IFQ program was important as an effort control for these species. The AP passed the following motion.

Motion: That the Council consider reopening Amendment 33, adding in all applicable reef fish to the IFQ program.

Finally, the AP discussed the concept of “dude fishing”, where passengers pay to experience commercial fishing. There was discussion as to whether this would be considered commercial or charter fishing, as well as safety issues. The AP passed the following motion.

Motion: Request that the Council ask staff to develop a discussion paper on an option for commercial dude trips in the Gulf. A commercial dude trip is where a member of the recreational public goes out on a commercial fishing experience.

The meeting adjourned shortly before noon.

**Reef Fish Advisory Panel Summary
Gulf of Mexico Fishery Management Council
Gulf Council Conference Room
Tampa, Florida
October 4-5, 2016**

Reef Fish AP members present:

Martin Fisher, Chair	Buddy Guindon	Mike Thierry
Patrick Bennett	Scott Hickman	Tom Turke*
Jason DeLaCruz	David Krebs	Ed Walker
F.J. Eicke	Jane Black-Lee	James (Mike) Whitfield
James Eliason	Mike Nugent	Jim Zurbrick

Gulf Council Staff:

Steven Atran
John Froeschke
Karen Hoak
Morgan Kilgour
Ava Lasseter
Jessica Matos
Ryan Rindone
Camilla Shireman
Carrie Simmons

Council Member:

Ed Swindell

Public:

Joe O'Hop
Jay Lucas
Ed Mancini
Sharon McBreen
G.P. Schmahl
Bob Spaeth

* AP member was absent the morning of the second day. Eight AP members could not attend out of 23 AP members.

Reef Fish Amendment 36A Commercial IFQ Modifications

Staff reviewed the actions and alternatives in the amendment. For Action 1, the AP discussed whether reef fish permitted vessels not carrying IFQ species should be required to hail-in. Some members noted that the hail-in should not be made any more complex than what is currently required of vessels carrying IFQ species. AP members supported the requirement for all reef fish permitted vessels to hail-in. Based on the current preferred alternative in the Modifications to Charter Vessel and Headboat Reporting Requirements amendment, some members stated that the Council seems to be moving towards a mandatory hail-in requirement for for-hire vessels. Thus, this same rule should apply to commercial vessels, too.

By a vote of 13 to 0 and 2 abstentions, the AP recommends in Action 1, that Alternative 3 be its preferred alternative.

Alternative 3: The owner or operator of a commercial reef fish permitted vessel landing any commercially caught, federally managed species from the Gulf is responsible for ensuring that NMFS is contacted at least 3 hours, but no more than 24 hours, in advance of landing. If IFQ species are to be landed, all IFQ advance notice of landings regulations must be followed. If no IFQ species are to be landed, information required with the advance notice of landings will include date, time, location of landing, and vessel identification number (Coast Guard certificate of documentation or state registration number).

The AP discussed Action 2, which addresses the return of inactivated shares to NMFS (Action 2.1) and the proposed methods of redistributing the inactivated shares (Action 2.2). AP members supported the action to return the shares in inactivated accounts to NMFS, but noted that the red snapper program has been in place longer than the grouper-tilefish IFQ program. Thus, there was support for providing additional time for shareholders of inactivated accounts in the grouper-tilefish program to divest of their shares.

By a vote of 12 to 0 and 3 abstentions, the AP recommends in Action 2.1, Alternative 2 Option 2a and Alternative 3, Option 3b as its preferred alternatives.

Alternative 2: For shares in red snapper IFQ program accounts that have never been activated in the current system, return the shares to NMFS:

Option 2a: on the effective date of the final rule implementing this amendment.

Alternative 3: For shares in grouper-tilefish IFQ program accounts that have never been activated in the current system, return the shares to NMFS:

Option 3b: one year following the effective date of the final rule implementing this amendment.

For Action 2.2, the AP discussed the alternatives for redistributing the shares from the inactivated accounts. AP members noted that the amount of quota for each share category was relatively small, and support was expressed for the use of quota banks. Following a failed substitute motion to recommend redistributing the shares to the allocation-only account holders, the AP passed the following motion:

By a vote of 9 to 4 and 2 abstentions, the AP recommends in Action 2.2, that Alternative 3 be its preferred alternative.

Alternative 3: Redistribute the shares from each share category according to the proportion of shares held by shareholders of that share category at the time the shares are redistributed by NMFS.

Action 3 considers providing authority to NMFS to withhold IFQ annual allocation at the beginning of the year, should a quota reduction be expected to occur during that mid-year. One

member noted he could support the reduction in quota mid-year if it was for biological reasons, but not for political reasons. Other AP members noted there are problems with managing quota changes mid-year, as the market is affected, especially if changes occur late in the year.

By a vote of 13 to 0 and 2 abstentions, the AP recommends in Action 3, that Alternative 1 be its preferred alternative.

Alternative 1: No Action. Distribute 100% of red snapper and grouper-tilefish annual allocation to IFQ shareholders on January 1 of each year.

Staff reviewed Action 4, which the Council requested to be added to the document at its August 2016 meeting. The action would require IFQ dealers to notify NMFS when a commercial vessel will begin offloading IFQ species. AP members discussed whether this is a regional or Gulf-wide law enforcement issue. Other members responded that it has been a problem among small, mobile operations, rather than at large fish houses. Some AP members were concerned that this would put an additional burden on dealers, including any potential violations from inaccurate or incomplete notifications. Some AP members felt the burden should be on the vessel operators rather than the dealers, but a motion to make this change to the action failed. Another member expressed concern that the details of the notification requirement remain largely unknown and the logistics would be defined by NMFS (e.g., ability to resubmit notification due to delay in offload and window of time for offloading). Additionally, this would be the first time dealers would have to worry about this aspect of enforcement.

By a vote of 9 to 0 and 6 abstentions the AP recommends in Action 4, that the preferred alternative be Alternative 2.

Alternative 2: Require IFQ dealers to notify NMFS when a vessel will offload IFQ species. The notification must be made at least 1 hour, and no more than 24 hours, before offloading begins.

**Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel
Meeting Summary
Tampa, FL
April 10, 2018**

Advisory Panel Members

Jane Black-Lee
William Copeland
Jason DeLaCruz
Jonathan “David” Floyd
Keith “Buddy” Guindon
Scott Hickman
David Krebs
Harris Pappas

Dennis Parker
Franklin Parker
Nick Ruland
Lisa Schmidt
Jerri Smitko
James “Brian” Swindle
Theodore “Steve” Tomeny
David Walker
Wayne Werner

Jim Zurbrick

Council, Council Staff and NMFS Staff

John Sanchez
Leann Bosarge
Ava Lasseter
Karen Hoak
Assane Diagne
Jessica Stephen
Mike Travis
Matt Freeman

Others

Ryan Bradley
Eric Brazer
Alisha DiLeone
Bob Gill
Brad Gorst
Mike Jepson
Wallace Lee
Christina Package-Ward
Elizabeth Silleck

The Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (AP) was convened April 10, 2018 in Tampa, Florida to provide recommendations to the Gulf of Mexico Fishery Management Council (Council) on the commercial IFQ programs. David Krebs was elected Chair and David Walker was elected Vice-Chair.

