

SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

**LIMITED ACCESS PRIVILEGE
PROGRAM WORKING GROUP**

**Hilton Garden Inn
North Charleston, SC**

January 15-16, 2007

SUMMARY MINUTES

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The Limited Access Privilege Program Exploratory Workgroup of the South Atlantic Fishery Management Council convened at the Hilton Garden Inn, 5265 International Boulevard, North Charleston, South Carolina, Tuesday afternoon, January 15, 2008, and was called to order at 1:40 o'clock p.m. by Ms. Kate Quigley.

Ms. Quigley: Ben had to go to a clinic. His hand is bothering him, so he'll be in a little bit later today, hopefully. I'm going to go ahead and walk us through the agenda. First, are there any additions to the agenda? Any objections to the agenda? Okay, then the agenda is approved without objection.

I'm going to go ahead and give you an overview of what we're doing and what you've received in the mail. We basically have a presentation ready on initial allocation. Andi, John Reed and I have put that together. What you're going to see today is Andi and I. Then we are discussing initial allocation options, so it's pretty simple. We have one agenda item, and we know it's going to take quite a while, but that's okay.

What you received in the mail was an updated working group document, some summary reports from October and December. I included October because you guys hadn't received that before. I also included the minutes for October. We don't yet have the minutes available for December, so I'll include those at the next meeting, February 12-13. If you haven't made hotel reservations or travel reservations, please do so as soon as you're able to.

I also included the sector allocation presentation given by Eileen Dougherty in December and the presentation I gave on fishing cooperatives, so you have that on disk. I also included the Gulf Grouper IFQ outline and the table that I put together for red snapper, Gulf grouper and South Atlantic wreckfish so you guys can reference that to see what kind of initial allocation options they created.

That is an overview of the agenda and briefing book materials. I'm not going to say a whole lot about the Workgroup Draft Working Document. Basically, I made the changes that you requested. I also added, on Page 41, a section on comparisons between sector allocation programs, regional fishery associations and harvest cooperatives.

Mark had requested that the last time, so there is some narrative in there talking about what sector allocation programs are and comparing them to regional fishery associations under a LAP and comparing them to co-ops as well. I created a table, and one thing you'll notice is I've highlighted the differences between RFAs and harvest cooperatives and sector allocations in bold type. If you don't have time to read the whole thing, you can just take a look at that.

I have also added to the end of the document the table that gives details on all of the LAP Programs implemented or being considered. You can guys can refer to that if you want when we're talking about initial allocation. Are there any questions with regards to the working documents or anything else, the future meetings that we have, the timeline that we're on?

Ms. Von Harten: I was just curious – I guess we'll probably talk about this at the next meeting – how the working document is going to be presented in March at the council meeting. I know

that there are some really good comments throughout the document about some concerns that the workgroup had; also things that they like about some of the aspects. Could we maybe summarize those things at some point in the document?

Ms. Quigley: I tried to include a lot of those up front, so definitely get comments to me if there are things that you would like included that haven't been included. A lot of the concerns I tried to put up front on Pages 2, 3, 4 and 5, but if that does not cover the concerns that people have, let me know right now or as the meeting progresses.

The plan I had was to put together some sort of executive summary that would highlight the concerns of the workgroup and basically just lay out any of the preferred options that the workgroup has come up with. I am not going to include the background. The LAP Committee can look at that on their own as part of this larger document, but I'm hoping to get an executive summary together that is six or seven pages, so it's something easy for people to take a look at.

I'll be writing that as soon as we leave this meeting tomorrow and get that out to you guys as soon as possible, but definitely prior to the February meeting. Are there any additional questions?

I want to let people know what will be happening in February and March. In February we'll be going over the documents to make sure that all of your concerns have been included. We will be finalizing an executive summary and finalizing this workgroup document. In March we will deliver this workgroup document, an executive summary and scoping comments to the LAP Committee.

Scoping for LAPs will be taking place February 4th, 5th, 6th and 7th and also February 20th; different locations along the coast, and that's on the website. I can give you more information about that if you're interested, but scoping is occurring in early February. We're hoping to get those comments together for the LAP Committee to take a look at at the March meeting.

