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AGENDA C-2  
Supplemental  
APRIL 2011

**PUBLIC COMMENT:**

**Comments on Proposed Regulatory Amendment to Prohibit Use of Hired Skippers for Future Transfers of Halibut and Sablefish B, C, and D**

Mr. Balsiger & NPFMC members,

Please consider my comments when reviewing the amendment to prohibit the use of hired skippers for future transfers of halibut and sablefish.

**Costs and Benefits of Implementing Alternative 2 of the *Proposed Regulatory Amendment to Prohibit Use of hired Skippers for Future Transfers of Halibut and Sablefish* are not fully examined.**

**Costs**

Implementing the hired skipper amendment will damage small businesses. The NMFS regulations have provided the structure of the halibut and sablefish fisheries, the stakeholders of the IFQ program have developed their business model within these bounds. Although the development of the 'Hired Skipper' was not the intention of the IFQ program, the business model has progressed none the less. NMFS should recognize the Hired Skipper as a legitimate stakeholder in the industry, and not take actions to that will harm their small businesses. The ability of Hired Skippers to solicit QS provides a significant amount of revenue to these small businesses and the individuals who work for them. The revenue and long term stability of the business model has led to investments in better equipment for safer and less strenuous work conditions. There is no argument to the fact that today the industry is safer and has more professional work conditions as a direct result of current business model. The net result of implementing the amendment will be a negative financial impact to small business, less investment in the fleet, and degradation of work conditions for skippers and crew members.

The implementation of this amendment will lead to less involvement from Second Generation Participants by disrupting the established business model. Nearly all Second Generation Participants are dependent on the crew shares from Hired Skipper vessels as a source of income to enter and maintain their involvement in the IFQ program. Once involved in the program a large portion of Second Generation Participants rely on the Hired Skipper fleet to efficiently and safely catch their quota. Implementing the regulation will have significant impact on the industry and create uncertainty in the future of the program. Second Generation Participant's confidence in the program will be eroded. New participants will be less likely to enter and remain involved in the program due to the risks of future changes in the program. The implementation of the amendment will disrupt the industry's business model, create uncertainty and damage confidence in the program.

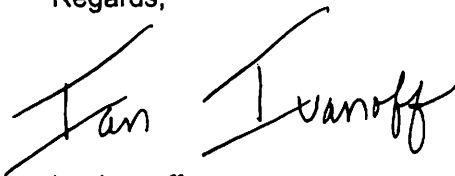
## Benefits

As stated in the summary of costs and benefits, the outcome of this amendment is unknown. The assumption that additional QS placed on the market will benefit Second Generation Participants is false. The benefit of additional quota in the market would be negligible, as there is consistently a large surplus of QS available in the market, and there are programs in place to provide Second Generation Participants flexible financing. Further, a large portion of Second Generation fishermen rely on the hired skipper fleet to efficiently and safely catch their quota and to provide supplemental income with crew shares. There is no conclusive data on the amount of speculative investment in the IFQ system. Therefore NMFS should not implement regulations attempting to regulate an unknown. A very real possibility may be that the amendment could create a windfall for unscrupulous participants, as the rest of the industry is put under new constraints. If NMFS is aware of individuals abusing the program these cases should be addressed specifically, and should not implement regulations that will disrupt an entire functioning system.

As a Second Generation Participant in the halibut IFQ program I insist that no action be taken on the amendment to prohibit hired skippers for future transfers. NMFS summary states 325 halibut and 82 sablefish Hired Skippers will be affected. These numbers do not consider the full scope of the damage as crews, Second Generation participants, service businesses, part time worker, and other trades depend on these established businesses. Initial QS recipients are exiting the program, and this process should be allowed to unfold as it will only accelerate. Again, the implementation of the amendment will damage Hired Skippers small businesses and create hardships for Second Generation Participants.

Thank you for your time and consideration. Please include this public comment in the current mailing package.

Regards,

A handwritten signature in black ink that reads "Ian Ivanoff". The signature is written in a cursive style with a large, sweeping initial "I".