Grouper-Tilefish IFQ Program 5-year Review

Staff gave a presentation on the Grouper-Tilefish IFQ Program 5-year Review and summarized the supporting surveys with program participants, dealers, and captains and crew. The AP discussed discards and noted that some concerns are specific to the Red Snapper IFQ program and may not be applicable to the Grouper-Tilefish IFQ program. AP members expressed concern with the red grouper quota increases, noting that there is a problem with the stock as the fleet is not catching the quota. In that case, the AP noted that further reducing fishing capacity for red grouper may not be desirable. The AP then passed the following motion.

To endorse the conclusion of the Grouper-Tilefish IFQ program, that the program is meeting its objectives. The AP formally endorses the conclusion of this review in accordance with the MSA.

The AP discussed the multiple reporting systems in which commercial reef fish fishermen must participate and the difficulties in reconciling the different datasets. The AP then passed the following motion.

That staff develop the use of a system using a unique trip ID number (hail out number) to follow the entire transaction from start to finish.

AP members discussed missing or inaccurate annual allocation and share prices and made the following motion.

To support exploration of strategies to improve the collection of accurate share and allocation price data.

Reef Fish Amendment 36A

Staff reviewed the actions taken in Reef Fish Amendment 36A, on which the Council took final action in April 2017. The amendment is currently under review by the Secretary of Commerce. The AP then passed the following motion, with one in opposition.

The IFQ AP supports the original Reef Fish AP [Oct 4-5, 2016] recommendation to not allow withholding allocation at the beginning of the year in advance of an anticipated quota reduction.

Reef Fish Amendment 36B

Staff reviewed the options paper for Amendment 36B. AP members noted that the IFQ programs have changed the way fishermen fish and discussed several ideas including setting up an exchange. The exchange would assist small operators to find allocation openly, help in adjusting the distribution of allocation to better reflect the geographical distribution of the fish, and support communities where fewer fish are available locally when shares are sold to fishermen in other parts of the Gulf, e.g., when older fishermen retire or pass away. Other AP members did not want the government controlling where shares go and noted that redistribution methods would be a big change to the system and unintended consequences could result.

AP members discussed the potential action to require shareholders to have a reef fish permit. AP members noted that, during the design phase of the program, the commercial industry expressed its opposition to opening the program to people without permits. However, now that permits have not been required for several years, unintended consequences could arise from reinstating the permit requirement. For example, the cost of permits has increased dramatically in anticipation that the requirement may be reinstated, and it will cost new entrants even more to get into the fishery. It was also noted that people would be able to find ways around the permit requirement, if reinstated, such as through the creation of corporations. With four in opposition, the AP then passed the following motion.

For program participation, do not require a reef fish permit to be a shareholder thereby retaining the current regulations.

AP members discussed the small amount of shares held in the non-activated accounts that will be returned to NMFS when Amendment 36A is implemented. AP members expressed interest in improving access to quota for new entrants and discussed that guidelines could be established to define new entrants. AP members noted the importance of industry input in future decisions on quota availability. With four opposed and one abstention, the AP passed the following motion.

To create a quota set aside from non-activated accounts to run a NOAA quota bank for addressing commercial discards. NOAA shall create an industry steering committee to advise in the administration of the program.

AP members further discussed the goals and objectives of the IFQ programs, including the relationship between reducing overcapacity and the need for new entrants in the fishery, and stated that further progress could be made toward reducing capacity and improving safety-at-sea. With two in opposition, the AP passed the following motion.

For Goals and Objectives: To retain the goals of reducing overcapacity and improving safety at sea.

An AP member noted that a lease-to-own provision would be unenforceable and would lead to increased lease prices. With no opposition, the AP passed the following motion.

To move Section 2.3.1 (Lease-to-own provision) to considered but rejected.

Although share and allocation transfers are processed through the NMFS online system, the agreement is a private transaction made between two parties. An AP member who is a new entrant described his difficulty in finding allocation to lease, as he does not personally know many shareholders who may have allocation available. He expressed interest in having a public marketplace where people with shares or allocation available for purchase could be connected with those looking to buy it. NMFS staff suggested that a message board to help connect buyers and sellers of shares and allocation could be considered. With no opposition, the AP passed the following motion.

For NMFS to establish an information exchange for shares/allocation of IFQ reef fish. Guidelines for the scope and rules of operation to be established, once approved.

Concerning quota set-asides, an AP member raised the issue of distributing future quota increases differently than to existing shareholders. With three AP members abstaining, the AP passed the following motion.

The AP would like to consider future potential set asides of a percentage of any quota increases, after the Council and the Advisory Panel designs a mechanism with an associated purpose and need.

AP members discussed the white paper on rents and royalties that was requested by the Council at its January 2018 meeting. The following motion passed with no opposition.

To recommend to the Council to include, in developing the white paper on rents and royalties requested by the Council at its January 2018 meeting:

- **a list of the goals and objectives of Amendment 26 and how imposing royalties would either advance or undermine those goals and objectives, and**
- **information on the likely effects of royalties on consumer prices for commercially caught red snapper, and on lease prices for allocation along with resulting impacts on new entrants and bycatch.**

Council Motion January 2018: To instruct staff to start a white paper exploring rents/royalties in the Gulf commercial red snapper fishery for allocation above 4.65 million pounds. The white paper should include but not be limited to: a definition of rents/royalties, examples of resource rent collection in other public resource uses, a calculation of Gulf red snapper rents/royalties value, alternative methods of rents/royalties collection and alternative methods for redistribution of shares.

With one opposed, the AP passed the following motion.

To recommend to the Council to analyze recreational rents and royalties as part of the white paper.

AP members discussed how a loan program could be used to help new entrants buy into the IFQ programs. NMFS staff indicated that a national loan program is under development. With one in opposition, the AP passed the following motion.

To support the development and implementation of an IFQ loan/fisheries finance program in the Gulf of Mexico similar to the model used in the Pacific Northwest.

Other business

With no opposition, AP members passed two motions relative to the Council's January 2018 motion directing Council staff to begin work on a scoping document to examine red snapper allocation.

In reference to the January 2018 Council motion, to direct staff to include in the allocation scoping document, all Gulf Council-managed species with a commercial and recreational component.

Council Motion January 2018: To direct staff to develop a scoping document to evaluate the allocations of red snapper, taking into account previous deliberations in Amendment 28 and any new information and considers a broad range of social, economic, data correction, and management factors.