At the March meeting the intention is for them to go ahead and say if they think options should be developed to consider LAPs as part of Amendment 18, so, yes, options should be considered and developed; or, no. Also, we'll ask them to give us some idea of a timeline that they would like to have, so when they would like options to be brought to the table, when they would like to possibly approve for public hearings, when they would like public hearings to take place. That's the timeline right now. We'll be making some rather important decisions in March after looking at your documents. Are there any questions on the timeline?

Mr. Marhefka: I'm just sort of curious in continuing the timeline past March. Is there any involvement of this group, or is this group just going to go and dissolve after that timeframe? You know where I'm coming from with this, because I sort of feel we need a lot more time on this than just up until that point. If that's something that they want to entertain, then that's great, but I'm also thinking that we need more time.

Ms. Quigley: That will ultimately be up to the LAP Committee to discuss and then make a recommendation to the council. Now, you guys are having a joint meeting with the LAP

Committee on Monday of the council week, so March 3rd, from one to six. Those views should be expressed in the document, so that's something we probably should talk about right now and get into the document.

I encourage you to verbally express that, and we will be going through everything in the document with the LAP Committee, but to verbally express that as well if you'd like to. Are there other people that feel that way, that this workgroup needs more time? The intention, I believe, was to no longer meet, for the LAP Workgroup to no longer meet past the March meeting. That was the original intention.

Are there other people, though, that feel you need more time in order to figure out what you would like preferred options to be? There are several categories where we have preferred options, and there are other categories where we don't really have a preferred option. We just have some discussion, and I think that's okay to have. I think that's probably fine to say different people felt differently, but we need to make sure you guys know how you feel.

Mr. Irwin: I think definitely after the March meeting we should have at least one more meeting after we meet with the committee to come back. After we've discussed it with the committee, the committee may say, well, you need to go work on this a little bit, so probably at least one more meeting.

One question, also; are we going to – the working document is still a work in progress. I know this is nowhere on the agenda or anything to go through it. Are we going to do that at the next meeting or some this one or what?

Ms. Quigley: We can go through that now. We did go through it the past two meetings rather extensively, but there's always new thoughts that are going come to mind. If people want to, we can go through it right now and just go through what has been identified as a preferred option, at least.

But, what we really need in there is discussion about how people feel when there is no preferred option or when there is no consensus on what the preferred option should be. So we can just flip through the document right now, if you'd like. If you have comments, then I suggest we do that. But, first, are there other people that feel it might be helpful to at least leave open the door for the LAP Committee and for the council to ask you guys to go back and consider things that perhaps we haven't thought about?

Mr. Phillips: I've got a suspicion once we all sit down at the table, there is going to be a lot of issues that people are going to – you know, we're going to hear a lot from their side. They're going to want to know how we would handle so and so, so, yes, I really think we're probably going to need to be able to have some time and sit down and hash out at least one more meeting.

Ms. Quigley: Okay, I'll add the discussion underneath the meeting schedule in the LAP Working Document. Bruce, to answer your question from before, yes, this is still a working document until you guys finalize it at the next meeting. If you don't feel comfortable finalizing

it, then that's okay. I mean if everyone just doesn't feel comfortable finalizing it and they still want to call it a working document, we can do that.

Okay, I'll add some language under the meeting schedule suggesting that might be something that several people on the workgroup are interested in. I'll put a note for you guys to take a look at that when I put together the executive summary and the next draft of this. Any other issues before we go through the working document?

Okay, then why don't we go through it at this time. There are some copies of this on the back table if you didn't bring yours. Right here we've got an outline of the meeting schedule and what the intention of this document is. Basically, it's an outline of an LAP Program if an LAP Program was implemented for the commercial snapper grouper fishery. It's what you guys would like to see an LAP look like if an LAP was implemented.

The two things that you're providing is an answer to whether you think it's appropriate for the snapper grouper fishery, and I've tried to get some of those discussions in there, and how a Limited Access Privilege Program might be structured. We've been working primarily on the structure, and along the way I've tried to incorporate comments.

Please get me comments if you haven't seen it in the document, you're not sure how you feel is included in the document, just get me a paragraph or two or express it right now and I'll try to incorporate it. I have a discussion of the appropriateness of LAPs for the snapper grouper commercial fishery.

I have written that while the LAP Workgroup was undecided in the overall positive or negative effect an LAP might have, the LAP Workgroup documented the following initial perceptions of possible conservation, economic and social benefits and drawbacks for the snapper grouper fishery. A lot of your opinions have been incorporated into possible benefits and drawbacks.

