



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Southeast Regional Office
263 13th Avenue South
St. Petersburg, Florida 33701-5505
<https://www.fisheries.noaa.gov/region/southeast>

07/29/2022

Dear IFQ Focus Group Member:

Congratulations on your appointment to the Gulf of Mexico Fishery Management Council's Individual Fishing Quota (IFQ) Focus Group. This group has an important charge to review and recommend modifications to Red Snapper and Grouper-Tilefish IFQ Program goals and objectives, and propose improvements to address discards, fairness and equity, and new entrants' issues in those fisheries.

The Red Snapper and Grouper-Tilefish IFQ Programs have improved many aspects of their respective fisheries since they were implemented in 2007 and 2010, respectively. The most recent 5-year review of the programs, completed in 2021, concluded they have successfully eliminated or mitigated the common problems characterized by derby fisheries, enabling participating fishermen to fish more safely, adapt and improve their business operations in response to market demands, and increase ex-vessel revenue. As of 2020, ex-vessel revenue for red snapper and grouper-tilefish species increased by 213% and 45%, respectively, relative to when the programs were first implemented. And today's year-round fishing seasons for red snapper, deep-water grouper, tilefish, and gag grouper are a striking contrast to the much shorter seasons during the years immediately preceding the programs.

Nevertheless, additional improvements are needed to address ongoing challenges in the fisheries related to excess capacity, discards, and social issues related to the fair and equitable distribution of fishery benefits; in particular, the high cost of entering and participating in the IFQ programs. Among those most impacted by these costs are the crew who are so essential to the programs' success, but not included in the initial allocations of quota shares.

At the June 2022 Council meeting, NOAA Fisheries presented our first national strategy to advance equity¹ and environmental justice² (EEJ) through our fishery management activities and other mission-related work. The three overarching goals of our draft strategy are to:

1. Prioritize identification, equitable treatment, and meaningful involvement of underserved communities³;

¹ NOAA Fisheries' draft EEJ strategy defines equity as the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment.

² NOAA Fisheries' draft EEJ strategy defines environmental justice as the fair treatment and meaningful involvement of all people, regardless of race, color, gender, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies including but not limited to: equitable protection from environmental and health hazards; equitable access to decision-making processes; and equitable opportunity for disadvantaged communities that have been historically marginalized.



2. Provide equitable delivery of services; and
3. Prioritize EEJ in our mandated and mission work.

We intend to achieve this in part by ensuring that our policies promote equal opportunities for all and do not create unintended inequities or unequal burdens for underserved communities.

The IFQ Focus Group has a unique opportunity to help shape and influence the future of the Red Snapper and Grouper-Tilefish IFQ Programs in a way that continues to benefit current participants while eliminating barriers faced by fishermen and fishing communities who have been under- or even un-served in the past. I ask that you consider NOAA Fisheries' EEJ goals and objectives when reviewing and proposing new program objectives, and recommending related changes. In particular, please consider:

1. What are the barriers to entry in the Red Snapper and Grouper-Tilefish IFQ Programs? How can they be reduced or eliminated?
2. Are underserved communities disproportionately disadvantaged by these barriers?
3. How could the programs be modified to more equitably distribute their benefits to underserved communities?

I highly value the substantial improvements to commercial fishery management in the Gulf of Mexico made possible by implementing the Red Snapper and Grouper-Tilefish IFQ Programs over a decade ago, and I am confident they can be sustained while expanding related benefits to underserved communities and other fishery stakeholders. Thank you for agreeing to take on this important work. I look forward to your perspective and recommendations on this important topic.