Ian Ivanoff  
1327 Mountain View Dr.  
Kodiak, AK 99615  
Second Generation Participant

# Polar Star, Inc.

Patrick J. Pikus, President  
P.O. Box 2843 Kodiak, AK 99615  
907-486-5258 pikus@acsalaska.net

March 22, 2011

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MAR 22 2011

Eric Olson, Chair  
North Pacific Fishery Management Council  
605 W. 4<sup>th</sup> Ave. Suite 306  
Anchorage, AK 99501

**RE:** Agenda item C-2, Final action on hired skipper restrictions.

Dear Chair Olson:

I own and operate the F/V Polar Star, which fishes for halibut and sablefish in the Gulf of Alaska out of Kodiak. I support the IFQ fisheries ultimately transitioning into owner-on-board. However, I have some sympathy for those caught in the midst of an IFQ transfer transaction when the February 12, 2010 control date was set. That control date was set abruptly when the council initiated the analysis at the February, 2010 meeting and I know of several initial recipients who were in the midst of a transaction at that point in time. I believe it would be unfair to force those initial recipients to divest themselves of those particular quota shares if their circumstances do not permit them to be on board. I would urge the council to move the control date forward several months to June 1, 2010. The analysis indicates that the amount of quota share units transferred to date after February 12, 2010 is very small (3.7 million each of halibut and sablefish quota share units, from Table 43 of the analysis); the amount of quota share units in question if the control date were moved to June would be even smaller. Thus, I do not believe that moving the control date would hinder the objectives of this action and I urge the council to move the control date to June 1, 2010.

Thank you for your consideration.

Sincerely,



Patrick J. Pikus  
Polar Star, Inc.

**Deep Sea  
Fishermen's  
Union  
of the Pacific**

5215 Ballard Avenue N.W.  
Seattle, WA 98107  
Phone: (206) 783-2922  
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MAR 18 2011

March 18, 2011

Chairman Eric Olson  
North Pacific Fishery Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

Dear Chairman Olson:

By a majority vote of the Board of the Deep Sea Fishermen's Union we would like to express our position against the proposal regarding the sun setting of first generation future bought, traded or gifted halibut and sablefish quota shares (QS) known as the Halibut/Sablefish Hired Skipper restrictions.

The Deep Sea Fishermen's Union was established in 1912 to represent the interest of longline halibut fishermen and the halibut fishery. Many of our members are second generation QS holders. As in any industry you climb the ranks to become successful. A greenhorn gets a chance to learn the ropes and become a full share deckhand. He/she then may have aspirations to buy their own quota, maybe become a skipper and then one day possibly purchase their own vessel. Many members of our Union have purchased quota. Several have become part time hired skippers, while others are now full time hired skippers.

We fear this proposal is but a mere stepping stone toward the total removal of the hired skipper provision. Should this happen many vessels would be forced to scale down, and worse, sell out completely. This could cause the loss of fishermen's jobs and take us even closer to a monopoly in the fleet.

Sincerely,

  
Jan Standaert  
President, Deep Sea Fishermen's Union

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A. RORR: BUSINESS SUPPLIES

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March 20, 2011

North Pacific Fishery Management Council  
605 West 4th, Suite 306  
Anchorage, AK 99501-2252

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MAR 22 2011

Re: Halibut/Sablefish Hired Skipper Rule

Greetings:

I appreciate this opportunity to comment on the proposal restricting the use of hired skippers scheduled for final action at this meeting. I was born in 1987 and raised in Seward AK. Every dollar I have ever earned has come from commercial fishing although I am too young to have qualified as an original issue IFQ holder. I made my first longline trip in 1996 when I was ten. I have longlined every year since on a number of different boats for a number of different skippers and also on my own boat, the F/V Driftwood Bay. Halibut prices have tripled during this time and yet I have seen my crew share steadily decline in recent years due to the increasing dominance of the use of hired skippers in the fishery. There are very few longline jobs left that don't involve an IFQ holder not present on the boat taking home the lion's share of the settlement. The IFQ lease comes off the top which means 50-70% before any expenses to some guy I have never even met who probably doesn't even come to this coast and spend a single dollar. This 50-70% is not only a direct loss to my livelihood; it is a direct loss to the economy of the small coastal towns where I live and work. After the absent quota holder gets the lion's share, expenses for food, bait, ice and fuel are deducted leaving the rest for the boat and crew. Let me put this in a little more perspective. I went fishing in 3B last fall for a month and a half and made \$12,000 on a full 10% share. This is good money and I am not complaining. But the boat gross was over \$400,000. Last summer, many boats grossed \$400,000 salmon seining in Prince William Sound. A 10% salmon seine deckhand received \$38,000 after expenses. Can you see the difference? In the case of halibut, fishermen are no more than sharecroppers; whereas with salmon, we are owners. How could you allow a system such as this to be created? And why do you permit it to continue?