To recommend to the Council to include, in developing the allocation scoping document:

- **information regarding overages by the recreational sector (and the private angler component in particular) and the de facto reallocations to the recreational sector that have resulted;**
- **the dollar value of losses to the commercial sector, including all levels in the supply and distribution chain, that has occurred as a result of this de facto reallocation;**
- **recreational sector discards and discard mortality;**
- **management uncertainty in both the for-hire and private angler components; and**
- **information regarding the consumer demand for and supply chain of commercially caught red snapper, including an assessment of the number and location of end use consumers of commercially caught Gulf red snapper.**

The meeting adjourned at 5:25 pm.

**Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel
Meeting Summary
Tampa, FL
November 7, 2018**

Advisory Panel Members

Jane Black-Lee
William Copeland
Jason DeLaCruz
J. David Floyd
Buddy Guindon
Scott Hickman
David Krebs
H.D. Pappas
Dennis Parker
Nick Ruland
Lisa Schmidt
Jerri Smitko
Brian Swindle
Steve Tomeny
David Walker
Wayne Werner
Jim Zubrick

Council, Council Staff, and NMFS Staff

Leann Bosarge
Assane Diagne
Ava Lasseter
Jessica Matos
Roy Crabtree
Alisha DiLeone
Peter Hood

Others

Eric Brazer – presenter
Paul Parker – presenter
Karen Bell
Casey Streeter

The Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (AP) was convened at 8:30 a.m. on November 7, 2018, in Tampa, Florida to provide recommendations to the Gulf of Mexico Fishery Management Council (Council) on the commercial IFQ programs and the proposed actions in Amendment 36B. The AP approved the April 2018 meeting summary and adopted the agenda, then heard presentations on privately run quota banks from Eric Brazer (Gulf of Mexico Shareholders' Alliance) and Paul Parker (Trust Conservation Innovation). Following the presentations, the AP began discussing modifications to the IFQ programs and quota banks.

In response to questions from AP members, Dr. Crabtree noted that for a quota bank to be feasible, there would need to be enough fish in it to make it worth running. He added that it would likely take at least a year after the Council takes final action on an amendment to get a quota bank up and running.

AP members discussed concerns relative to establishing a quota bank, highlighting the following:

- the importance of first identifying a purpose and need;
- the Fishery Finance Program is available for fishermen to obtain a loan to buy shares;
- the importance of not disassembling the IFQ system, which is working; and
- that the industry has the ability to develop necessary solutions in their own communities.

AP members expressed support for quota banks based on the following:

- some quota could be used for regulatory discards, because red snapper are now in the east while groupers are declining;
- need a way for replacement fishermen to enter the fishery; and
- there is limited availability of shares in southern Florida.

An AP member noted that with the red snapper quota increasing in 2019, part of the increase could be used for a quota bank. He added that there are problems in the grouper fishery and asked if an allocation trading program could be considered, such that some number of pounds of grouper allocation could be traded for red snapper allocation.

AP members also discussed the amount of red snapper quota that would be needed by a vessel, and whether red snapper should be a targeted commercial fishery or if instead, allocation should be used primarily for incidental catches. Regarding auctions, there was concern expressed as small participants would be unable to compete with large well-funded organizations.

Following a lunch break, AP members resumed the discussion alongside the proposed actions in Amendment 36B. AP members discussed the proposal to require shareholders to have a commercial reef fish permit (Action 1). An AP member felt that implementing this after years of IFQ management would lead to even more consolidation in the fishery. There was concern that any new restrictions would affect existing permit prices and availability. A member noted that as a result of considering this action, the price of a commercial reef fish permit has increased to \$20,000. AP members also noted ways that participants could get around the new requirement, and wondered if the Council intended that dealers should be required to possess a permit and vessel. By a vote of 14 to 3, the AP then passed the following motion:

To recommend to the Council in Action 1, Alternative 1 be the preferred.

Alternative 1: Do not establish requirements to obtain or maintain shares.

Because the AP does not support a requirement that shareholders possess a commercial reef fish permit, the AP did not support Action 1.2, which addresses the divestment of shares in the event some shareholders are unable to obtain a permit, if required in Action 1.1. The AP passed the following motion:

To recommend to the Council in Action 1.2 to make Alternative 1 the preferred.

Alternative 1: No Action. If the Council requires some or all shareholders to possess a commercial reef fish permit in Action 1.1, there is no specified time by which shareholders must comply with the requirement.

The AP discussed Action 2, which would distribute the shares from non-activated accounts reclaimed through Amendment 36A, in terms of the creation of a quota bank. An AP member said it would be helpful to get an estimate of the amount of discarded red snapper in the eastern Gulf. This would help the Council determine the quota needs to address the problem. AP members discussed alternative methods to distribute IFQ shares from non-activated accounts. Recognizing that the amount of reclaimed shares may not be enough for a distribution to all eligible accounts, the AP passed the following motion by a vote of 15 to 1:

To recommend to the Council to add an alternative [to Action 2] to equally distribute reclaimed shares held by NMFS among all accounts with landings of the most current year of each share category to shareholders within one month of the effective date for the final rule implementing this amendment.

The AP noted its appreciation for the opportunity to discuss ways to alleviate problems such as the increase of red snapper in the eastern Gulf. However, AP members added that the commercial industry does not support most of the changes proposed in Amendment 36B.

The AP discussed Action 4, which considers requiring hail-in estimates to be more accurate. Some AP members felt such a requirement was unnecessary, stating the hail-in estimate was not intended to be used to penalize fishermen. An AP member questioned whether it was necessary to have an estimated weight at all, but another member thought it was good to give law enforcement an idea about the approximate magnitude of the catch. Some members noted it is most important that a vessel has sufficient allocation in its account for landings. The AP then passed the following motion by a vote of 15 to 1:

To recommend to the Council in Action 4, to make Alternative 1 the preferred.
Alternative 1: Do not change the current reporting requirement regarding estimated weight of IFQ species to be landed on the advance landing notification.

The AP then resumed discussing Amendment 36B and the pros and cons of a quota bank. The AP developed the following statement and table, and passed each by a vote of 16 to 1:

To make a statement to the Council to consider the following discussion regarding unintended consequences from Action 1.1:

- There is concern that all permits will be bought up by those who need to keep their shares, so permits would not be available, or the price would be driven higher to those who need them to fish.
- If we change the system that is in place, it will affect the availability of leased fish and probably drive the lease price to available fish even higher.
- Talking about this amendment has led to more and more new shareholders and more and more participants in the fishery and has possibly artificially raised the price of permits. People anticipating that the Council will further limit access to the fishery would cause a rush of people to get into the fishery before the changes are implemented.
- Speaking to the requirement for shareholders to have a permit in Action 1.1, dealers who own shares and don't own permitted vessels and lease allocation to vessels that fish for them would be adversely impacted.
- If you have a shareholder and put in place a permit requirement he could go to a vessel owner with a permit and make a contractual agreement where he would be leasing the permit.