The objectives that were identified in October, when I wasn't here, have since been incorporated into these objectives. If you'd like a discussion on any of these things, just let me know. I also wrote, "In general the LAP Workgroup is yet undecided as to whether they think LAPs are an appropriate management tool to apply to all regions of the South Atlantic Coast. However, being tasked by the council to develop a possible LAP for consideration, they continue to explore the various options that go into designing a LAP with particular focus on the options that will tackle many of their concerns.

"While there are potential benefits acknowledged, the Workgroup participants continue to discuss concerns such as how an LAP can incorporate regional differences in species landed as well as ways to limit possible consolidation, enable new entrants, and account for the multi-species nature of the fishery."

Then I went into another paragraph about what you have heard from people in your area. Some members have also expressed that several fishermen they have heard from do not have an understanding as to why an LAP is needed or why it is being considered at this point in time given that there are several other management measures being considered by the council.

Other members state that some fishermen are apprehensive, have expressed guarded optimism or a wait-to-see mode. A lot of these comments were collected from the June meeting when we went around the table and asked people what have you heard from people that you know. That goes on – others are worried about initial allocation, eligibility and landings' methodology. We hope to address some of those issues today.

So, what it says is you guys have heard some positives but a lot of negative thoughts on LAPs. Since then four – I believe it's four, Amber – documents have gone out to all permit holders providing them with some basic education about LAP Programs. Gregg and I have gotten together to try and create a DVD for people, going through two powerpoint presentations; one discussing status quo. Gregg will give that. It's similar to what he gave at the last meeting. Then I will be giving a presentation on LAPs.

Basically, this will be a DVD distributed to all permit holders. That includes two powerpoint presentations. We won't be shown on the video camera or anything like that, but there will be a voiceover with us talking through the powerpoint presentation. We're hoping that will get people just a heads up that this is being considered. We're not going to get it out before the scoping. There are other outreach happenings for the scoping meetings. This will probably come out in March, following the March council meeting. Sean.

Mr. McKeon: Could you just go back to Page 2 for a second, if you would. It might be just me, but one thing that jumps out at me, and it has the last two times I looked at this, is while I know we say the distinction is this document that we're going to produce is if a LAP is implemented, we would like to see it include the following things.

I just wonder if there was any way to strengthen the "if" of this, because I think there is, at least in my way of thinking, kind of a little bit of cloudiness or murkiness might be for others who haven't been here, who understand that we're talking about "if". I know it doesn't say it right here, but I'm just wondering if there is any way to strengthen it that this – everything that comes after this is an "if".

I don't know how anybody feels about that, but it just seems to me it would make me feel better, not so much for ourselves but other folks that will take a look at this later on, they skip through it, and all of a sudden they say, "Oh, they want this stuff," and we're basically saying, no, we're saying if this does get put in place or implemented, then we would recommend certain things.

Ms. Quigley: Yes, I'll do that, I'll include some language. Maybe I can move to Page 3 or 4 and include some of those thoughts – or Page 5 – move some of those thoughts up. Yes, I'll strengthen that; that doesn't hurt.

Mr. Marhefka: What about putting something like and/or in there, because there is going to be – you know, something is going to go and happen one way or another because we're going to continue fishing, and there should be some and/or – you know, this is going to go and going to happen. If we go status quo, is that even in there; I haven't read over it, specifically.

Ms. Quigley: No, I don't have a discussion on status quo; that's a good idea. We don't know exactly what status quota is going to look like, but we do have a table that Gregg had shown you in December that outlined what we think status quo will look like. Let me work with Gregg on getting that language in there.

Mr. Marhefka: And if you need me to help you with status quo, I'll be more than happy to help you.

Mr. McKeon: I just have one more question. I saw somewhere, when I was reading this and I just can't find it now, that there were – or maybe I'm thinking it's in there and it's not – something about kind of a minority report/opinion. Do we have that option? Is there somewhere in there that it says – I mean, for example, if at the end of all this we still come up with some folks who are not happy at all and just say, "Look, I want to really present something here," and if two or three people, or one of two – do we have that option?

Ms. Quigley: Yes, on Page 2, the second paragraph from the bottom, just explains that is allowed. We have included in at least one other – underneath one of the options in the document – I can't remember which one – where there was a difference of opinion. I know Bobby had expressed, as far as the referendum, to base it on value of catch, and so I included some of that; that there was a minority that felt it should be a value catch, and a majority that felt differently.