Currently, I would like to buy some halibut IFQ. But I have to compete with a whole world of rich people who don't fish anymore for what little comes on the market and the price is currently \$32 a pound for 3A where I live. This pencils out as follows: On a dock price of \$6, even if I lease the quota to the boat for 66.6% (not unusual) and screw the crew in the way I just described, I would only be getting a 12 1/2 percent return after expenses on my money. To get the hundreds of thousands to millions of dollars in capital I need to buy in I will have to borrow from the bank at 5-10% interest. I am not an investor. I am an Alaskan

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ALASKA BUSINESS SUPPLY

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fisherman. But I do know that fish prices and allowable catch vary much more than this from year to year making the above math a very risky proposition. This perpetuates the current system and we all lose. Eliminating hired skipper privileges would bring the price of quota down, making it more affordable to the fisherman, and bringing more profit to this coast no matter where the quota holder is from.

The moral to this story is pretty sad. Everybody in this industry is getting thrown a bone that has all the meat chewed off by absent quota holders. We just do not need these drones. Since I started, halibut prices have risen some 300% setting off one of the biggest fishing booms this coast has ever seen. Yet most of the money has been siphoned off. Leasing has caused fleet consolidation to the point where I am lucky to even get the chance to go fishing and this drives us to fish even cheaper.

What I would like to see is an alternative which sunsets the use of hired skippers on a five or even ten year timeframe. Please write it and pass it. Barring that, Alternative #2 will accomplish the removal of the hired skipper rule on a somewhat faster scale than simply waiting until the last original issue quota holder passes on many decades from now. As such, I support it if that is the best that you are able to do. Please don't allow the effective date to slip any later than February, 2010.

Thank you for your consideration.

Sincerely,

*Joseph G. Linville*

Joseph G. Linville  
PO Box 1753  
Seward, AK 99664  
driftwoodbay503@hotmail.com

North Pacific Fishery Management Council  
203<sup>rd</sup> Plenary Session – March 30 – April 5, 2011  
Anchorage, Alaska – Hilton Hotel  
Fax: 907.271.2817 Tel: 907.271.2809

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MAR 22

Public Comment of Ludger W. Dochtermann, F/V North Point, F/V Stormbird

**RE: C-2 Halibut/Sablefish**

Final action to prohibit use of hired skippers for Future Transfers of H/S B, C & D class shares

Mr. Secretary, Chairman Olson & Council members:

**I favor Alternative 1 — the No Action Alternative. The suggested control date is unacceptable, as I have been buying and selling quota under the presumption that I could continue to hold the shares in particular areas that I have been fishing, primarily as owner-captain, since the program's inception. The proposed control date is punitive to my business plans which include replacing quota shares sold in the past year or so, for operational efficiency and other business purposes, with other QS.**

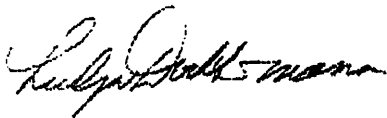
Furthermore, I have continued to be the primary master on catching my shares, but may not personally captain my vessel at all future times; and I do not feel that it is appropriate to be penalized for having adaptive fishing plans, as I vary the annual catches according to my vessel's operating plan and that of my hired skipper(s), including family.

As an individual recipient of original shares, and from the start of the H/S quota share system, I feel that there was an inherent promise by the Council and NOAA that I might adapt my shareholdings according to my ability to sell and replace shares, under my own financial timing. Alternative 2, with an already gone by control date, catches me between sale and replacement of certain quota and discriminates as to my situation relative to many competing fishermen.

If a control date is imposed, it should be a future date that allows persons in my situation to complete the replacement of shares sold within the past two years before losing the ability to use hired masters after that date, should Alternative 2 be forwarded.

**This is a most serious matter to my business, and I may have to challenge an Alternative 2 action in the courts, specifically because of my long commitment to Kodiak residency, and all that implies. Again, I urge you caution and insist upon the exercise of wisdom in the selection of alternatives and treatment of a potential control date.**

Sincerely,



Ludger W. Dochtermann, F/V North Point, F/V Stormbird – P.O. Box 714; Kodiak, AK 99615

North Pacific Fishery Management Council  
203<sup>rd</sup> Plenary Session – March 30 – April 5, 2011  
Anchorage, Alaska – Hilton Hotel  
Fax: 907.271.2817 Tel: 907.271.2809

Public Comment of Walter Sargent, F/V Major

**RE: C-2 Halibut/Sablefish**  
**Final action to prohibit use of hired skippers**  
**for Future Transfers of H/S B, C & D class shares**

Mr. Secretary, Chairman Olson & Council members:

**I favor the No Action Alternative #1. The suggested control date is unacceptable, as I have recently relinquished quota to a hired skipper, and was under the assumption that I could replace those shares without suffering financially. The proposed control date is punitive to my business plans which include replacing those quota shares with other QS.**

Since this agenda item has gained momentum toward Alternative 2, I have been put in the untenable situation of having to forego replacement of those shares, while ironically having recently been benefactor of a portion of my shares to a former hired skipper.