Pro – For a NOAA quota bank	Con – against a NOAA quota bank
	Council designed with little input on how they will fill it
It would be run by the government, so it will be slow and hard to make adjustments	What you hand off may not be what they build
Direct quota to deal with discards in more timely fashion	The industry already has a quota bank that is 3 years old
	We already have de facto quota banks in the fish houses to balance out a year’s worth of quota
	We don’t know who the quota can be auctioned to once it’s in the bank
	We don’t know how many fish it would take to alleviate the commercial discard problem in the eastern Gulf

The AP also discussed the issue with red grouper availability and passed the following motion:

The AP supports the Council’s reduction of the red grouper ACL.

The meeting adjourned at 5 p.m.

Failed and withdrawn motions:

Motion: To recommend the Gulf Council to direct NOAA staff to study and develop an Actions and Alternatives for modifying the distribution of commercial allocation within the IFQ fisheries to provide greater flexibility to address current and future issues and concerns. Specifically, this analysis should examine replacing the current % of allocation/share by a fixed lbs/share.

Motion failed 2-13.

Motion: To recommend the Council adopt Action 3.1 Alternative 1 as the preferred.

Alternative 1: No Action. Do not add allocation to the quota bank from any share category. The quota bank holds shares reclaimed through Amendment 36A or Action 1 of Amendment 36B. Motion tabled.

Substitute Motion: To consider under 2.2 Action 2 that unclaimed shares be set aside for a science/observer based program which is intended to validate/retain dead discards on sanctioned fishing/research trips.

Motion failed.

2nd Substitute motion: Open a quota bank and use all 12 years’ worth of fish.

Motion failed.

Motion: To recommend to the Council that in Action 2 to make Alternative 4 the preferred.

Alternative 4: Establish a NMFS-administered quota bank with the reclaimed shares. NMFS will retain the shares and distribute the allocation associated with the shares each year.

Motion failed.

Substitute motion: That unclaimed shares be set aside to be used in an industry/NMFS coalition quota bank to address discard mortality.

Substitute motion withdrawn.

*Motion: **Alternative 1:** No Action. Do not distribute reclaimed shares, including the shares reclaimed through Amendment 36A or Action 1 of Amendment 36B at this time.*

Motion failed 3 – 10.

Motion: To recommend to the Council in Action 2, Alternative 3 be the preferred.

***Alternative 3:** Proportionally distribute reclaimed shares held by NMFS among accounts with shareholdings of each share category within one month of the effective date for the final rule implementing this amendment.*

Motion withdrawn.

Motion: To recommend to the Council in Action 2, Alternative 2 be the preferred.

***Alternative 2:** Equally distribute reclaimed shares held by NMFS among all accounts with shares of each share category to shareholders within one month of the effective date for the final rule implementing this amendment.*

Substitute motion made that carried.

APPENDIX F. SUMMARY OF SCOPING WORKSHOPS

Scoping workshops were held from March 10-24, 2015 at the following locations:

Tuesday - March 10, 2015
Courtyard Marriott
142 Library Drive
Houma, LA 70360

Tuesday - March 17, 2015
Hawthorn Suites by Wyndham
501 East Goodnight Avenue
Aransas Pass, TX 78336

Thursday - March 12, 2015
Hilton Garden Inn
6703 Denny Avenue
Pascagoula, MS 39567

Wed - March 18, 2015
Hilton Garden Inn
1101 US Highway 231
Panama City, FL 32405

Monday - March 16, 2015
Hilton Galveston Island Hotel
5400 Seawall Boulevard
Galveston Island, TX 77551

Tuesday - March 24, 2015
Hilton St. Petersburg
950 Lake Carillon Drive
St. Petersburg, FL 33716

Tuesday - March 17, 2015
Renaissance Mobile
64 South Water Street
Mobile, AL 36602

Houma, Louisiana March 10, 2015

Program Eligibility Requirements

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

We still feel like we're overcapitalized so, expanding eligibility seems like a slippery slope. The requirement to have a reef fish permit to harvest fish needs to stay.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

The Council should consider coming up with some type of financing program. New entrants can't afford to buy shares and the banks won't back loans for boating startups. Bankers don't understand it. Some kind of government run loan process could help new entrants more than

gifting them small shares. It seems like redistributing them to the guys that are already in the fishery is more reasonable. Finance the new entrants rather than gift them.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

Full retention is a great goal. Some of the people targeting vermillion or grouper are pulling up lots of red snapper and killing them. Full retention would force those fishermen to make the effort to get allocation. There might need to be quota banks to help with this, and you may need to give them extra to get the necessary allocation if you require full retention. If we can sell a fish that is big enough to bite the hook, there will be a market for the fish smaller than 13 inches. Full retention will be a lot harder on some of the guys than on others but we should throw fish in the box rather than throw them back dead if we catch them.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity be established?**

The cap's example are difficult to handle and we are not so sure that it's harmed anyone. There hasn't been a mega corporation that's tried to buy everyone out.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

The broker situation takes care of itself. In the derby days or even pre derby, as people got older, they hired captains to run their boats. The current use of the IFQ program is no different. Some of the active shareholders do the same as we've always done. They have someone run their boat or just sell their allocation.

Here in Louisiana we're in a pure red snapper environment. Forcing me to stay on my boat rather than sell my allocation or hire a captain would exacerbate the bycatch issue. Captains would continue fishing rather than lease to people in the south east who don't have snapper quota, but are catching snapper because the population is expanding.

➤ **Should a "lease-to-own" provision be considered?**

Lease to own sounds neat but may cause fishermen who are selling allocation to an individual go back to fishing rather than give someone else 'credit' for his harvest. It would promote owners to keep harvesting their own allocation rather than let others earn credit for something that isn't theirs. A credit towards ownership arrangement should be done on an individual level rather than at the agency level.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Hail in and out for all reef fishermen is a good idea. It's a great enforcement tool and it gives law enforcement a better heads up. They don't have to check every landing but it is good information to know.

Council member and staff:

Myron Fischer
Emily Muehlstein
Bernie Roy

**Pascagoula, MS
March 12, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

It's fine how it is.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

Allowing shareholders/allocation holders to harvest without a reef fish permit goes against the goal of the program and would promote overcapitalization.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

1% is a great margin for any program. Leave it like it is. Those people know they have shares and they should be allowed to sell it when they want to.

To achieve optimum yield the Council may want consider allowing the allocation in inactive accounts to rollover and be distributed amongst active accounts.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

People in the program today have suffered the pains of the program. Therefore, they should reap the benefits of the program rather than being penalized by losing additional shares. People who have been actively fishing should be given first opportunity for ownership.

It would be difficult to decide who qualifies as new entrants or small shareholders. Additionally, new entrants can get in to the program, plenty of new entrants have bought in. It was understood when the program was initiated that this would happen. Shares would have a high value and the fishery would consolidate, making it difficult for new entrants.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

It's probably not legal and it definitely would not work to require full retention. You cannot make someone keep what they catch and it seems difficult to enforce.