Sincerely,

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REW.JAMES.13658 STRELCHECK.ANDREW.JAMES
63152 1365863152
Date: 2022.07.29 10:57:19 -0400

Andrew J. Strelcheck
Regional Administrator

³ NOAA Fisheries' draft EEJ strategy defines underserved communities as those who have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life. These include geographic communities as well as populations sharing a particular characteristic such as: women and girls; Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders, and other persons of color; persons facing discrimination or barriers related to gender identity; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

From: [LARRY HUNTLEY](#)
To: [Gulf Council](#); [Eric Brazer \(eric@shareholdersalliance.org\)](mailto:eric@shareholdersalliance.org)
Subject: Comments for IFQ focus group meeting in Aug 2022
Date: Thursday, July 14, 2022 3:26:53 PM

Interested in providing input to IFQ focus group meeting in Aug 2022.

I've been a participant in the red snapper IFQ program since it's implementation in 2007 and I've paid attention to requirements and always followed the regulations. Even though I own a relatively small percentage I count on sell/lease to supplement my income. I'm fishing less, age 75, and leasing more due to age but understand I own my annual allocation.

When I stop fishing I'll sell my 23' center console, gulf reef permit (owned since 2000) but keep my shares and lease for retirement income. These were/are the rules and I've planned my retirement based on them.

But I'm also concerned that many young gulf fishermen wanting to enter the fishery are restricted because of cost of leasing and/or cost of shares. Shares belong to many individuals and/or companies who have never owned a reef permit but purchased shares under current regulations. I believe federally managed fish belong to all Americans regardless of fishing status but as we know the problem becomes the actual fisherman can't afford to fish for RS if they lease or purchase shares. I firmly believe we need to find a way to return shares to the fishermen but we must also recognize the fishermen already in the fishery who made professional and personal plans based on original and current regulations. Seems to me not American to "change horses in the middle of the stream". Big players who own fish houses will continue to fish or younger family members who fish will eventually own the permits and quota. But some of us are depending on current rules for retirement, no fish house or children to continue the business.

My recommendations:

- recognized this category of fishermen
- grandfather all participants who have actively been in the fishery allowing them to keep and lease/sell their shares even without a reef permit
- require future RS IFQ participants to own a reef permit to own shares

This action would follow current rules that we all understood and agreed to but would allow younger commercial fishermen to enter the fishery.

Thanks for the opportunity to provide input.

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F/V Barbara K
Pensacola, FL
850-291-3682

Sent from my iPhone

Council Members,

I recently attended the IFQ Focus Group meeting in Tampa on August 2-3, 2022. I was the member appointed to represent all Public Participants.

Prior to the meeting I requested information from the Gulf Council Staff. The information requested included:

- 1) Names and addresses of all Public Participant Shareholders;
- 2) The percentage of the total IFQ shares owned by Public Participants; and
- 3) The percentage of the leased allocation that comes from Public Participants Shareholders.

Despite how important this information is necessary to accurately quantify our financial contribution to the IFQ Fishery, none of this information could be provided to me. My purpose in attending this group meeting was to provide perspective on investments as shareholders and the benefits that we provide considering the significant limitations on commercial fishermen's access to capital. Included in our focus group package was a background of Amendment 36B, which states the purpose is to "limit IFQ ownership in shareholder accounts without a valid or renewable commercial reef permit." Your staff could not even tell me who constitutes the targeted shareholders or how much they own, yet some of the alternatives to be discussed could lead to forced divestment or confiscation of shares. This looks like a solution in search of a problem – and one that does not exist for the reasons set forth below.

In 2012, Public Participants were invited by the Council to purchase catch shares. This was obviously done to eliminate the perception that ownership was concentrated in the hands of only a small group of fishermen. Public participation in a public resource was the Council's solution. Now ten years later comments are made that we are "armchair investors" who are in some way detrimental to the IFQ program that the Council and NMFS approved. I also hear comments that our share investment is subject to risk like shares in the stock market. The stock market does have economic risk, but the market does not confiscate, force divestment or discriminate against shareholders – all of which has been proposed by various factions within the fisheries. I would also emphasize, as Public Participants, we were vetted and approved by NMFS before being allowed to become shareholders. Essentially, to qualify, you had to be a US Citizen with no fisheries violations. All our buying/selling/leasing transactions have to go through your market platform- similar to all other shareholders which your agency oversees. Yet, after what has proven to be a successful partnership between Public Participants and commercial fisherman without the financial means to purchase the shares, there is an effort to destroy the progress that has been made.