Furthermore, I had to return as master of my vessel to catch my shares, as I subsequently transitioned to a new hired skipper; but one never knows when I may have to again master. I believe that it is inappropriate to be penalized by an Alternative 2 prohibition as I was required to vary the annual catches according to my vessel's operating plan and that of my hired skipper(s).

As an individual recipient of original shares, and from the start of the H/S quota share system, I feel that there was an inherent promise by the Council and NOAA that I might adapt my shareholdings according to my ability to sell and replace shares, under my own financial timing. Alternative 2 with a past control date catches me between sale and replacement of certain quota and discriminates as to my situation relative to many competing fishermen.

If a control date is imposed, it should be a future date that allows persons in my situation to complete the replacement of shares sold within the past year before losing the ability to use hired masters after that date, should Alternative 2 be forwarded.

Again, I favor the No Action Alternative #1, and if not, then a future control date established so that I may complete my existing business plans that relied on the program's regulations in place.

Sincerely,



Walter Sargent – F/V Major

1830 Mission Road; Kodiak, AK 99615



March 22, 2011

North Pacific Fishery Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, AK 99501-2252

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MAR 22 2011

Re: Hired Skipper Amendment

Dear Council:

I am happy the Council is once more attempting to address the issue of hired skippers. Thank you for this opportunity to comment.

I have lived in Seward, Alaska for over thirty years with commercial fishing salmon and halibut being my primary livelihood for most of that time. I received a small initial IFQ and have bought and sold several small blocks in the years since. Living, fishing, and raising a commercial fishing family out of Seward for all these years has given me a front row seat to observe both the reasons why the IFQ program was created to begin with, as well as its aftereffects. Economic effects of the IFQ program have been positive if determined on the basis of ex-vessel value. Unfortunately, however, this program has been an unmitigated disaster for my hometown both from a social and an economic standpoint. Resident participation in the longline fisheries here in Seward has dwindled 80 to 90 percent by my count. Of the four large quota holders still living locally, all were endowed with, or inherited, large initial blocks, and only two continue to fish without the use of hired skippers. As far as hired skippers go, Seward only has two of them with any poundage to speak of and what they do have can be tentative from year to year. A handful of others hold small quotas but new IFQ purchases are extremely rare around here and only in small blocks. The barriers to entry are such that these numbers will almost certainly never change for the better with the program as it currently exists.

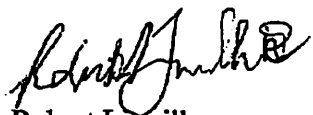
I have seen the above scenario play out not only as a Seward resident but also in my own family. My two sons have grown up to be hardworking and dedicated commercial fishermen. That halibut, sablefish, cod, and herring fisheries are all underway at the time of this meeting precludes actual attendance by them and others participating in these fisheries. However, one of them wrote a letter concerning this proposal that I hope you will read. Seward being both historically, and to this day, one of the largest landing ports for halibut and black cod, it's hard to fathom that my sons, raised fishing in this town, would not be heavily involved. To the extent that they are these days, it is for a deckhand share of the 30 to 35 percent that is left after boat expenses and the rake off of the absentee quota holder. These absentee IFQ magnates, whatever fishing they once did, and

whatever aptitude they have now shown for wheeling and dealing and moving money around, are nothing more than leaches sucking the life out of both our fishing youth and the local coastal economies in the towns where we live. What is lost to us by the IFQ program's hired skipper rule can't be made up in any other way. It's a smaller pie with less opportunity for everyone who remains actively involved, especially young new entrants. Seward might get the landings, but very few monetary benefits stick around after the fact.

The hired skipper rule as currently practiced has vastly increased competition in the quota market with resulting increased prices and miniscule availability. The supposedly unexpected outcome in this artificial arena has been for the moneymen to enslave the fishermen. This was my fear before this program ever began and I know I was not alone. The reality has now occurred, and in my view, the negative effects of this loophole completely outweigh the proven benefits from the rest of the IFQ program entirely. This council has addressed the hired skipper rule several times since the program began to no avail. In the latest council action, ownership of 20% of the vessel was required. All this seems to have accomplished is an unexpected windfall for document handlers and the absurd scenario where the boat's owners are on and off loaded like bait and ice.

