

December 3, 2013

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Olson:

Aleutian Island Cooperative, a crab-harvesting cooperative formed pursuant to 50 C.F.R. § 680.21, submits the following report under Council agenda item C-9.

Aleutian Island Cooperative has 9 member entities which hold catcher vessel owner (“CVO”) and catcher vessel crew (“CVC”) quota share (“QS”) units issued under the Bering Sea and Aleutian Islands (“BSAI”) crab rationalization program, which implements Amendments 18 and 19 to the Fishery Management Plan for Bering Sea and Aleutian Islands King and Tanner Crabs.

The following report answers the seven (7) questions derived from the Council’s February 2013 motion concerning measures crab harvesting cooperatives are taking or have taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and the available measures taken to address high lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners?

Aleutian Island Cooperative and our nine members were active members of ICE prior to the 2013-2014 season. We were party to the 2012-2013 ICE Membership Agreement, which included the Right of First Offer (RoFO) provisions. Although Aleutian Island Cooperative is no longer a member of ICE, we have voluntarily follow the RoFO provisions.

2. What is the level of participation from cooperative members regarding these measures?

All members follow the ROFO provisions.

3. How effective have these measures been?

We have had three unique QS transfers from January 30th through November 10th, 2013. One of the transfers was from a CVO QS holding entity to a newly eligible crewmember that did not receive an initial allocation of QS. The second transfer was from a CVC QS holder to another qualified crewmember. The third transfer was an internal reorganization of a QS holding entity.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?

Aleutian Island Cooperative's members charge the crew industry standard lease rates of 65% of adjusted gross revenues for BBR, 50% adjusted gross revenues for BBS and 30% adjusted gross revenues for EBT/WBT.

5. What is the level of participation from cooperative members regarding these measures?

All members follow these standard industry rates.

6. How effective have these measures been?

Our lease rates ensure crew is equitably compensated consistent with the industry standard.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation?

We will continue to use the ROFO guidelines and help facilitate QS transfers for active crewmembers.



Heidi A. Eriksen

Aleutian Island Cooperative
2157 N. Northlake Way, Suite 210
Seattle, WA 98103

December 1st, 2013

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

RE: Agenda Item C-9 BSAI Crab Cooperative Reports

Dear Chairman Olson:

During the February, 2013 meeting the Council passed the following motion:

"The Council requests that each of the BSAI crab rationalization cooperatives voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation. The annual reports should convey to the Council the effectiveness of the measures implemented through the cooperatives and the estimated level of member participation in any voluntary measures and include supporting information and data. These reports are requested to be delivered for the October meeting each year."

These reports are on the agenda for the December Council meeting. Following is the report on behalf of Dog Boat Cooperative.

Dog Boat Cooperative is a smaller affiliated crab cooperative with 21 entities representing 3.18% of the Bristol Bay red king crab (BBR) quota share and 5.22% of the Bering Sea opilio (BSS) quota share. Approximately 2% of the BBR quota share and 2.7% of the BSS quota share is held by one member of Dog Boat, a CDQ group. The remainder, approximately 1.2% of BBR quota share and 2.5% of BSS quota share is held by entities which were all initially issued quota share, other than one crew member who purchased quota share after the program began.

Following are Dog Boat Cooperatives answers to the specific questions from the Council's February motion:

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew-members and vessel owners? Dog Boat Cooperative is voluntarily adhering to the Right of First Offer approach developed by Alaska Bering Sea Crabbers and implemented by the Inter-Cooperative Exchange. The definitions and processes followed by Dog Boat Cooperative are similar to those described by the Inter-Cooperative Exchange.
2. What is the level of participation from cooperative members regarding these measures? All members of Dog Boat Cooperative are voluntarily adhering to this approach.

3. How effective have these measures been? This approach has been successful. Recently, one member of Dog Boat Cooperative decided to sell 79,871 lbs of Eastern Aleutian Island golden king crab IFQ (EAG). Ten percent of this quota share, or 8,000 lbs, was offered to active crew and the entire 8,000 lbs was purchased by four individual active crew. One of the purchasing crewmembers had no previous ownership of crab quota share. The remaining 90% of the quota share was purchased by members of Dog Boat who own active fishing vessels. The few non-active Dog Boat Cooperative members have not purchased additional quota share since the Council moved the motion requesting this information at the February 2013 meeting. It is very unlikely that these non-active members will purchase additional quota share as it would first need to be offered to active crew and boat owners. If Dog Boat Cooperative members did not voluntarily adhere to the Right of First Offer approach, it is unlikely that these crew members would have had the opportunity to purchase this quota share.

Finally, Dog Boat Cooperative members generally qualify as active based on the ICE Right of First Offer definition. The following table shows the level of activity of Dog Boat members by quota share for red king crab and opilio:

Dog Boat Cooperative	Red King Crab	Opilio
Not Active	3.3%	11.3%
Works in Industry	4.9%	4.3%
Former Crew	1.6%	2.1%
Active per ICE ROFO Definition	90.2%	82.2%
Total	100.0%	100.0%

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation? For the 2012-2013 season, the majority of Dog Boat members had their IFQ fished on vessels that pay a flat 50% for opilio and 65% for red king crab. Prior to this, these members were receiving 50% for opilio and 70% for red king crab. The reduction in the red king crab royalty was a result of the voluntary industry effort. One member of Dog Boat (a CDQ entity) is a little more complex. They own a substantial amount of quota share. They also fish some of their IFQ on vessels owned by a subsidiary while other IFQ is leased out. Lease rates for this member during the 2012-2013 season were somewhat above 50% for opilio and 65% for red king crab. However, from a crew perspective, average lease rates for the vessel were 50% or less for opilio and 65% or less for red king crab.
5. What is the level of participation from cooperative members regarding these measures? All non-CDQ members of Dog Boat Cooperative have voluntarily adopted lease rates of 50% for opilio and 65% for red king crab. The one CDQ member of Dog Boat Cooperative modified its harvest contracts so that those vessels fishing this members IFQ did not deduct average lease rates of more than 50% for opilio or more than 65% for red king crab against crew pay.