Typically, commercial fishermen aren't going to hang around and catch the wrong size or species of fish. They are already policing themselves.

The market value of the different sizes of fish will be an issue. Fishermen won't want to use their allocation on the less valued fish.

There isn't data to justify worrying about regulatory discard on the commercial side. The snapper population has exploded, so it's obviously not a biological issue.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity be established?**

There is already a cap on shares and that was initiated when the program was put in place. The current share caps are fine.

➤ **Should caps on the amount of IFQ allocation landed by a single vessel be established?**

You shouldn't limit what a vessel can harvest that is like directly capping what a person can make. A vessel can only catch so much a year anyhow, so there is no need to put a limit on it.

➤ **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

The program was established to be traded and there is no need to undo the system. The only reason the program sold initially was because of the flexibility it allowed. It doesn't make sense to socialize the program and keep everyone at some artificial level.

Requirements for the Use of Shares and Allocation

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

There are a lot of reasons the fish aren't caught in a year; weather, engine failure, personal reasons, etc. Unharvested allocation should be rolled over so people can catch their fish the next year.

➤ **Should a “lease-to-own” provision be considered?**

Lease-to-own is an interesting approach and people would have demonstrated through trip tickets that they've fished should be given priority if a situation arises where new shares become available.

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Would it be more practical to handle the quota reduction in the following year rather than mid-year? Don't be conservative and hold back, rather, reduce the share of the individual fishermen who have already caught their allocation in the following year.

During the mid-year quota increase derby-like conditions were created and the market value of red snapper dropped. If there was a large increase late in the year the Council should consider adding the extra in the following year.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

No. If they have VMS we know where there are so it's not necessary. If violations happen it's a small problem.

Council member and staff:

Leann Bosarge
Emily Muehlstein
Bernie Roy

**Galveston, Texas
March 16, 2015**

Program Eligibility Requirements

➤ **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

The IFQ program is achieving its intended goals as is. Red snapper is a public resource, and the public should be able to participate in the IFQ program if they wish.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

The fishery is still overcapitalized, but it is currently under refinement to a smaller number of participants. If they were to allow people without a reef fish permit to harvest then the progress we've made to reduce overcapitalization would be reversed. Allowing anyone with IFQ to fish would definitely increase overcapitalization.

- **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Transferability of shares should be market driven. Members of the public should be allowed to buy and sell shares and allocation.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

IFQ account holders should be contacted about their inactive accounts. The agency needs to do their due diligence and let people know that they have inactive shares.

Inactivity may be caused by displacement or disaster so share owners should be given time and warning before accounts are closed.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

The fish in inactive accounts need to be harvested. A quota bank could be used to address the issue of dead discards. The allocation could be distributed to all reef fish permit holders, not just IFQ share owners.

If shares are redistributed they should be given to active shareholders. Allowing new entrants goes against the goal of reducing overcapitalization in the fishery. The program was set up to be market driven, you can be a new entrant by buying from current shareholders. Use the market based system, it's already in place and there is no need to start a new program.

New entrants to the program should be considered. Some qualification of what defines a new entrant would be necessary.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

Actions that can prevent fish from being thrown back dead should be considered, on the recreational side also. Throwing back perfectly good fish dead makes no sense.

Eliminating the minimum size limit and implementing full retention will allow the market-based system to work to its full potential. It will teach fishermen to fish smarter and more efficiently. Making fishermen keep everything they catch will make them behave more conscientiously.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by an entity be established?**

Leave it just like it is. It works as a market based system for economic efficiency and changing the amount an individual can own would not necessarily change economic efficiency of the program. Reducing the share cap may increase overcapacity. No one voiced any desire for caps to be put into place.

➤ **Should caps on the amount of IFQ allocation landed by a single vessel be established?**

Putting restrictions on an entity who has the capability of harvesting a large amount of fish will hurt the effort of reducing overcapacity.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

Leave it alone, the current framework is working fine. The beauty of the system is that it is flexible. One fisher's boat breaks down, another fisherman can use quota. Exclusion is a problem for those on the outside, but not for those on the inside of the IFQ program. By restricting brokering, you would be closing the door of opportunity for others. There is no market advantage or biological advantage to do so.

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

Some people are long-term fishermen who are leasing their fish out to others for various personal reasons, and are not brokers per se. It would be difficult to separate the different users and restrict them.

Fishermen find quota if they need it; leasing and brokering when practicable to assist one another. If someone wants to buy quota, they can and, local fishermen help other fishers get quota to use for bycatch. Fishermen that have available quota can capitalize on those fishermen out on the water and have them bring in fish for them as dealers to fill orders. Dealers hire

fishermen to fish and can provide them quota if they don't have enough in their IFQ account. Fishermen can change behavior to avoid bycatch when no allocation is available.

➤ **Should a “lease-to-own” provision be considered?**

Eliminate the problems for new entrants by offering a loan program. The federally backed loan program for new entrants that was suggested by the AP should move forward. Consider making a place in the Federal Registry where fishermen can register their right to harvest; they can use that as collateral to get loans. Banks need something to collateralize. New guys can come into the system by buying shares and creating history. If an entity buys allocation, then they could be entered into a sort of lottery program, or some sort of lease to own program to help new entrants transition in to the program. At some point, new entrants will need to be considered so those fishermen need to be considered now. Current fishermen are getting older.

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Withholding quota would either create a shortage or a potential end of year glut. Mid-year changes up or down are not good for businesses. Business plans are made at the beginning of the year. Midyear increases causes a market glut. With a higher percentage of fish, you have to find a higher percentage of customers. Fluctuations are not desirable for operating a business and create market inequities and instability. Make end of year quota increases available the next year on Jan 1st to avoid derby fishing conditions. For the best benefit of the country, the fishermen need to know when they can fish.

Get the Council and the stock assessment process in line to set quota at the beginning of the year rather than allow mid-year quota changes. Move data assessments to an earlier time and obtain real time reporting so managers can make decisions early on in the year, rather than making mid-year adjustments.

Council process is inefficient, small shareholders needs the fish as soon as they are available. Mid-season or not, a small shareholder will take fish whenever they can get them. A business plan is not as important to small operations.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes, hailing in for all would give proper notification to law enforcement and get rid of violators. Everybody with federal reef fish permits should have VMS on board and follow a hail-in/hail-out requirement. It would increase expenses for law enforcement.

Additional Issues

The 5-year review program should include people with a vested interest.

A water weight percentage should be brought back (ice weight). Ice and slime weight gain that causes variances between weight when the fish is being offloaded and weight at the fish house (about 3%) needs to be considered.