So, yes, when we go through this document, let's make sure we have got that language in there; a minority and majority. Let's take a look and make sure that the preferreds are actually – let's just record whether they are consensus – I've done that for several – or if there is difference of opinion.

Mr. McKeon: I'm talking also about being able to have kind of a general – if there is a way to just express, perhaps not necessarily in the specifics, but just some critique or some things that still might be lingering at the end of the day.

Ms. Quigley: Yes, let's do that. I think an appropriate place for that might be after listing of the drawbacks, benefits and drawbacks. Then there are two paragraphs – this is on Page 5 – talking about what you guys have heard from other people; maybe right after that discussion. We can go ahead and word that right now if you like or we can word it the next time or you can send me something through e-mail. It might be best to do it now or in February. It depends on whatever you prefer.

Mr. Zimmerman: I really think that this first bulleted section of the possible benefits and drawbacks is really where the rubber meets the road with this document. This is the first couple of pages, and it's going to be the most effective at reaching out to the community. In the social drawback section, I would like the opinion of the group as to whether maybe some language should be used as far as the effect on the heritage and the tradition of these communities and the fact that they've been dependent on commercial fishing. I just think that it would be really useful to use that type of language in that section. Also, the greater effects on the entire economy because of the potential losses, those traditional losses.

Ms. Quigley: Okay, so this is the language I'll add, and maybe you can give me some guidance, possible impact on some communities, cultural heritage that has developed as a result of commercial fishing in those communities, possible negative impact. Do you want to be more specific? It reads possible negative impacts on some communities, cultural heritage that has developed as a result of commercial fishing in those communities. I can word it differently if you've got some different ideas. Then the other point you mentioned was an overall negative economic impact.

Mr. Zimmerman: Kind of like, I don't know, a domino effect or cumulative impact on the economy due to the loss of that effort.

Mr. Phillips: I'm just curious; considering what Gregg told us was coming down the pike, anyway, whether we do LAPs or not, do you think the LAPs are going to affect the communities worse than what we've got coming anyway; or, do you think the LAPs – I think we're going to take a hit any way you go, but my question is do you think LAPs are going to be worse, possibly, than what we're going to get anyway as far as fishing communities?

Mr. Zimmerman: I can't answer that question for you, but what I can say is that what I'm trying to put into this document has to be there; that's all.

Ms. Quigley: Well, from an economist's point of view, it's certainly probable that some communities will see effort move in and other communities will see effort move out. That's a distributional impact, possible negative impacts in specific communities as a result of LAPs and movement of effort from one community to another.

What I'm referring to there is someone decides to sell out and someone decides to buy, and they have a larger quota share than they were initially allocated, and they live in another community. Therefore, that community where the fisherman sold out would have a loss of that person going in and buying groceries and spending their money in that community is how it's usually described. Is that what you mean?

Mr. Zimmerman: Yes, that's what I'm referring to, the downstream effects of management.

Ms. Quigley: Okay, possible negative impacts on specific communities as a result of movement of effort from one community to another, so distributional impacts – economic distributional impacts.

Mr. Zimmerman: You're referring to the movement of effort as the implementation of an LAPP, right?

Ms. Quigley: Well, I was referring more to if someone consolidated their holdings – as a result of transferability of the quota, but we could also talk about possible negative impacts on specific communities as a result of initial allocation, I guess. I'm trying to figure out how to word that because it's typically seen as initial allocation.

If you have a requirement that you have harvested in the past 0.0001 percent of the landings, then the assumption is that anybody who has substantially participated in the fishery would receive an initial allocation. Hopefully, the initial allocation methodology would be representative of their past landings. So, certainly, people will be cut out, but as of right now the assumption that you guys have in there – and that might change – is 0.0001 percent.

But, I will put something in there. It's also possible that someone has leased a vessel for a long period of time but doesn't own the permit, and therefore right now they are fishing, but under an LAP they would not be allocated a quota share, and perhaps the owner of the permit would not give it to them or would not allow them to continue leasing the permit or something like that.

I mean, there could be something where someone doesn't own a permit but fishes quite a bit now that perhaps won't be fishing in the future if those contractual arrangements break down. I will just leave it general right, possible negative impacts to specific communities as a result of initial allocation. It would be good to clarify that if we can so that people don't have misconceptions, but we can just leave it at that for right now.