6. How effective have these measures been? These voluntary measures have effectively reduced all Dog Boat Cooperative average lease rates, as it affects crew, for red king crab from 70% to 65%. In addition, all Dog Boat Cooperative members are now either receiving only 50% lease rates on opilio or ensuring that crew are not deducted more than 50% against crew pay.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation? Several members have made significant investments in crab vessels during this year. As a result, there are few Dog Boat members who are either not active crew or active vessel owners. However, many members of Dog Boat Cooperative (both active and non-active members) are pursuing additional opportunities to invest in Bering Sea crab vessels. Finally, Dog Boat members intend to continue with the voluntary measures described in this report in the future.

Sincerely,

Edward Poulsen, President
Dog Boat Cooperative

December 2013
Agenda Item C-9

December 3, 2013

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Olson:

The following report is submitted under Council agenda item C-9 by the Alternative Cooperative Exchange ("ACE"), a crab harvesting cooperative formed pursuant to 50 C.F.R. § 680.21.

ACE was formed by previous ICE members with the intent of maintaining and honoring all the commitments concerning active participation and crew compensation we made while we were members of ICE. Specifically, ACE has voluntarily incorporated the ROFO provisions of the ICE Membership Agreement into its ACE Membership Agreement.

1. What measures is the cooperative taking to facilitate the transfer of QS to active participants, including crew members and vessel owners?

ACE was just formed this June and did not participate in the 2012-13 fishing year. For the 2013-14 fishing year, we will continue to advise our membership of the obligation to comply with the ROFO requirement in the ACE Membership Agreement.

2. What is the level of participation from cooperative members regarding these measures? The

The ICE ROFO is incorporated into the ACE Membership Agreement, which each member executes. To the best of the ACE management's knowledge, no ACE member has transferred QS in breach of their ROFO obligations under the ACE Membership Agreement.

3. How effective have these measures been?

Application of the ACE ROFO requirement has resulted in crew members and active fishermen being offered the opportunity to purchase crab QS on a priority basis.

4. What measures is the cooperative taking to address the issue of high lease rates, as they affect crew compensation?

As with ICE, ACE supports ongoing voluntary harvester efforts to address the issue of high IFQ harvest fees. Due to the late formation of ACE, we found most IFQ harvest agreements had already been committed.

5. What is the level of participation from cooperative members regarding these measures?

ACE believes most of its members operate in compliance with the ongoing voluntary harvester efforts to address the issue of high IFQ harvest fee rates. ACE has not taken steps to verify the number of its members, who are or have voluntarily limited their IFQ harvest fee rate ask or offer.

6. How effective have these measures been?

We are hoping to see positive effects in the daily rates of pay received by crab crew members during the 2012-2013 fishing year from the upcoming EDR data.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation?

ACE will continue the ACE ROFO requirement in its ACE Membership Agreement and encourage its members to continue to adhere to the voluntary harvester efforts to address the issue of high IFQ harvest fees.

Gretar Gudmundsson
Executive Director --- ACE

December 2013
Agenda Item C-9

December 3, 2013

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Olson:

The following report is submitted under Council agenda item C-9 by Inter-Cooperative Exchange ("ICE"), a crab harvesting cooperative formed pursuant to 50 C.F.R. § 680.21. ICE is an Alaska cooperative corporation formed to qualify as a fishermen's association under the Fishermen's Collective Marketing Act of 1934, 15 U.S.C. § 521 et seq. (the "FCMA").

ICE has 190 members that hold catcher vessel owner ("CVO"), catcher vessel crew ("CVC"), catcher processor owner, and catcher processor crew quota shares ("QS") issued under the Bering Sea and Aleutian Islands ("BSAI") crab rationalization program implementing Amendments 18 and 19 to the Fishery Management Plan for Bering Sea and Aleutian Islands King and Tanner Crabs. ICE vessels fish approximately 70% of 2013-2014 BSAI crab individual fishing quota ("IFQ").

The following report is framed as answers to questions derived from the Council's February 2013 motion concerning crab cooperative measures taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and the available measures taken to address high lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of QS to active participants, including crew members and vessel owners?

a. ROFO. ICE has implemented a "right of first offer" ("ROFO") in favor of crew members and active fishermen, giving them an opportunity to purchase QS in connection with each transfer made by an ICE member that does not fall within a specific ROFO exemption. The 2012-2013 ICE Membership Agreement ROFO provisions are included as an addendum to this report.

The 2012-2013 ICE Membership Agreement stipulated that ROFO provisions take effect 90 days after the ICE Board provides notice to that effect. The ICE Board issued that notice on February 1, 2013, and the ROFO formally took effect on May 2, 2013. However, ICE members voluntarily complied with the ROFO in connection with QS transactions that took place between February 1 and May 2, 2013.

For purposes of the ICE ROFO, a crew member is an individual who meets the Council's CVC share eligibility requirements, and who did not receive CVO QS at initial allocation. An active fisherman is a crew member or a person that holds a direct or indirect interest in a commercial fishing vessel over 29' in length that was employed in waters off Alaska during the last 12 months.