The current proposal addresses the problem by revoking hired skipper provisions for all transfers after February 12, 2010. This is a step in the right direction and I support it. But the half or more of the annual quota already bound up by the hired skipper rule would be grandfathered in by this change until, ultimately, the death of the current owners. We are approaching the twenty year anniversary of the IFQ program and, as currently proposed, this change won't get it straightened out for many decades to come. I believe more needs to be done. Please amend the proposed rule to include a sunset date for the existing use of hired skippers. Five years should be more than enough time for those who wish to continue fishing to make the arrangements to do so. And for those who don't, other markets are available for them to reinvest upon selling. The act of quota being sold by those who no longer wish to fish will open up the market and provide opportunity for new entrants wherever they might be. The Council has attempted to right this wrong several times before. It's time to put it to rest for good.

Sincerely,



Robert Linville  
PO Box 1753  
Seward, AK 99664  
linville@ak.net

March 20, 2011

North Pacific Fishery Management Council  
605 West 4th, Suite 306  
Anchorage, AK 99501-2252

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Re: Halibut/Sablefish Hired Skipper Rule

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Currently, I would like to buy some halibut IFQ. But I have to compete with a whole world of rich people who don't fish anymore for what little comes on the market and the price is currently \$32 a pound for 3A where I live. This pencils out as follows: On a dock price of \$6, even if I lease the quota to the boat for 66.6% (not unusual) and screw the crew in the way I just described, I would only be getting a 12 1/2 percent return after expenses on my money. To get the hundreds of thousands to millions of dollars in capital I need to buy in I will have to borrow from the bank at 5-10% interest. I am not an investor. I am an Alaskan

fisherman. But I do know that fish prices and allowable catch vary much more than this from year to year making the above math a very risky proposition. This perpetuates the current system and we all lose. Eliminating hired skipper privileges would bring the price of quota down, making it more affordable to the fisherman, and bringing more profit to this coast no matter where the quota holder is from.

The moral to this story is pretty sad. Everybody in this industry is getting thrown a bone that has all the meat chewed off by absent quota holders. We just do not need these drones. Since I started, halibut prices have risen some 300% setting off one of the biggest fishing booms this coast has ever seen. Yet most of the money has been siphoned off. Leasing has caused fleet consolidation to the point where I am lucky to even get the chance to go fishing and this drives us to fish even cheaper.

What I would like to see is an alternative which sunsets the use of hired skippers on a five or even ten year timeframe. Please write it and pass it. Barring that, Alternative #2 will accomplish the removal of the hired skipper rule on a somewhat faster scale than simply waiting until the last original issue quota holder passes on many decades from now. As such, I support it if that is the best that you are able to do. Please don't allow the effective date to slip any later than February, 2010.

Thank you for your consideration.

Sincerely,

*Joseph G. Linville*

Joseph G. Linville  
PO Box 1753  
Seward, AK 99664  
driftwoodbay503@hotmail.com

**Mark Worley**  
**PO Box 1729**  
**Gig Harbor, WA. 98335**

**March 22, 2011**

**North Pacific Fishery Management Council**  
**605 W. 4th Avenue, Suite 306**  
**Anchorage, Alaska 99501**

**Reference: AGENDA ITEM C-2, Hired Skipper Sunset Proposal**

**Members of the NPFMC,**

I am a vessel owner, a second generation IFQ stakeholder, and have fished commercially for 33 years. The council has stated that it was never its intent to harm small businesses and yet that is exactly what is happening. Small businesses are being directly harmed by just the thought of this change in the rules. My wife and I are a prime example of the harm that is going to be caused, which I would like to avoid.

After finishing the '09 longline season on November 14<sup>th</sup> I returned home on the 18<sup>th</sup> and spoke to my wife about the fact that fishing had consistently slowed down in the 3A and 3B areas. It was time for us to move onto to different areas. At that time we had over a million dollars loan on areas in the gulf. Having seen the 2C quota dropped we knew it was not financially feasible for us to keep 3A and 3B, only to have it do the same thing. We opted to sell and buy black cod and move back out west again with Halibut.