Mr. Whittle: I think for every drawback, social, economic and conservation, we should make sure that there is a corresponding objective that is intended to avoid the drawback or mitigate the drawback. If you go through the list of objectives, I think for the most part we've already done that.

For example, Scott, there are a couple of objectives I think that address this potential negative, and we should just make sure that it's clearly stated that one objective is to enhance fishing communities, enhance opportunities, whatever it is. But, to that end, Kate, I would recommend that you go through the LAP objectives and identify, maybe with an E for economics, C for conservation, and S for social, which drawbacks or benefits that those address.

I went through myself and some of them achieve – like the first one is social; the second one, I would say, is economics and social, et cetera. I think that's important for a lot of reasons, but especially to make sure that we're addressing the drawbacks we have identified, but also just to make sure that we've got a sufficient number of economic and conservation and social objectives we're shooting for.

Ms. Quigley: Yes, I can go ahead and put a note under each one that is highlighted, perhaps, that addresses social and economic impacts. We can even number the conservation, economic, and social impacts, and then we can refer to the exact number, so I'll give a shot at that. I'll take a shot at that and include specifically which one it refers to.

Then, of course, we have a discussion for each of the options. I've tried to include what objectives the options achieve. I'll give a shot at that and you guys can take a look at it in the February Briefing Book.

Mr. Cardin: Kate, we've all heard talk about the regional, sector and everything else. In the congress guidelines for the Reauthorized Magnuson-Stevens, they said social framework in preventing excessive geographical consolidation. Now, how do we go about considering this

when we have a yellowtail fishery in Keys; a good portion of the B-liner fishery in the Carolinas; a good portion of the tile fishery right out of Fort Pierce and Cape Canaveral?

Are we supposed to deliberately disburse those fish across the board; or, if we allow, like, 85 percent coming in my inlet, is that a regional consolidation? And if we do have to change that, then it's a great big social, economical and conservation, both benefits and negative benefits, also.

Ms. Quigley: I don't think the council would be required to change anything from the current situation with regards to distribution of landings. I think what they're referring to – and this is just my guessing, but I believe what they're referring to – and the guidance is not out yet. The LAP guidance isn't out yet, and we're not sure when to expect it. But, I think they're referring to all species together.

I think they're referring to they don't want consolidation to take place in North Carolina, have everything moved out of everywhere and into North Carolina. If the council sees that happening, then you can take action. I think that's what it is implying.

Mr. Cardin: Okay, thank you. Once again, we're talking about a multi-species fishery, and I think we're actually talking about quota out of individual species to fishermen, so you are regionally dividing it and consolidating it through this multi-species attempt.

Ms. Quigley: Well, in a sense the initial allocation is divvying out what has already been historically landed, the initial methodology you guys have chosen. Now, if you were to go ahead and choose something else, then that might change. I think it's a heads up to the council to just make sure that doesn't happen.

If there is a belief that absolutely will happen, then we should put something in the document to try and prevent that. For example, I think some LAPs have toyed with the idea of you can't trade certain quota outside of a particular region, you know, outside of North Carolina or Florida or South Carolina or something like that, but that is considered social engineering and a lot of people have tried to keep their hands off of that one because it gets rather complicated.

Mr. Cardin: Well, I'm sure it won't apply much to the yellowtail fishery, but maybe the B-liner fishery and golden tilefish fishery, you might actually biologically engineer a fishery. You might deliberately want to put effort to the other areas, which would be a big social drawback in my case and many fishermen I know.

Mr. Marhefka: And, Kate, with that, also, I mean, when we considered using these permits when they went to a two-for-one, some of these permits came from other others and are now being – you know, where they're actually being used now is in other places. I mean, this is definitely something we need to go and sort of keep on top of.

Ms. Quigley: All right, well, what I can do is create a new section that says some LAP Workgroup members are concerned that there could be shifting of quota, such that various species are caught where they were not historically caught. That doesn't do it?

Mr. Cardin: Well, actually Mark is addressing it, but I know permits from my area have come to the Carolinas, and I know permits from the Keys were sold to the Carolinas. So, you know, you can have a yellowtail history on B-liner folks that are now in the B-liner fishery, so there is going to be – you know, if you try to box landings into regions, you're going to have a lot of disappointed people with histories they can't use, so they'll either need to trade it, but like the case you just said, not allow the trade – I mean, in this South Atlantic Fisheries, when we go talking this LAP design, I mean, we're opening up a can worms.