Under the ICE ROFO, crew members receive a first priority right of offer to 10% of all QS sold by ICE members, unless the transaction falls within one of the ROFO exceptions (which are identified in Section 5.5 of the ROFO provisions). Active fishermen receive a second priority right of offer with respect to the other 90% of the QS being sold. Direct sales to crew members are not subject to the ROFO, and direct sales to active fishermen other than crew members are only subject to the crew member ROFO.

There is no minimum amount of QS a crew member or active fisherman must purchase to exercise the ROFO, and if either crew members' or active fishermen's offers to purchase exceed the amount offered for sale, the amount offered is allocated among the offerors on a pro rata basis.

b. FCMA Eligibility Standard. As a separate matter, ICE has adopted an eligibility standard that limits its membership to persons who work on a U.S. commercial fishing vessel under terms that give them direct exposure to the financial risks of production, or hold a direct (i.e., Coast Guard documented) interest in a U.S. commercial fishing vessel under the same terms.

This standard was adopted as part of an FCMA compliance review, not as a measure to facilitate transfer of QS to active participants. However, QS holders place high value on access to collective price negotiation and binding arbitration, and (to the best of our knowledge) ICE is currently the only crab harvesting cooperative that offers access to these functions and the related sensitive delivery term information. Therefore, it is reasonable to expect that more QS holders will take steps to meet the ICE membership eligibility standard over time. To the extent they do so, the amount of QS held by persons who meet the ICE FCMA active participation requirement will increase.

2. What is the level of participation from cooperative members regarding these measures? The ICE ROFO is incorporated into the ICE Membership Agreement, which each member is required to execute. To the best of the ICE management's knowledge, no ICE member has transferred QS in breach of their ROFO obligations under the ICE Membership Agreement.

3. How effective have these measures been? Application of the ICE ROFO requirement has resulted in crew members and active fishermen being offered the opportunity to purchase crab QS on a priority basis.

A website (www.crabqs.com) was created to perform several ROFO program functions. Qualified crew members are able to register to receive notification of sales offerings. Brokers are able to easily distribute offerings to the qualified crew. Transfers are tracked to monitor compliance.

During the period January 30, 2013 through November 10, 2013, there were 232 unique transfers of QS of all types from 44 unique QS holding entities. Forty-six (18.9%) of the transfers were to qualified crewmembers, and forty-two of those were transfers of CVC QS. As noted above, the transfers to qualified crewmembers were not subject to ROFO.

Of the remaining 190 transfers, 130 transfers were made by 27 ICE members, 45 were made by nine Alternate Crab Exchange (“ACE”) member entities, nine were made by one member of the Dog Boat Cooperative and seven were made by two members of Alaska King Crab Harvesters Cooperative.

ICE members transferred a total of 27,180,621 QS units. Of these, 9,372,859 were subject to ROFO, and 17,807,762 were exempt from ROFO. Of all QS transferred, 1,703,618 units (or approximately 6.2% of all QS transferred and 18% of the QS transferred subject to ROFO) were purchased by six qualified crew members.

Members of all crab cooperatives transferred a total of 58,248,720 QS units since Jan 20, 2013. Of those units, 6,705,770 units (or approximately 11.5%) were purchased by qualified crew members. When sorted for quota type, and transfers from CVC holders are removed from the data set, the amount of CVO transferred is 57,157,782 QS units. Of that amount, 2,420,996 QS units (4.2%) were purchased by qualified crew.

4. What measures is the cooperative taking to address the issue of high lease rates, as they affect crew compensation? ICE has notified its members that the Council is concerned about the potential impact of high lease rates on crew compensation, and has asked that ICE members consider voluntarily capping their lease rate asks and offers at 65% of adjusted gross revenues for Bristol Bay red King crab and 50% of adjusted gross revenues for Bering Sea Snow crab. ICE will continue to notify its members accordingly.

5. What is the level of participation from cooperative members regarding these measures? ICE has not taken steps to verify the number of its members who have voluntarily limited their lease rate asks or offers.

6. How effective have these measures been? ICE has not taken steps to verify how effective these measures have been for the 2012-2013 crab fishing year. ICE believes the effectiveness of these measures is best evaluated by comparing the daily rate of pay received by crab vessel crew members prior to rationalization (adjusted to include pre and post season employment) to EDR data concerning the daily rates of pay received by crab crew members during the 2012-2013 fishing year. ICE looks forward to receiving that data, and will follow up with its members accordingly.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation? ICE plans to continue developing and promoting the ROFO program it has adopted. ICE will continue to notify its members regarding the Council’s sensitivity to high lease rates as they may affect crew compensation, and will continue to request that members consider voluntarily restricting their lease rate asks and offers per paragraph 4, above. ICE will also continue to monitor EDR data as it becomes available, and will inform its members if crew member daily rates of pay reflected in that data suggest that the voluntary lease rate asks and offers are proving ineffective.

Addendum

Right of First Offer ("ROFO") Provisions
from the
ICE 2012-2013 Membership Agreement

5. Quota Share Right of First Offer. **The provisions of this Section 5 shall not take effect unless and until the ICE Board of Directors takes affirmative action to that effect. The provisions of this Section 5 shall take effect without further Member approval or action being required upon the ICE Board of Directors taking action to that effect and providing each Member with not less than ninety (90) days advance notice.**

5.1 Definitions. For purposes of this Agreement, the following terms shall have the following meanings.

5.1.1 "Active Fisherman" means a person that either: (i) holds a direct or indirect ownership interest in a Commercial Fishing Vessel as of the Annual Record Date, provides ICE or its agent with the information and documents that ICE requests as evidence of such ownership interest, and is named on the "Active Fisherman" list that ICE maintains; or (ii) is a Crab Crewmember.