As I stated in our meetings, the proposed solution for small fisherman to acquire catch shares is hollow. The insurance requirements imposed by the program alone are unworkable and virtually impossible to achieve. It makes smaller fisherman ineligible and renders the program useless. This is, however, where the Public Participant aspect has excelled.

Through the ability to lease shares to small commercial fisherman that do not have access to money to purchase the catch shares, Public Participants have provided a market – one between a willing buyer and a willing seller – that would otherwise not exist. That is capitalism at its core and a principle upon which our country was founded.

To single out Public Participants as unwanted or unnecessary is wrong. Risk in IFQ shares is and should be identical across the board and irrespective of whether a party holds a reef permit. The risks for all IFQ shareholders are:

- 1) IFQ Program is terminated
- 2) The quota goes up or down
- 3) The consumer price of fish changes

Shareholder risk should not be based on some social experiment to redistribute wealth. Our investment loss from confiscation or divestment described as “tough luck” is cavalier and arbitrary when you talk about real money invested in good faith in the IFQ Program. We paid our way in at the request of the government. Not to get too far into the legal ramifications, but any taking by the government will certainly be a violation of the constitutional rights guaranteed to each citizen including, but not limited to, protections against unlawful seizure and the right due process.

If Public Participants are forced out, who benefits? Small fishermen cannot afford to buy in now and banks are unable to lend to them as shares can't be pledged as collateral because under the current proposal, *the banks could not own the collateral if forced to foreclose*. Over 99% of the quota is presently being harvested. Forcing Public Participants out of the program will only result in shares being acquired by the successful, larger permit holding shareholders, further consolidating ownership of the fishery, which is against your stated charge. They would control both harvesting and leasing.

I became a shareholder in 2015 for two reasons.

- 1) A fair investment in an industry of which I had knowledge; and
- 2) My leased allocation would enable a good friend to grow his fishing business into a full-time job.

With my leased allocation he has achieved this goal and has been able to invest in IFQ shares with his profit. He tells me he would not be in business without my allocation. The business relationship we have is the oldest free enterprise business model known to man- one guy has capital to invest, one guy has the expertise. Assisting small fishermen is one of the Council's goals. Again, without my lease allocation, this small fisherman would lose his business. These are **exactly** the types of relationships and success stories the Council should be promoting, not vilifying.

At the focus group meeting, I posed two questions to the entire group and to the smaller groups we split into which included individual fisherman:

- 1) Does Public Participant leasing of our quota in any way affect your business plan?
- 2) What is the difference between leasing allocation from a Public Participant or leasing from a IFQ Shareholder with a reef permit?

Not one person answered, clearly demonstrating Public Participant leasing doesn't affect their business.

I have reviewed the letter from Regional Administrator, Mr. Andrew Strelcheck, regarding fairness and equity. Public Participants were not specifically mentioned, but the concept should be expanded to the way the Council reviews the proposals in Amendment 36B. Specifically, 36B contains an alternative that is neither fair nor equitable to Public Participants. Public Participants as citizens invested in the IFQ

Re: Focus Group Meeting
Amendment 36B

Program at the request of the government, trusting in the full faith and credit of our country to protect our investment. I seriously doubt the Council intends to deprive citizens from the protections afforded to them, which Amendment 36B proposes to do.

In closing, Public Participants favor the status quo without changes. Our capital investment helps the IFQ Program by leasing allocation to fishermen who cannot afford shares. We are very similar to banks who provide capital to the fishermen to buy boats, fishing equipment, warehousing etc. If the Council forces out Public Participants, it will take a lot of small fishermen out as well, defeating the purposes you have set forth. The Council should help these fishermen, not hurt them.

Should you have any questions or would like to discuss further, please contact me at your convenience at 504-578-7752 or cliffpenick@gmail.com.

Thanks for your service on the Council.

Sincerely,

Cliff Penick