In December of 2009 and January of 2010 we preceeded to sell much of our 3A and 3B. By the council meeting in February of 2010 we had sold nearly 700,000\$ worth of halibut. In December of 2009 we put over 200,000\$ into a 1031 exchange on the first sale, had identified replacement properties, signed contracts to buy both Western Gulf Black Cod as well as Central Gulf Halibut and were waiting on the other purchase agreements. In the midst of this exchange the council set the February 12<sup>th</sup> control date and we were stuck. We continued on with Fairweather Fish's purchases of pounds in both areas because we had earnest money and the contracts had already been signed. However our plans of buying more pounds our west had to be shelved.

By backdating these regulatory proposals the council doesn't seem to take into consideration the far-reaching ramifications of these actions and how they affect our ability to do business. The council also seems to have failed to consider the tax ramification that we will face due to backdating these regulations. If forced to move the quota out of the companies name Fairweather Fish will have to pay a staggering amount in Capital Gains tax, in addition to various other taxes. This company has been forced to sit on its hands for over a year now, unable to truly do business. We have been forced to change how we operate and it has not been for the better.

The council is now considering new regulations that would overlap with their 12 month rule. Due to these new regulations we will no longer be able to move pounds between our two vessels, the Golden Chalice and The Advantage. In 2010 both vessels were under their vessel caps by a significant amount, in 2011 however that has drastically changed. Both vessels are now over their caps, the Golden Chalice by 30,000 and the Advantage by 18,000. With the vessel cap reduction and current regulatory changes and proposals by the council we have no room to move around pounds and this is a serious hindrance to our ability to do business.

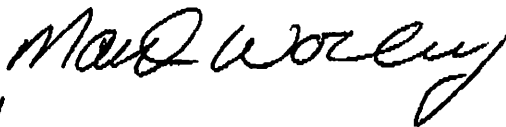
Looking forward to 2012 when both of these regulations are in place raises grave concerns about our ability to continue in this fishery. If the T.A.C continues to slide down and the vessel cap follows Fairweather Fish will have unfishable quota under the council's rules. Our only option with these Quota shares in the event that this rule passes is to sell them. After fifteen years of pouring everything we had into this fishery and paying over a million dollars in interest we have to either wait 12 months and simply sit on the Quota Shares, receiving no income for us or our crew members, or we can sell. We also cannot catch our crews Quota Shares and have had to turn away walk-ons because we cannot accommodate them.

The ability to move from area to area is vital to our operation. In the past we have been able to sell and move to different areas and keep ourselves under the vessel cap. We have also been able to accommodate both our crews Quota Shares as well as any walk-ons. In addition we have been able to add more pounds to the small blocks that we were initially allocated in order to keep the trips viable. If the new regulation is passed it will strip this option away and we will have to hang on to the shares we have because we will no longer be able to buy Quota Shares.

This would not hurt quite so bad if the Council could assure us that the that the Total Allowable Catch would stay the same from area to area or that Halibut and Black cod would remain at the same level. If there is one thing that being in this industry so long has taught me it's that the ocean does not remain static so how can the Council expect us to?

If there is no way around the passing of the new regulation then it should be limited to individuals and the corporations that have been in the industry for years should be left alone. The original council stated that their intent was to let these corporations continue to operate the way that they always have. The few remaining corporations can be left alone while still limiting the fishery. There are other ways to accomplish the same goal without destroying small businesses. I thank you all for considering my comments.

Sincerely,



Mark Worley

3/25/2011  
nmfs/akr/ram/gharrett

**QS Use (Holdship) Cap Data for Initial Issueses**

data underestimate QS holdings and overestimate available QS cap "headroom" because they represent QS held "individually," not "individually and collectively"  
data are as of 3/25/11  
QSU = Quota Share Units

SPECIES	QS CAP Description	QS Unit CAP (per person)	Initial Issuee Person Type	Num of QS HOLDERS	QSU Held ("Individually" only)	Sum of QS CAPs for Num of QS Holders (QSU)	Pct of Cap Sum Used by Num of QS Holders	QSU that may be Acquired by Num of QS Holders	Pct of Cap Sum that may be Acquired by Num of QS Holders
Halibut	1% of 2C QSP	599,799	Non-Individual	32	761,233	19,193,568	4.0%	18,432,335	96.0%
Halibut	1% of 2C QSP	599,799	Individual	671	36,277,258	402,465,129	9.0%	366,187,871	91.0%
Halibut	.5% of 2C+3A+3B QSP	1,502,823	Non-Individual	112	54,126,449	168,316,176	32.2%	114,189,727	67.8%
Halibut	.5% of 2C+3A+3B QSP	1,502,823	Individual	1453	155,490,504	2,183,601,819	7.1%	2,028,111,315	92.9%
Halibut	1.5% of Areas 4 QSP	495,044	Non-Individual	43	8,507,668	21,286,892	40.0%	12,779,224	60.0%
Halibut	1.5% of Areas 4 QSP	495,044	Individual	211	11,701,991	104,454,284	11.2%	92,752,293	88.8%
Sablefish	1% of SE QSP	688,485	Non-Individual	36	7,538,733	24,785,460	30.4%	17,246,727	69.6%
Sablefish	1% of SE QSP	688,485	Individual	214	36,811,142	147,335,790	25.0%	110,524,648	75.0%
Sablefish	1% of all area QSP	3,229,721	Non-Individual	87	83,408,457	280,985,727	29.7%	197,577,270	70.3%
Sablefish	1% of all area QSP	3,229,721	Individual	407	128,355,599	1,314,496,447	9.8%	1,186,140,848	90.2%