5.1.2 "Annual Record Date" means the annual date selected and announced as such by the ICE Board of Directors from time to time.

5.1.3 "Commercial Fishing Vessel" means a vessel not less than twenty-nine (29) feet in length overall that has been employed in commercial fishing in Alaska state waters or in the Federal Fishery Conservation Zone off Alaska during the twelve (12) month period prior to the Annual Record Date. For purposes of this definition, a vessel that is employed in support of commercial fishing as a tender or research vessel shall be considered a Commercial Fishing Vessel.

5.1.4 "Crab Crewmember" means an individual who (i) meets the Program "C" share recent participation requirements as of the Record Date, as the same may be amended from time to time; (ii) did not receive catcher vessel owner ("CVO") or catcher processor owner ("CPO") QS under the Program at initial allocation; and (iii) is named on the Crab Crewmember list that ICE maintains.

5.1.5 "Person" means an individual, corporation, partnership, limited liability company or other form of business entity.

5.2 Restrictions on Transfer. No Member shall sell any portion of his, her or its QS other than in strict compliance with the terms of this Agreement. Any sale of QS by a Member that is not made in strict compliance with the provisions of this Agreement shall be a material breach of this Agreement. For purposes of this Agreement, selling an ownership interest in an entity that holds QS and does not hold an interest in a Commercial Fishing Vessel shall be considered a QS sale, and an amount of

the QS held by the entity proportionate to the ownership interest being transferred shall be subject to the rights of first offer set forth in this Section 5.

5.3 Sales to Crab Crewmembers. A Member may sell some or all of such Member's QS directly to one or more Crab Crewmembers on such terms as the Member and the purchasing Crab Crewmember(s) may agree. Such sales shall not be subject to the rights of first offer granted under this Agreement.

5.4 Rights of First Offer. A Member who wishes to sell some or all of his, her or its QS to a person who is not a Crab Crewmember (a "Selling Member") may only do so in strict compliance with the procedure set forth in this Section 5.4, unless the transaction is exempt from the Crab Crewmember and Active Fisherman right of first offer pursuant to Section 5.5, below.

5.4.1 Before offering QS for sale to a person who is not a Crab Crewmember, the Selling Member shall notify ICE of the amount of QS offered for sale (the "Offered QS"), and the associated sale terms (the "Offer Terms").

5.4.2 Upon receiving notice from a Selling Member, ICE shall notify the Crab Crewmembers that ten percent (10%) of the Offered QS is available for purchase on the Offer Terms (such 10% being the "Crew Offer QS"). Each Crab Crewmember shall have fifteen (15) days from receiving such notice during which he or she may irrevocably agree to purchase some or all of the Crew Offer QS on the Offer Terms. If the Crab Crewmember(s) agreeing to purchase Crew Offer QS (the "Purchasing Crewmembers") collectively agree to purchase an amount of QS in excess of the Crew Offer QS, ICE shall allocate the right to purchase Crew Offer QS among the Purchasing Crewmembers pro rata, according to the amount of the Crew Offer QS each of them has agreed to purchase.

5.4.3 Upon expiration of the 15-day Crab Crewmember offer period, ICE shall determine the amount of the Offered QS available for purchase, net of the amount that Crab Crewmembers have agreed to purchase (such remaining amount being the "Fisherman Offer QS"). The Selling Member may sell the Fisherman Offer QS to one or more Active Fishermen on such terms as the Selling Member and the Active Fishermen may agree. If the Selling Member wishes to sell some or all of the Fisherman Offer QS to one or more persons who are not Active Fishermen, the Selling Member shall first notify ICE, and ICE shall notify the Active Fishermen of the amount of Fisherman Offer QS that the Selling Member proposes to sell to persons other than Active Fishermen (the "Third Party QS") and the Offer Terms on which the Third Party QS can be purchased. The Active Fishermen shall have five (5) days during which one or more of them may agree to purchase some or all of the Third Party QS on the Offer Terms. If the Active Fishermen agreeing to purchase Third Party QS (the "Purchasing Fishermen") collectively agree to purchase an amount of QS in excess of the Third Party QS, ICE shall allocate the right to purchase the Third Party QS among the Purchasing Fishermen pro rata, according to the amount each of them has agreed to receive.

5.4.4 Upon expiration of the 5-day Active Fisherman offer period, ICE shall determine the amount of the Offered QS that the Crab Crewmembers and the Active Fishermen have agreed to purchase on the Offer Terms, and shall notify the Selling Member. The Selling Member

shall then have the right to offer the balance of the Offered QS in excess of the amount that the Crab Crewmembers and Active Fishermen have agreed to purchase (the "Marketable QS") for sale to persons other than the Crab Crewmembers and Active Fishermen (the "Third Parties") on terms no more favorable to the Third Parties than the Offer Terms for a period of one hundred eighty (180) days (the "Market Period").

5.4.5 If a Selling Member accepts an offer during the Market Period from one or more Third Parties to purchase some or all of the Marketable QS on terms no more favorable to the Third Parties than the Offer Terms (an "Accepted Offer"), the Selling Member shall notify ICE of the Accepted Offer and the proposed closing date for the related transaction, which shall not be earlier than twelve (12) business days from the date of such notice. Within two (2) business days of receiving such notice, ICE shall notify the Purchasing Crewmembers and the Purchasing Fishermen of the Accepted Offer and proposed closing date. Within ten (10) days of receiving such notice from ICE, each Purchasing Crewmember and Purchasing Fisherman shall deposit their share of any cash to be paid to the Selling Member at closing into escrow as directed by ICE, and shall execute and deliver into escrow as ICE directs any financial instruments and other documents consistent with the Offer Terms.