I hope that, you know, we're all part of it and can come to some fairness and equitable thing about this. But, you know, that 17-foot Boston whaler catching yellowtails in the Keys is now on a corporate 60-foot boat in the Carolinas catching B-liners. I mean, that's really a big transition, in my opinion.

Ms. Quigley: Okay, so I can put something in the document. Are you saying so on the one hand if you prevent that from happening, like you say, you can only trade within the state that you are in, your permit within the state that you are in or a quota share within the state that you are in, then that decreases the flexibility of the fishermen. Is that what you put in, or are you saying that you're against that?

Mr. McKeon: It sounds like the issue is raised because it's a very important issue, and I'm not sure – you know, either way you resolve it, someone is not going to be happy, but it's a very important issue that there are permits from different places that are now operating in a completely different capacity and how does that weigh in, how goes it get weighed in in the final analysis?

Mr. Conklin: I've got one boat that recently joined the South Atlantic Fishery, but the boat came from the west coast of Florida, and it's got a pretty good catch history of red grouper over there. What do we do with that?

Ms. Quigley: If it goes on to the Gulf logbooks, we only considered South Atlantic landings, so I'm assuming that it would not be included. We only used South Atlantic landings in the historic catch. Several of the permits had Gulf landings as well; we didn't use that data. We only used South Atlantic.

Mr. Conklin: Would that mean that individual that's got the permit and the catch history for red grouper in the Gulf, would he be entitled to part of the Gulf quota?

Ms. Quigley: The individual would not receive an allocation for anything in the Gulf that was landed in the Gulf, so that catch history wouldn't even be considered in the initial allocation.

Mr. Whittle: Kate, can I maybe clarify. Are you asking, Phil, whether that boat would get quota in the Gulf Grouper IFQ, in which case I think potentially, depending upon how they resolved initial allocation, if they base it upon landings, I think your boat, assuming it has the requisite permits still would qualify.

Ms. Quigley: I'm sorry, I misunderstood. Yes, the Gulf Grouper IFQ is outlined in that document on the disk, and I'd have to take a look, but, yes, I think red grouper was one of the species allocated and I believe they used landings' history, so that would be part of that program, but not ours.

Mr. Cardin: Ultimately that brings up the issue if we're developing a free market LAP and all this, then theoretically a little down the road you're going to have boats being able to switch back and forth to fisheries and perhaps trading shares from different fisheries. Is that a good assumption or could that boat in the Keys trade some Keys fishermen for some South Atlantic landings with his Gulf landings? I mean, permit brokers – I mean, quota brokers are going to be trading from coast to coast, and us, as fishermen, should be able to do the same; is that correct?

Ms. Quigley: I don't know what the rules are for participation in the Gulf Grouper IFQ, so you'd have to look at what the rules of participation. But, no, I would not assume that you can trade a Gulf Red Grouper IFQ unless you're going to fish in the Gulf and you're part of that program. In the future, I'm not sure. I mean, I guess if you wanted ultimate economic efficiency, then perhaps that might happen some day. I wouldn't count on it anytime soon.

Mr. Cardin: Well, in Fort Pierce we have a couple of Gulf boats, maybe over two. One of the big buyers from the Gulf is over trying to get in on our king fishery, so I guess there's that redirection of capital or whatever you're talking about.

Mr. Whittle: I just have a question because I'm not exactly sure what is driving this conversation, but currently fishermen have the flexibility to buy and sell permits throughout the region. Is that something that has been a problem that the fishermen want to change with or without a LAP, because that can be changed? Under the existing program, you can restrict where permits are bought and sold. Is that an objective; and if so, from a fisherman's perspective why is that so? It does seem to reduce flexibility.

Mr. Conklin: This past week I got a call from some Korean man, and I'm telling you he could hardly speak English, and he wanted to buy a fishing boat and he wanted to buy permits. I don't know, but we might be doing this for someone else to get into the fishery. I mean, it was just out of the blue. It's never happened before and all of a sudden here it is. The person that he said recommended him to call me hasn't been in the grouper snapper fisher for 20 years.

Mr. Marhefka: Yes, I think this is something else that we can go and, you know, we're going to be able to hit on later on with some more discussion when we start talking about who gets what when we start going into that about allocations and things. We can go round and round with this right now, but I think there is going to be a bombshell here before long on this other stuff. I think we should move on.