3/25/2011  
nmfs/akr/ram/gharrett

### QS Use (Holdship) Cap Data for Initial Issues

data underestimate QS holdings and overestimate available QS cap "headroom" because they represent QS held "individually," not "individually and collectively"  
data are as of 3/25/11  
QSU = Quota Share Units

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# PUBLIC TESTIMONY SIGN-UP SHEET

Pg #1

Agenda Item: C-2 Final action Halibut/Sablefish Hired Stepper

NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1 <del>W</del> <del>1</del> <del>Carl Ray Walsh</del>	Pacific Alaskan Fisheries
2 <del>2</del> <del>LARRY R. WARD</del>	CHINA B FISHERIES
3 <del>3</del> <del>RAY SPANGLER</del>	RAY SPANGLER
4 <del>4</del> <del>ALEXUS KWACHKA</del>	SELF
5 <del>5</del> <del>Don Malcolm</del>	SELF
6 <del>6</del> <del>Steve Fogg</del>	SELF
7 <del>7</del> <del>Matt Shadle</del>	SELF
8 <del>8</del> <del>[REDACTED]</del>	<del>[REDACTED]</del>
9 <del>9</del> <del>Bob Alverson</del>	FUOA Seattle -
10 <del>10</del> <del>DAN VEERHUSEN</del>	SELF
11 <del>11</del> <del>Jeff Favour</del>	SELF
12 <del>12</del> <del>Theresa Peterson</del>	AmeC
13 <del>13</del> <del>ALAN TILLION</del>	AEC
14 <del>14</del> <del>Paul Clappitt</del>	Augustine
15 <del>15</del> <del>Todd Hope</del>	SELF
16 <del>16</del> <del>Mark Worley</del>	
17 <del>17</del> <del>Ken Mack</del>	
18 <del>18</del> <del>Sergey Yakunin</del>	Self
19 <del>19</del> <del>Rhonda Hubbard</del>	
20 <del>20</del> <del>Bob Linnerille</del>	
21 <del>21</del> <del>Frank Miles</del>	Self
22 <del>22</del> <del>Darius Kuznetsov</del>	Self
23 <del>23</del> <del>Jared Bright</del>	Flv Obsession
24 <del>24</del> <del>Ilia Kuzmin</del>	K-Bay Fisheries Assoc.
25 <del>25</del> <del>John Crowley</del>	aself at AP meetings -

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.



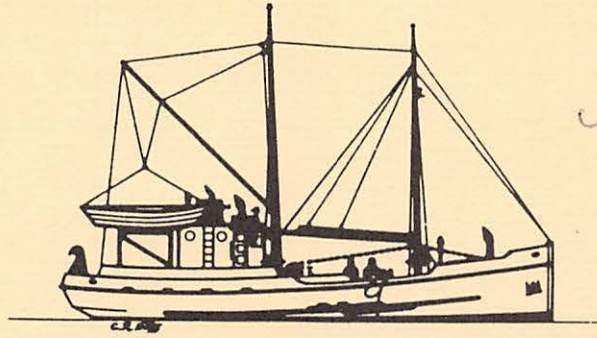
# PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: C-2 Page 2

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
<del>1</del>	Julianne Curry	PVOA
<del>2</del>	Linda Behnken	ALFA
<del>3</del>	STRAWN C. DOCHTERMANN	F/V ISANDTSUET / KODIANI'S FISH CO LLC
<del>4</del>	Jim Hubbard	Kruza Fisheries
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*Handed out by  
Bob Alverson*

March 24, 2011

Eric Olson, Chairman  
NPFMC  
605 W. 4<sup>th</sup>  
Suite 306  
Anchorage, AK 99501-2252

Dear Mr. Olson,

I am writing in response to a proposal put forth as an Amendment to the Halibut and Sablefish IFQ Program. The proposal that I have seen is dated March 3, 2009 and was proposed by Frank Miles. Specifically, the proposal asks that the Council "amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights on any future quota which is bought/traded/or gifted".