5.4.6 If the Selling Member transfers QS to one or more Third Parties in accordance with the Accepted Offer, the Selling Member shall notify ICE, and ICE shall notify the Purchasing Crewmembers, Purchasing Fishermen and direct the escrow agent with whom their funds and documents have been deposited to proceed with closing of the QS transfers from the Selling Member to the Purchasing Crewmembers and Purchasing Fishermen.

5.4.7 If the Selling Member does not sell any of the Offered QS to a Third Party within the Market Period, the Purchasing Crewmembers' and the Purchasing Active Fishermen's offers to purchase Offered QS (if any) shall be void, the Purchasing Crewmembers and the Purchasing Active Members shall have no right or obligation to purchase any of such Offered QS, and the Selling Member shall not offer any QS for sale unless and until the Selling Member has repeated the first offer procedure set forth in Sections 5.4.1 through 5.4.3, above.

5.5 Transactions Exempted from Right of First Offer. Notwithstanding the foregoing, the following QS sales and transfers of interest in QS holding entities shall not be subject to the rights of first offer in favor of Crab Crewmembers or Active Fishermen described above.

5.5.1 QS sales made in connection with a foreclosure of a security interest or pursuant to a court order.

5.5.2 QS sales made in connection with the sale of a Bering Sea or Aleutian Islands crab fishing vessel, or as part of the sale of an entire commercial Bering Sea or Aleutian Islands crab fishing business. For purposes of this provision, a "crab fishing business" shall mean a fishing business that owns QS and one or more fishing vessel(s) that were employed to harvest crab in a Program crab fishery during the year prior to the sale of the business. For purposes of this provision, "sale" of an entire Bering Sea or Aleutian Islands crab fishing business shall mean a sale of all or

substantially all assets of such business, or sale of all or substantially all of the ownership interest in such business.

5.5.3 QS transfers or sales between affiliated business entities. For purposes of this provision, business entities in which the same person holds a ten percent (10%) or greater voting interest or ownership interest are “affiliated”.

5.5.4 Notwithstanding the provisions of Section 5.2 to the contrary, transfers of a direct or indirect ownership interest in a business entity between or among existing owners.

5.5.5 QS transfers or transfers of ownership interest in QS holding entities that are made pursuant to a contract that was in effect as of May 29, 2012.

5.6 Termination of Crab Crewmember and Active Fisherman Rights for Failure to Perform. In consideration for the benefits extended to Crab Crewmembers and Active Fishermen under this Agreement, each of them shall have an obligation of strict performance in connection with the closing and purchase of any QS they agree to purchase under the right of first offer that is extended to them under this Agreement. ICE reserves the right in its sole discretion to permanently remove a person from the Crab Crewmember or Active Fisherman lists maintained by ICE in response to any single breach by such person of his, her or its obligations under this Agreement.

5.7 Breach by a Member. A Member’s breach of the provisions of this Section 5 shall constitute a material breach of the ICE Membership Agreement. Because the damages associated with a breach of this Section 5 are not possible to quantify, a Member in breach of this Section shall be liable for such liquidated damages as the ICE Board of Directors adopts and announces to the Members from time to time, provided no such liquidated damages shall take effect until the next ICE membership period following their adoption and announcement. In addition to imposing liquidated damages in connection with a breach of this Agreement, the ICE Board of Directors may in its sole discretion take all actions and seek all remedies otherwise available to ICE and its members in connection with a breach of this Section 5.

5.8 Assignment. The rights granted to Crab Crewmembers and Active Fishermen under this Section 5 are personal, and may not be assigned. Any purported assignment of such rights shall be void. ICE may assign any or all of its rights and obligations under this Section 5 to such persons as ICE selects in its sole discretion.

R & B Cooperative

7215 156th St SW, Edmonds, WA 98026

rmezich@comcast.net

North Pacific Fishery Management Council

605 W. 4th Ave, Ste. 306

Anchorage, AK 99501

RE: BSAI Crab: OMB 0648-0678

December 2, 2013

Voluntary Cooperative Letter for Dec. 2013 Council meeting

Dear council members:

R & B Cooperative is a small cooperative with only a few members. The majority of our members are either active crew members or active fishing vessels. All the remaining members have owners that are active participants indirectly through their ownership in another active R & B Cooperative member.

Our Cooperative utilizes two active crab fishing vessels, both members. We have lowered the lease fees paid for BBR IFQ by 2% the past two seasons. In addition, we have removed a few of the crew share settlement deductions (crew were previously charged for their share of lube and hydraulic oil, and cooperative and fishing association dues), increasing the net crew share amount. Both our active crab fishing vessels own crab QS in all the crab fisheries they participate in and do not pay lease fees on their own QS, also benefiting the net crew share.

Our cooperative member all agree and support these measures.

R & B Cooperative member, Shishaldin LLC, has offered to sell QS to one of our active Captain's who currently does not own any. He applied for a loan through NMFS program for quota share purchase, but was denied. He plans to reapply for the loan. If denied again, the coop will look at internal financing arrangements.

Kind Regards,

Mary Mezich

R & B Cooperative- Manager

425-308-5586 cell

Subject: BSAI Crab Coop Voluntary Responses To NPFMC Request- December 2013

From: Rob Rogers <ROBR@IcicleSeafoods.com>

Date: 12/5/2013 9:23 PM

To: "sarah.marrinan@noaa.gov" <sarah.marrinan@noaa.gov>, "gail.bendixen@noaa.gov" <gail.bendixen@noaa.gov>

CC: Pat Hardina <PatH@IcicleSeafoods.com>, Rob Rogers <ROBR@IcicleSeafoods.com>, Kris Norosz <KrisN@IcicleSeafoods.com>

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

Dear Council Members,

I represent the Crab Producers and Harvesters LLC, a BSAI Crab Cooperative. This coop is not associated with ICE or ACE. Its comprised mainly of independent BSAI Crab QS holders, crab boat owners and it is affiliated with Icicle Seafoods Inc. The main purpose of the coop is to ensure that its members can efficiently and safely harvesting their crab.