Council member and staff:

Robin Riechers
Emily Muehlstein
Karen Hoak

**Aransas Pass, TX
March 17, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

Commercial quota is there to be fished and should be caught to achieve optimum yield. The only fear is that someone could buy up quota with no intention of fishing it; protections should be put in place to prevent that.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

Shares from inactive accounts should be available for public purchase or distributed to small entities rather than large current shareholders. Inactive shares could be purchased at market price from a quota bank

Inactive shares should be put into a quota bank. They could be used to manage the program more efficiently, like for discard mortality and better conservation of the resource. Also, they could be made available for use in pilot programs (i.e., commercial/recreational hybrid programs and research).

- **Should future increases to commercial red snapper quota be redistributed to new entrants or small shareholders?**

Increases in quota should benefit current shareholders. The industry already rebuilt the fishery taking on VMS and other burdens, and eventually benefited from those changes making them

fully accountable, self-policing, etc. Non-accountable sectors should not benefit with the efforts from those who were and are accountable.

People who were granted fish benefited from being granted fish, and commercial fishermen are not the only folks who should benefit from a rebuilding fishery.

Full retention requirements to address regulatory discards

➤ **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

Remove minimum size limit for the commercial fishery based on the fact that smaller fish are targeted. When they fish by size selection, they use smaller weaker hooks which target smaller fish, and then dead discards become an issue. By removing the size limit, they can use smaller hooks leaving the larger breeding stock in the water.

➤ **Should the full retention of all commercially caught red snapper be required?**

Full retention seems good as long as it's good for the fish population. Breeding fish may be left in the water which would be good. Throwing back small fish dead is not beneficial.

Full retention may be a bad idea. On the west coast entire fisheries have been completely shut down because of choke species. If there is a species or sub-allocation of a species in a full retention fishery, and all the allocation gets used up, if you interact with that species, all fishing stops. Full retention program would require you to fully retain the species whose fishery is completely closed because of the full retention policy. One bad move in one day can cause a huge problem for everybody making it unlawful to fish at all, as in rockfish in California

A full retention program would have to be thoroughly vetted, phased in with a sun-set. The Council might consider making full retention only effective while the commercial season is open for the specific species is open.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity be established?**

The 6% ownership cap put in place represented the largest harvester at the onset of the program. Social engineering by regulators will not provide better management than the free market already has.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

Shares and allocations should remain in the hands of fishermen, but we should not to have 5 or 6 entities owning the whole fishery in a monopoly situation.

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

Rollover, if done well, would serve the primary program goals well. Roll-over should be permitted when a commercial shareholder has issues that make it impossible for fishing to occur. Council will have to constrain what would constitute an emergency, or restrict number of times a person could roll-over allocation. The roll-over should allow fishermen to catch their fish but not artificially manipulate the market by withholding quota into the following year. A derby at the end of the year could be avoided by reducing the roll-over quota by a certain percentage, rather than allowing the entire allocation amount to roll-over.

➤ **Should a “lease-to-own” provision be considered?**

The guy buying allocation should get credit. He should not have to be dependent on the seller indefinitely. Sooner or later, he should get credit for being the fisherman catching the fish. There should be a time limit for selling your allocation – meaning you can sell you allocation so many years before you have to sell the shares or harvest them yourself.

Use it or lose it, it goes back to regulators being involved in social engineering. Fishermen should negotiate deals with the share owners, not have the government mandating when a person should achieve benefits. These are private transactions, not governmental regulations.

Mid-Year Quota Changes

➤ **Should a portion of shareholders’ allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Instead of withholding every year to adjust for catastrophic events, take out quota at the beginning of the next year; that will meet the program goals far better than an in-season closure and the loss will be distributed better across all participants. If there is a stock assessment year is coming up and people are concerned about a reduction mid-year there may be a race to fish in the beginning of the year.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

If hail in/hail out would solve the problem, it should be required. Operators following the rules would not have a problem with the new requirement. Operators fishing for other species legally would not likely have a problem with it either. The only people that would object to the new requirement are likely to be those doing illegal things.

Only permit holders should weigh in on this issue, others' opinions shouldn't matter.

Additional Issues

Inter-sector trading should not be allowed.

Red snapper is rebuilding by using the IFQ program. It is effective and meeting its goals of reducing overcapacity, minimizing derby conditions, and rebuilding the resource. The program does not need wholesale changes to add in efficiencies and complications. Overharvesting has not been occurring. Improvements should promote accountability, assist in achieving OY, and collaboration between user groups. New entrants can buy into the program as is, and management is best left in the hands of the shareholders.

Council member and staff:

Greg Stunz
Emily Muehlstein
Karen Hoak

**Mobile, AL
March 17, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No: Fishermen have invested in shares, and need the flexibility, such as in the event of accidents and other incidents.

Yes: Only if you have a commercial reef fish permit should you be able to buy shares, catch, and land fish.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No:

- Commercial reef fish permit is needed for landing because they would have VMS and follow landing procedures. Need enforcement to sanction poaching vessels.
- This would allow more commercial fishing participants, and commercial reef fish permits are under a moratorium.
- This would open the commercial fishery to recreational participation.

- **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes: Support for a use-it or lose-it provision. [Use referred to not withholding allocation from being landed.] Must use the shares you have, or a percentage of the shares you have. Catching optimum yield is the goal, so allocation needs to be used.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes:

- But, there is a difference between accounts that have never been active and accounts not being used for a year or two. Those accounts that have never been active should have shares redistributed.
- Notice should be given now that shares in accounts that have never been active will be redistributed at the 10-year anniversary of the program.
- Only for accounts that have never been active or inactive for a decade should redistribution be considered.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- Redistributed shares should not just be given away. Shareholders earned their fish by landings history or they have invested in buying shares. Supports redistribution for discards.
- If additional fees are considered for the commercial sector, consider using value from the shares to be redistributed from inactive accounts.
- For redistribution have NMFS establish permit banks to sell allocations to increase cost recovery funds for law enforcement.
- Providing for new entrants is not a concern at this time.
- Distribute shares in equal amounts or according to their share percentage, but only among snapper IFQ shareholders. Providing allocation for red snapper discards in one area means less allocation and more discards in other areas. It may be possible to exchange allocation between species.
- Shares should stay within the red snapper fishery.

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

No:

- There may not be a market for smaller fish.
- Non-IFQ commercial fishermen catch red snapper, too. So, there would not be sufficient allocation.

Yes: There is a market for small fish and good prices for them, so support for eliminating minimum size limit, but not full retention.

➤ **Should the full retention of all commercially caught red snapper be required?**

No:

- Should be fishermen's choice for what kind of fish they want to keep.
- People may not be willing to sell their allocation(s).

Yes: Support for the idea but difficult to do.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity or landed by a single vessel be established?**

No: Opposed to caps on annual allocation for vessels or a single entity.

➤ **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

No: This would affect investment in the fishery among related accounts.

Requirements for the Use of Shares and Allocation

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

No:

- Selling allocation should be allowed.
- Selling allocation means the fish still get caught. What does it matter who catches them?