Mr. Cox: I just wanted to say one thing about flexibility. Last May I bought a permit and I had to find one to match with it to retire one, and it took me all the way up until about two weeks ago to find one to match with it. So if that flexibility wasn't there, then the one that I had bought in the spring was getting ready to expire in February.

So I think the flexibility for that, you've got to have it because it took that long to find a matching permit for it. So, even though that program will be out, the flexibility is going to be very important.

Mr. Cardin: Well, once again, I didn't really mean to get off course. I was just talking about this social thing working and presenting existing Gulf and excessive consolidation, and I was just basically asking Kate – and, Dan, maybe I'll ask you as a lawyer – things like 85 percent of tilefish coming into Fort Pierce and Cape Canaveral, in the fair and equitable framework, is that fair and equitable or are fishermen in my area going to have to worry losing some of their quota because there is too much consolidation? So, the driving force is, is this a drawback or a positive?

Mr. Whittle: Bobby, to answer those as a lawyer, I'm going to have to charge by the minute, in which case I'm going to talk for a while. No, I don't really know. I think we should talk about that off line and then maybe back on line. I think one thing I'd like to look at is sort of what has happened up to now in terms of geographic redistribution, if some of that has already occurred.

Then the question is will this change that dynamic, will it result in more or less consolidation? I think there are ways – depending upon what you want, I think you can still allow transferability among the regions and have some safeguards in place and triggers, whatever you want, but I don't fully understand what has happened up to now to be able to answer your question.

Mr. Cardin: Well, basically, the way the permits, when people move around to buy permits now, it's just a change in effort, but when we implement a LAP and we have to worry about words such as fair and equitable distribution and consolidation, you know, in my opinion, there might be grounds to say that the Keys has got too many yellowtails, we've got to disburse it throughout the region; or, Fort Pierce has too many golden tilefish; or Carolina has too many sea bass; and I am concerned about that part of it.

Mr. Whittle: As Sean can tell you, fair and equitable is subject to many different interpretations for better or for worse. I don't think that language there is going to result in the kind of social engineering that you're talking about. I think it's sort of broad guidance that some consideration has to be given to that issue. Ultimately, courts in this case would defer, again, for better or for worse, to the agency's determination of fair and equitable. So, it's sort of loose guidance; it's not a legal, in my opinion, measure.

Ms. Quigley: Well, we should probably move on so what I'll do is I'll enter a category that – somewhere in the document I'll put that there are concerns from some workgroup members regarding the geographic redistribution under an LAP, and I'll talk about that a little bit and have you check it out and see if it expresses what you're thinking.

Okay, again, we've got prerequisites for an LAP Workgroup-Supported LAP Program where you guys suggested a referendum. Those options were put on the table. Does anyone have any changes or additions to this section regarding the referendum? Basically, what I put there is the LAP Workgroup agreed that votes should be weighted. While the majority of members

preferred weighting be based on landings' history, a minority of the members preferred that weighting be based on X-vessel revenue from landings' history.

And then we have the following housekeeping issues be explored and resolved, and we've got one; determination as to whether limited access permits are to be included in the program or not, and the LAP Workgroup had received guidance from the council saying, yes, so the preferred option was, yes, make them eligible. However, the retired quota shares should be reallocated to remaining unlimited quota share holders.

Mr. Irwin: We've talked a couple of meetings before about when those permits retired, maybe putting them in a pool for new entrants. I apologize for not being at the last meeting and I didn't know if that was talked about, but how did that turn out?

Ms. Quigley: That was discussed and that's included in Option 3. Maybe someone would like to comment as well, but from what I recall the people in the workgroup decided that they needed as much quota as they can get.

Mr. Hartig: The pool is considerably shallower. I don't know if you've seen what Gregg put forward. The amount of fish available to the fishery was so low that we thought we'd discontinue that initially and maybe reinstate it later.

Ms. Quigley: Okay, so moving on, we've got program duration; Preferred Option 1, program duration adheres to the requirements set out in the MSA Reauthorization Act, and that wording is included below. I'm just going to keep going unless – Mark.

Mr. Marhefka: I hate to go backwards here a little bit, but on the preferred option there, making limited permit holders eligible to participate in a LAP; I just want to know have these folks been doing logbooks for everything that they've been producing; and if so, then I think is it not our intent that their catch history would be used also, because there might be some out there that only have like – you know, just have nothing. Are they being bound by the same as the unlimited is?