Rather than sending one email representing the coop's position attached are 4 individual emails to the Council regarding the issues of QS lease rates and transfer of QS to active participants. These represent 3 different views. Two from active crab captains, one from an initial recipient QS holder that is actively fishing in other AK fisheries but not for crab, and one from a crab boat owner representative & coop manager.

Sincerely,

Rob Rogers

Crab Producers and Harvesters LLC
P.O. Box 79003
Seattle, WA 98119
206-281-5365

1. What measures are you taking to facilitate the transfer of quota share to active participants? This includes both crew members and vessel owners.

As Crab Producers and Harvesters LLC Coop President I am in contact with all members and generally familiar with when there are active buyers or sellers of crab QS in the coop. I contact coop members that I know are buyers if I know of quota available for sale. This is true whether it's IFQ in the coop or on the open market. The C share QS that has been available for purchase in the coop has been purchased by active captains/crew in the fishery. It has been priced less and there are qualified C share buyers in the coop looking for QS. If prices are reasonable, based on the current market, purchases usually occur quickly.

For A and B share QS that I know of for sale I contact all coop members that have expressed an interest in buying more quota. Usually these buyers are well informed on their own about available quota for sale outside of the coop.

2. How effective have these measures been?

These informal measures worked well when there was considerable amounts of QS available in the first 3-4 years or so of the program. In the last 2-3 years there has been less QS available for sale of any kind. In recent years prices have been considerably higher and fewer buyers, both active or inactive participants, can make the economics work.

3. What measures are you taking to address the issue of how high lease rates affect crew compensation?

The boat owners in our coop have individually chosen to not charge lease rates for the initial issuance of crab QS. Some boat owners choose not to lease additional QS and some do. It's an individual decision. Also, leases are generally confidential arrangements within the coop. However, I am generally aware of what most of the lease rates are since members often contact me about what the market lease rates are doing. When crab prices are lower and crab is harder to catch, the lease rates are lower, and conversely they are higher when crab prices are higher and crab is easier to catch. Some of the crew on the boats in the coop have QS that they lease for the same market rates to the boat owners as any other QS leases. My perception is that it's best for lease rates to be set market conditions rather than by some independent standard.

4. What future measures do you plan to take to address the council's concerns over active participation and lease rates as they affect crew compensation?

To contact active participants that are members of the coop and make sure they are aware of QS that may become available for purchase. However, at current QS prices and concerns about future BSAI Crab TACs, there are few buyers.

Rob Rogers
Crab Producers and Harvesters
P.O. Box 79003
Seattle, WA 98119

Subject: Laferriere response.txt
Request for Voluntary Annual Report to the NPFMC

NPFMC Members,

I don't have any exact answers on any of these questions. All I know is that there are not many transfers of quota shares going on because there are not many for sale any more. If I did sell my CPC shares, I would go to our coop first to help the situation out. IFQ share holders should consider the crew fishing their shares first if selling any IFQ's. On another thought, what is preventing me from buying anymore CPC shares is the uncertainty of the new rules and unfortunately, I have not made a crab delivery in the last 365 days, so currently I can not buy anymore at this time. I do try to buy more of all IFQ crab shares when they come up for sale.

I have concerns and don't want to loose my CPC shares because I am not considered an "active participant" in the crab fishery anymore per say. I have been a commercial fisherman all my life and have been fishing crab in Alaska since 1973. I have been buying crab shares since the start of IFQ program in 2005. I am no longer fishing crab myself physically, just leasing my shares as we have sold our crab boat. However, with the new owners, I am now fishing for bottom fish in Alaska. I do still consider myself a fisherman and pay taxes accordingly. In the old days, we participated in all fisheries to stay alive and just pay our bills. I would hate to see myself not considered an "active participant" just because I don't crab fish exclusively anymore.

I would like to see the "active participant" as those fishing in any fishery, not just the crab fishery to qualify. Why should I be penalized for being diversified in other fisheries? I still buy an Alaska fishing license each year and consider myself an "active" fisherman. Hopefully this will be considered and will be another option so I won't have to sell my CPC shares in the future. I have spent several hundred thousand dollars buying crab quotas in my 3-entities and would hate to have to sell any because I was considered not "active".

I know the lease rates are high, but if you have to buy them they are very expensive and it takes lots of money to pay back the bank. Most of the time you have to reach in your pocket for extra money as the payment is more than the lease for the first 10-years. The long time crewmembers are making more money now and know what they will be making. These are the new times for the fisheries and it was the industry came up with these lease rates, not myself.

I hope the council, IFQ holders, boat owners etc. will be considerate for all in any aspect of the fishery as this rationalized program is a great solution for the future of all fisheries.

You can call me anytime. 206-683-7198

Thanks!

Louis P. Laferriere Captain - CPC shares L&M Enterprises Inc. President -
CPO & CVO shares LPL Quotas LLC President - CPO shares.
47550 SE 162nd St.
North Bend, WA 98045
E-mail: loubobjr@yahoo.com<mailto:loubobjr@yahoo.com>

Morton Response.txt

From: RICHARD & SANDRA [lofoten@comcast.net]
Sent: Wednesday, December 04, 2013 3:32 PM
To: Rob Rogers

To: NPFMC, I am a C share holder in the Bering Sea, Bristol Bay, and St. Mathew crab fisheries and a member of the Crab Producers and Harvesters Co-operative. I operate the F/V Adventure and am asked by the crew about being able to buy shares for the fishery. They see very few shares on the open market and only hear of private sales after the fact. The pool of A and B shareholders need to held to the same standards as C shareholders as far as participation in order for any quantity of shares to change hands. On the subject of lease rates, I see that the attitude and low turnover of crew goes hand in hand with a smaller lease rate, this also makes for safer operations having a crew returning each season.