Mr. Miles anticipates that if the proposal were adopted IFQ broker businesses would be among the winners. As our company has been a broker of sablefish and halibut IFQ since the inception of the IFQ program, I wanted to take the opportunity to address the perception that our business would benefit from the adoption of this proposal.

As a broker of sablefish and halibut quota share since 1995, I personally have been witness to hundreds of transactions. I believe I'm particularly well-situated to understand the issue that the proposal attempts to address as well as what the impacts of adoption of the proposal are likely to be on the quota share market. After speaking with many of my customers and contemplating the issue, I've become convinced that implementation of this rule would have an adverse effect on not only initial issuees of sablefish and halibut quota, but I believe it would also adversely impact those that seek to benefit from a rule change.

Granted, requiring all purchasers of QS to be on board vessels would slow the rate of QS accumulation by initial issuees. However, a substantial number of QS transactions that take place are from initial issuees to "second generation" fishermen that have on board requirements. I think an unintended consequence

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of the rule change would be that, in fact, there would be substantially less quota share available for anybody to purchase, regardless of their status. Initial issues, absent their ability to trade shares and continue business with hired skippers, are bound to just hold whatever QS they own. Why sell if they have to substantially change their operations? The only compelling reason would be financial hardship, retirement or death. I'm convinced that the end result of implementation of the proposed rule would be to substantially reduce the amount of QS available for purchase. A reduced supply of QS will inevitably lead to even higher prices. This would even further reduce opportunities for those that the proposal seeks to benefit.

As mentioned, the proposal also suggests that IFQ brokers are likely to benefit from a rule change. Beyond the issue of whether or not management of the IFQ program should be influenced by the perceived health of my business, I do not see any benefit to us from the change of the rules. In fact, I believe a significant number of our customers would be negatively impacted by this proposal. Hence, I foresee an adverse impact on our business if the proposal is adopted.

I do appreciate the difficulties people encounter trying to enter the fishery. I speak with them daily. The high prices of quota share are mostly dictated by the availability of QS for sale, grounds prices for the fish, and annual total allowable catch. Although insufficient for many, the State of Alaska and NMFS loan programs have been helpful with loans that help mitigate the costs of quota share for qualified applicants. I doubt anybody would be opposed to more efforts to improve access to QS for fishermen, particularly those starting out. But I believe this proposal misses the mark. Instead of improving access to QS, I think the opposite would likely be the case.

As my business depends on all QS holders, I have no interest in alienating anybody in the IFQ fleet. I wish nothing but prosperity for all involved. But, I believe that this proposal would adversely impact all current and future QS holders. I hope the Council seriously contemplates the net result of this rule. It's difficult for me to envision a benefit from this proposal for anybody.

Thanks very much for the opportunity to submit my comment.

Sincerely,



Jeff Osborn  
Dock Street Brokers

To: NPFMC

HALIBUT

P-1

From: RAY SPANGLER - 1ST COO

AFTER LISTENING TO TESTIMONY  
IT IS OBVIOUS TO ME THAT THIS  
HIRED SKIPPER ISSUE HAS TWO  
DISTINCT SIDES.

THE SMALL BOAT COSTAL FISHERY  
WOULD BENEFIT FROM OWNER OPERATOR  
FISHERY

THE LARGER BOAT FISHERY'S  
ECONOMIC STABILITY DEPENDS ON THE  
CURRENT HIRED SKIPPER SYSTEM.

APPROX. 75% OF HALIBUT AND  
BLACKCOD IS HARVESTED IN OFF-  
SHORE AND REMOTE LOCATIONS.

THE HIRED SKIPPER'S CONTINUED  
STATUS NEEDS TO STAY IN PLACE  
I BELIEVE - ATTENTION WILL WORK  
IT WAY-

244-1022  
RAY SPANGLER

CONT. -

RAU SPANGLER

P-2

MR. TILLIONS COMMENTS ON  
THE COUNCILS INTENT W 1995  
~~DOES~~ DOES NOT REFLECT THE RULES  
THAT WERE PASSED,

HE STATES IT WAS INTENDED  
FOR A SMALL BOAT FISHERY

THIS IS NOT A SMALL BOAT  
FISHERY AS A WHOLE.