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- Quota increases and decreases should only happen at the beginning of the year. Do not allow a mid-year quota increase or decrease, for either the commercial or recreational sectors. Distribution of quota at the beginning of the year only brings stability to the market.
- Another person agreed, but felt quota changes should occur at the beginning of the year for the commercial sector, only.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes:

- Provided the IFQ participants are not charged for it.
- This would protect IFQ program participants.
- But, this could burden law enforcement resources, so their funding needs to be increased.

Additional Issues

General comments

- Happy with current program, so why change it?
- The discard problem is because of too many red snapper in certain areas of the Eastern Gulf.
- None of the proposed changes will help with the program or the recovery of the fishery.
- To do many of these changes NMFS would need to identify related accounts who are actively involved in fishing and who are investors.

Council member and staff:

David Walker

Ava Lasseter

Charlotte Schiaffo

10 people attended including:

Randy Boggs

Susan Boggs

Miranda Eubanks

Roy Howard

Larry Huntley

Tommy Land

Tom Steber

Brian Swindle

Carolyn Wood

**Panama City, FL
March 18, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No:

- Everyone should have a chance to enter the program.
- Once you let the public buy shares, no restrictions should be put on their ability to receive full compensation for the use of their shares.
- Should require a commercial reef fish permit, except could impact fish houses' ability to keep allocation on hand for vessels that offload.
- Requiring shareholders to have a commercial reef fish permit will keep the fish in the fishery, but that would result in fishermen selling their boats and keeping their permits, resulting in a de facto fleet reduction.
- The program is working well, so why change it?

Yes:

- The program is working great, but there are issues that need to be addressed on permit eligibility.
- Support the requirement to have a reef fish permit; reducing overcapacity is a goal of the program, so fleet reduction would be beneficial.

- **Should accounts with shares, but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No: Attendees do not support this suggestion.

- **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes:

- There was support because fish houses need fish for bycatch and small shareholders, and it would benefit retiring fishermen.
- Leasing helps reduce discards, helps other fishermen, and those who do not hold shares.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes: Attendees support this suggestion.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- Does not support giving new entrants shares in the red snapper IFQ program. If going to give away shares, put a moratorium on selling shares to anyone.
- Historical participants should be considered for the distribution of shares from inactive accounts.

Yes:

- It would help new entrants and small shareholders. There is a need for small shareholders to obtain more shares.
- Support redistribution of shares for small shareholders to account for regulatory discards.
- To do so, set up a pool of fish with the quota from inactive accounts, from which small shareholders and new entrants can buy shares. (Based on the Pacific Northwest federal fishery program.)
- Qualifiers for small shareholders and new entrants would be used for a federal IFQ bank.
- Some form of cap needs to be considered on the amount financed to new entrants and small shareholders.

Suggested criteria of a new entrant or small shareholder:

- Must have a reef fish permit and would not be allowed to lease fish.
- Don't prohibit a new entrant or small shareholder to lease their quota.
- New entrants and small shareholders are those who own shares equal to or less than 2,500 lbs.
- Own or lease a fishing vessel, and actively engage in reef fishing for a minimum of 24 months.

Full retention requirements to address regulatory discards

➤ **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

No:

- Sounds like a good idea, but hard to execute and impractical.
- Discard mortality is a by-product of not having enough allocation.

Yes:

- Eliminate it; there is no biological reason to have a 13" size limit.
- Create a quota bank for fishermen to use for smaller fish that would now be retained, which would offset and reduce the dead discard uncertainty buffer [that is built into the red snapper quota].

➤ **Should the full retention of all commercially caught red snapper be required?**

No:

- There would be no way to stay within the available allocation. Discard mortality is a by-product of not having enough allocation.
- Have tried this in trawling, when fishermen have no control of what is coming over the rail.

- Would not be possible if had a choke species closure, where capture of another species is prohibited.

Yes: Full retention could work if increase the quota substantially (to 18mp).

Caps on the Use or Possession of IFQ Shares and Allocation

- **Should caps on the amount of IFQ allocation held by and entity or landed by a single vessel be established?**

No:

- This would negatively affect the market.
- Allocation caps would be detrimental to the industry because wholesalers need a reliable, steady supply of product.
- Caps can be circumvented.

- **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

No: Not necessary at this time. Such a provision could be needed in future, and if so would be addressed then.

Requirements for the Use of Shares and Allocation

- **Should use-it or lose-it provisions be established?**

No: Unless distributed allocation is not being harvested, this is not needed.

- **Should restrictions be placed on the sale of IFQ allocation and shares?**

No.

- **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

No:

- This could complicate the process and harm the market.
- For conservation reasons, it's okay to leave a little extra fish in the water at the end of the year.
- This could affect the quota for the following year.

Yes: Could establish a provision for people who buy allocation (“lease fish”) to have a buffer of 10% of their on-board poundage. Those accounts would start with a negative balance at the beginning of the next year.

- **Should a “lease-to-own” provision be considered?**

No:

- Concern that shareholders would be forced to give up their shares.
- Could reduce availability of quota to new entrants and small shareholders because shareholders don't want to give up shares.

- Some of this may already be going on among private entities. NMFS should not be a part of these private business transactions.

Yes: If we could track new entrants or small shareholders leasing allocation, give those who regularly buy allocation priority access to any new or unused fish that become available.

Mid-Year Quota Changes

- **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- This could hurt small fishermen.
- If a quota decrease occurs, deduct it from the following year's quota.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

No: Recreational sector does not have such a requirement.

Yes:

- But, don't require reef fish vessels not carrying IFQ species to land at approved locations. Do require them to declare the landing sites.
- Require a simple landing notification without species information, and then do random checks instead. This keeps honest people honest and less honest people a little less dishonest.

Additional Issues

General comments

The IFQ program has stabilized the fishery.

The current IFQ program is working for now.

No need for Amendment 36, program is working fine.

There would be negative consequences in further micromanaging the fishery.

Price caps on selling allocation

- Establish a cap to the price of allocation ("lease price") of not more than 50% (or some other value) of the ex-vessel price. The rationale is it would possibly slow down the people (brokers) who are buying allocation strictly to resell the allocation to others.
 - Could have a problem because you don't always know the ex-vessel price.
- Opposes putting caps on the sale of allocation ("lease prices") because the system is based on the free market and the prices could only be supported by whatever the leasee is willing to pay.
- It hurts everyone if a cap is put on allocation price because it hurts the supply.

- Price controls established by the government have never worked.
- Price controls can be easily circumvented.

Grace period for acquiring allocation

- If bringing in red snapper without allocation, allow vessels to obtain the allocation to cover the poundage within a 30-day time limit with a maximum amount of 200 lbs. If can't obtain allocation, the value of the fish is forfeit and turned over to NMFS. Limit the frequency this provision could be used. Or, prohibit a vessel from returning to fish until allocation has been acquired to cover fish caught on a previous trip.