Contact: Capt. Richard Morton / 425-239-1233 / lofoten@comcast.net

weaver response.txt

From: Jimmy Weaver [inletbeauty@yahoo.com]
Sent: Thursday, November 28, 2013 8:32 PM
To: Rob Rogers
Subject: council letter

Dear Council,

My name is Jim Weaver, I am 51 years old, 50 of those year as an Alaska resident. I have been actively participating in crab fisheries through out the state of alaska for the past 33 years. I have fished crab in Cook Inlet, Kodiak, Ak Peninsula and Bearing Sea, starting as a deckhand and working through the ranks to captain. From 1995-2005 I was a partner in a crab vessel, we sold the vessel in the buy back program in 2005 . After the buy-back/rationalization of the crab fishery I have worked deck and recently asked to run a crab boat again. I currently work for Icicle Seafood's and share the skipper duties with another captain. I was issued skipper shares (c-shares) during rationalization,I have since bought more quota.I have, and currently fish these shares on the Adventure.

Quota shares are hard to buy most changing hands by word of mouth a never making it to the open market. There is also not alot of crew quota, 3 % doesn't leave alot to go around for 500 crew members and skippers. A program that allows crew (active-participates) to join a list if there interested in buying quota could be handled at the co-op level. Not sure what the exact definition of (active- participation) is but seems to me that making one trip every three years or so is not active. Active are the crews working every year to harvest the quota.

High lease rates have affected crew shares since the inception of crab rationalization, crews may be making more but their working months catching more crab for less pay/pound then before rationalization. Some vessel owners have chosen not to charge their crew lease fees on original issued quota, most have NOT, choosing to charge crews lease rates on quota that was given to them. Greed is a funny thing, one boat owner put it to me this way, if I charge high lease rates, in 10 years all the deckhands will be gone that remember non-lease crabbing and the new generation of crew will know no difference.

I was am still in support of crab rationalization, it is no doubt a safer fishery, there are still good jobs to be had but there are alot of crews working to make a few absentee owners alot of money.

Jim Weaver

po box 664

homer, alaska 99603 cell#907-299-1870

December 2013
Agenda Item C-9

December 9, 2013

Mr. Eric Olson, Chairman
North Pacific Management Council
605 W. 4th Avenue
Anchorage AK 99501-2252

By email to npfmc.comments@noaa.gov

Dear Chairman Olson:

The following report is being submitted under Council agenda item C-9 by the Alaska King Crab Harvesters Cooperative ("AKHC"), a crab harvesting cooperative that participates in the crab program administered by the Council. AKHC is a cooperative corporation organized under Alaska law.

AKHC currently has 16 members that hold catcher vessel owner quotas ("CVO"), catcher vessel crew quotas ("CVC"), catcher processor owner quotas ("CPO") and catcher processor crew quotas (CPC) issued under the BSAI crab rationalization program. This year 2013-2014 AKHC members are holding approximately 4.5% of the major Bristol Bay Red King Crab ("BBR") and Bering Sea Opilio ("BSS") fishery Quota Share. In 2012 AKHC had six members representing about 3.5% of the BBR and BSS quota.

AKHC is currently being reorganized and expects that in 2014-2015 its membership will be similar to 2012-2013 when it had six members. Coop management is currently being transferred to an individual representing one of those six entities.

The following report is intended to answer questions from the Council's February 2013 motion involving crab cooperative measures taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and available measures taken to address crew compensation including lease rates.

1) What measures is the cooperative taking to facilitate the transfer of QS to active participants including crew members and vessel owners, and vessel owners.

AKHC is following the lead of the Inter Cooperative Exchange by asking that its members voluntarily participate in the "right of first refusal" ("ROFO") in favor of captains, crew and active participants. Please see detailed description provided by ICE in their report. At present, all AKHC coop members are supporting the ROFO program and in 2013 sales were placed through the ROFO.

In addition AKHC is recommending to its members that they aid skippers and crewman who are working on vessels harvesting member crab with down payments and or interim financing for NOAA loans. Such assistance was provided to a vessel skipper.

AKHC believes that these measures will help achieve some of the goals the Council is seeking to achieve and will continue similar work in the future.

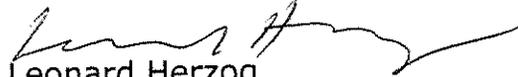
2. What measures are being taken to address the issue of crew compensation and the possible effect of higher lease rates on crew compensation?

AKHC is sharing the concerns of the Council on this issue with its members, especially as to the issue of crew compensation on catcher vessels. AKHC is asking that its members voluntarily follow the ICE lead and try to get their quota harvested on vessels that are not deducting more than 65% of adjusted gross revenues for BBR and 50% of adjusted gross revenues for BSS.

AKHC is aware that several of its members have frozen and or reduced the deductions taken for lease payments on harvest vessels utilizing member quota. AKHC believes that these actions will help stabilize and increase crew compensation on COOP vessels and looks forward to reviewing the EDR data, and as with ICE especially the daily rates of pay being received by crew members to help evaluate this issue.

In the future AKHC will continue to keep its members informed about the Council's concerns in this area and will continue recommending to its members that they have their crab harvested on vessels that are not deducting more than the described lease rates form crew compensation.

Respectfully submitted by Alaska King Harvesters Coop by


Leonard Herzog
Interim Manager

March 28, 2014

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: April 2014 agenda item: BSAI Crab Cooperative Reports

Dear Chairman Olson:

During the February 2013 meeting, the Council passed the following motion:

"The Council requests that each of the BSAI crab rationalization cooperatives voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation. The annual reports should convey to the Council the effectiveness of the measures implemented through the cooperatives and the estimated level of member participation in any voluntary measures and include supporting information and data. These reports are requested to be delivered for the October meeting each year."

Trident Affiliated Crab Harvesting Corporation, a crab harvesting cooperative was formed under 50 C.F.R. § 680.21, submits the following report for the April 2014 Council meeting:

Trident Affiliated Crab Harvesting Corporation is a smaller affiliated crab cooperative with 21 member entities, including one CDQ group. Our Coop is made up of only eight member vessels, all of which are participating in the BSAI Crab Fisheries.

The following report answers the seven questions derived from the Council's February 2013 motion concerning measures crab harvesting cooperatives are taking or have taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and the available measures taken to address high lease rates and crew compensation.

1. *What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew-members and vessel owners?*

The purpose of establishing the Trident Affiliated Crab Harvesting Corporation was not to provide its members with a mechanism for consolidation. It was established by Trident Seafoods Corporation merely for the purpose providing greater flexibility in the company's fishing plan, not to retire vessels. Other independent vessel owners asked to join because they also wanted additional flexibility and the managers of those vessels were comfortable being members of an affiliated cooperative with Trident. Every vessel that entered the cooperative basically catches the quota it brings into the Cooperative.

There are no specific measures that the Trident Affiliated Crab Harvesting Cooperative has taken to ensure active participation, but consolidation is not the purpose of the cooperative. As a result, all of the vessels that are in the Cooperative actively fish. Members of the Cooperative do not routinely transfer or lease quota share

to "outside" cooperatives or vessels. Thus, all of the eight cooperative vessels remain active in the crab fisheries.

2. What is the level of participation from Cooperative members regarding these measures?

Our Coop members, as active participants and vessel owners harvest their own quota shares. All of the eight member vessels actively fish crab.

3. How effective have these measures been?

The Trident Affiliated Crab Harvesting Corporation's member entities have been harvesting their own quota share since the inception of the Cooperative. There is one member vessel that leased their quota shares early in the crab rationalization program, and then decided to stop leasing its quota and return to active participation in the BSAI crab fisheries. That member vessel has remained an active participant.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation.

Our Cooperative members and vessel owners own their quota shares. The Cooperative managers are aware of some inner-coop leases at below market rates between member vessels and this has mitigated the issue of high lease rates impacting crew compensation.

5. What is the level of participation from cooperative members regarding these measures?

Our entire Coop membership participates in the practices outlined above as they all own their own crab.

6. How effective have these measures been?

Because member vessels do not rely on leased crab, these measures seem effective.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they effect crew compensation?

Because the purpose of the Trident Affiliated Crab Harvesting Cooperative was not consolidation, and all of the member's vessels actively fish their own quota, the Cooperative is not anticipating future measures to address consolidation or high lease rate issues.

Sincerely,



Brian S. Parsons
TRIDENT AFFILIATED CRAB HARVESTING CORPORATION

March 29, 2014

Eric Olson, Chairman

North Pacific Fishery Management Council

605 W. 4th Avenue, Suite 306

Anchorage, Ak 99501-2252

Re: Agenda Item C-9 BSAI Crab Cooperative Reports

Dear Chairman Olson:

During the February, 2013 meeting the Council passed the following motion:

“The Council requests that each of the BSAI crab rationalization cooperatives voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation. The annual reports should convey to the Council the effectiveness of the measures implemented through the cooperatives and the estimated level of member participation in any voluntary measures and include supporting information and data. These reports are requested to be delivered for the October meeting each year.”

Following is the report on behalf of Coastal Villages Crabbing Cooperative;

Coastal Villages Crabbing Cooperative has 13 entities for BSS and 11 entities for BBR, representing 8.7% of the Bristol Bay red king crab quota share and 8.7% of the Bering Sea Snow crab quota share.

Following are Coastal Villages Crabbing Cooperatives answers to the specific questions from the Council's February motion:

1. “What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew-members and vessel owners?”

Coastal Villages Crab Cooperative is voluntarily complying fully to the Right of First Offer (RoFO) approach developed by Alaska Bering Sea Crabbers and governed by the Inter-Cooperative Exchange.

2. "What is the level of participation from cooperative members regarding these measures?"

All co op members in Coastal Villages Crab Cooperative follow the RoFO provisions.

3. "How effective have these measures been?"

There have been no QS transfers during this period. Our coop has a significant amount of C shares based on historical participation.

4. "What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?"

We use a sliding scale that protects the crew in a declining market and also provides an upside in a rising market. Our crew members are compensated above industry standard due to this sliding scale.

5. "What is the level of participation from cooperative members regarding these measures?"

All of our members follow industry standards.

6. "How effective have these measures been?"

The crew that operates within the Coastal Villages Crab Cooperative is compensated at or above industry standards. There is insignificant turnover amongst the crew. What turnover there is has to do with factors other than compensation.

7. "What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation?"

Coastal Villages Crab Cooperative will continue to use the RoFO protocol assist with the QS transfers for active crew members.

Sincerely,



Michael Coleman, President
Coastal Villages Crab Cooperative
5470 Shilshole Ave. NW Suite 400
Seattle, WA. 98107