Council member and staff:

Pamela Dana
Ava Lasseter
Charlotte Schiaffo

21 people attended including:

Greg Abrams
Walter Akins
Jerry Anderson
Dean Cox
Mike Eller
Frank Gomez
Chuck Guilford
John Harris
H.R. Hough
Gary Jarvis
Bart Niquet
Chris Niquet
Michelle Sempstrott
Russell Underwood
Mike Whitfield

St. Petersburg, FL
March 24, 2015

Program Eligibility Requirements

➤ **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No:

- This item originated from a previous concern for a problem that has not materialized. Fishermen were concerned that shareholders would “sit on” and not fish distributed allocation.
- Realization the fishermen are aging, and after 5 years the fishery opened up, without issue. Changing things around now will add an element of uncertainty into the program.
- Status quo adds stability to the program.
- Program is a market-based fishery and is currently reducing overcapitalization. The program is working as it should.
- The fishermen are seeing problems (bycatch in the eastern gulf) and fixing the problems themselves. They are being proactive (i.e., industry-sponsored quota banks have been established for bycatch).
- As long as the shares are available on the open market, it is acceptable. It does not matter who owns the shares.

➤ **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No:

- Allowing someone without a reef fish permit to land allocation makes no sense. It would be hard to enforce. They would need to have VMS, and all other fishing requirements. It would disassemble the whole program. Too confusing. To land commercial fish, they would be required to have everything the commercial fishermen need to have.
- Promotes overcapitalization.
- Does not align with the goals of the program.
- Does not align with the purpose and need of Amendment 36.
- Provisions are already in place that define a commercial fishing boat.
- Reef fish permits are under moratorium for a good reason.

➤ **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes:

- It promotes flexibility in the program and helps people who do not have allocation to be able to buy it for bycatch purposes.
- Fishermen depend on people with allocation who are not fishing to support other fishermen’s fishing and bycatch.

- Fishermen need to be able to buy allocation (“lease”) from someone who has some.
- If someone is required to fish their allocation, they will do so. Then, others will no longer be able to buy that allocation (“lease”) from them, which will increase dead discards.
- Businesses have built stable business plans, and if you start to restrict one component of it, then you hurt the business plan.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes:

- Close accounts after a reasonable period of time. In the interim, distribute the allocation among the current shareholders proportionately. Shareholders of the inactive accounts would be notified, but in the meantime, the allocation would not be wasted. Distributing the allocation would make people take action in activating their accounts.
- Notify inactive account shareholders that shares or allocation will be redistributed to established industry quota banks.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- If we are going to define a new entrant, use definition from the loan program.
- New entrants should not be given preferential treatment. Redistribute shares from inactive accounts proportionately among the grouper IFQ shareholders (assists with bycatch).

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed and commercial fishermen be required to retain all caught red snapper?**

No:

- Keep status quo.
- Doing both of these together would reduce discards. Of all the suggestions in the document, these are the only two that reduce discards. If this could reduce discards substantially, it could increase allowable yield by reducing the discard assumption in the assessment process. Current mortality assumption is 20%. This proposed mortality assumption is 100%.
- Full retention could create problems with SPR.
- If you want to decrease discards, you must promote the transferring of allocation (leasing).
- The fishermen are using allocation sparingly. They are using it for bycatch (eastern gulf), and not for targeting red snapper. They are managing the bycatch.

Yes:

- For those who want electronic monitoring, full retention should speed up the implementation process.

- To get rid of discards, every fish caught needs to be landed and sold. Fish caught above allocation should be kept and sold with the money from the sale of the fish going into a government account. The fisherman has 30 days to find allocation with no fine/penalty. If he can't cover the allocation, the government gets the funds which go towards the costs of the program or improvements in the program.

-

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should new caps on the use or possession of IFQ shares and allocation be established?**

No:

- No caps should be established. All allocation should be available for sale to fishermen and get fished. Don't muck up the system.
- Caps do not promote conservation.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

No:

- Supports being able to use the allocation distributed from one's shares, or to sell it (allocation) to other fishermen that have a reef fish permit.
- Every year, some allocation is left on the table, and they don't want to lose it through additional restrictions.

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

No:

- Investment in the program has been heavy by fishermen. Why should they have restrictions imposed on them?
- It does not help conservation.
- It would restrict new entrants and those who are retiring and getting out of the fishery.
- A person might have more than one account, and restrictions would prevent him from transferring allocation between accounts.
- It does not align with the goals of the IFQ program.
- Recent discussions of restricting allocation have resulted in people fishing their allocation instead of selling it ("leasing") because they are afraid of losing their shares if they don't fish them.

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

No:

- Allocation must be used by the end of the year or you lose it. Keep status quo.
- Unused allocation builds the stock for the following year, which increases the quota. It's a good conservation method for the future.

Yes: Banking and borrowing may be an appropriate use for rollover of unused allocation, for the individual or the fleet as a whole.

➤ **Should a "lease-to-own" provision be considered?**

No:

- If a person was forced to sell their shares after selling their allocation (“leasing”), they would stop selling allocation in order to keep their shares.
- The government should not be involved in telling individuals they have to participate in a lease-to-own provision. The decision should be between the business partners as a private negotiation.
- An IFQ is an economic and conservation tool. This proposal does not promote conservation and it devalues allocation and shares.
- New entrants have to buy allocation (“lease”). New entrants do not need the government to intervene for them. No welfare program is needed. Government loan program would be acceptable for fishermen or new entrant to invest in the fishery.

Mid-Year Quota Changes

- **Should a portion of shareholders’ allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- This would promote instability in the fishery and in business operations.
- NMFS needs to be accountable for making quota changes before the start of the fishing year.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes.

Additional Issues

General comments

- Add more species to the IFQ program to generate more cost recovery fees.
- Raise the crew size requirement for dually permitted vessels.
- Implement a federally backed program for IFQ share purchases.
- Establish some type of centralized management account (through a fish house or some umbrella entity) to hold allocation, and a fisherman can access it to get allocation through the fish house or entity.
- The Gulf Council should maintain management of the IFQ system and should vehemently oppose any scheme to take this authority away from them.
- Why fix something if it isn’t broken? Reef Fish Amendment 36 should be scrapped.

Accounts and allocation

- Allocation needs to be in the account before the 3 hour notice. There are problems in the system where fish are being confiscated and fines levied because allocation is being transferred after they have given their 3-hour notice of hailing-in. There needs to be help with these issues.

- Develop a provision to allow fishermen to purchase allocation after landing to cover fish already caught. For example, establish a grace period to find allocation needed for their catch. (3 days proposed.) This would provide needed flexibility.

Council member and staff:

John Sanchez
Doug Gregory
Karen Hoak
Ava Lasseter

12 people attended including:

Glen Brooks
Bill Tucker
Steve Maisel
Jim Clements
Eric Brazer
Brad Gorst
Brian Lewis
Frank Chivas
Joseph Abdo
Cody Chivas