Ms. Quigley: They do fill out logbooks. In the analysis that Andi and I did, we went ahead and assumed that their allocation would be dependent upon their landings' history, so it would no longer be 225 pounds. I will go ahead and clarify that. That's something that we didn't really clarify. Do other people agree that it should be dependent upon landings' history instead of the status quo of 225 pounds? I'm seeing nodding heads, so I'll go ahead and put that in.

Mr. Conklin: Do you mean to tell me that they're going to eliminate the 225 and just give those individuals whatever their catch history would be, their allocation for it? Well, then, that would make – that person could join the full-time commercial fishermen and buy allocation up and have thousands and thousands of pounds, whatever percentage was the maximum he could buy.

Ms. Quigley: Right, so the question to the workgroup is do you want to go ahead and – I think what you were implying the last time, when we talked about the 225 permits, was that they would – correct me if I'm wrong – that they would not be able to buy quota share; that they would be allocated based on their landings' history and then they would not be able to buy quota share.

Mr. Whittle: I think the one thing that we agreed on is that you cannot transfer the quota share; you cannot sell it. I'm not sure we really had a full discussion of whether you can lease it. I'm not sure we want to allow leasing of that either. However, as permit holders, I think they should be eligible to actually buy quota share just like they could – I mean, a limited permit holder today could buy an unlimited permit if they paid for it, so I don't think they'd be inherently disqualified from becoming more of a full-time snapper grouper fisherman. It's just that the quota they're allocated at some point is going to phase out and it's going to revert back into the pool as soon as they retire or whatever.

Mr. Phillips: Okay, so you're going to have quota share stock for the unlimited; you're going to have a quota share for the 225s; the 225 quota share will have certain limitations on it? So you're just going to have two kinds of quota share; one is tradable and one is not; they can buy some but – that's probably doable.

Mr. Marhefka: Let me nip this in the bud real quick. All limited permit holders who are eligible to participate will also have to be held accountable with whatever means to make – whether it be camera or whatever, you know, and that's going to go and a lot of these folks are just going to say, "Forget it," and that will be the end of it. Do you understand what I mean? I don't know how to word it properly.

Mr. Whittle: Well, Mark, I think that is the reality, and I think that should be the reality. I think that limited permit holders should be subject to the same monitoring and enforcement requirements. I think if previous LAPs are an indication, that you'll see those who don't depend upon the fishery sell out and get out.

In this case they may just revert sooner than they actually retire because it's not worth the investment, in which case that's going to come back to the pool sooner. That's the incentive, actually, for them to return it to the pool, probably, if we want to maintain that same objective.

Mr. Hartig: Well, let me add something. We're going to allow them to buy quota but not to sell quota? It's getting kind of screwy here with this. And then what happens when they buy quota and they retire, they have to retire the quota they bought? They're going to have to work under the same constraints as everyone else, basically, or it's not going to work.

I don't know, we're having a problem with that 225. I don't know how many pounds they're going to get initially. Most of them aren't going to get very many based on the cuts we're looking at. I agree with Mark on what he says about they're going to fall out whether they don't get enough quota or they have to put the electronics on their boat to keep the permit. I don't know, we're kind of getting into a weird position here and going around in circles for the 225s, but we need to rectify it, and I'm not quite sure how to do it.

Ms. Quigley: I misspoke previously. I don't think you did discuss whether they're allowed to sell quota or not, so, yes, that needs to be clarified. We discussed non-transferability of the permits, but I'm not sure we discussed –

Mr. Cardin: We discussed non-transferability of the quota. Once they got in, they could fish what had – two meetings ago.

Mr. Whittle: Kate, can I ask for a little clarification? I just want to understand the existing policy. It sounded like we wanted to continue the existing policy, and I understand – and maybe Gregg Waugh can clarify this, but the idea was to be fair by allowing those fishermen to continue until they retired or got out of the fishery.

If that's the case, then I think that's – I don't think it's that complicated to have two different kinds of shares. I think the reality is, is that there will be a motivation either to buy more shares or to get out because it's not worth investing in the monitoring equipment, if that's the way we go.

But, I still don't think there's a problem if there is a 225 guy, say, Bruce, maybe, or someone in the Keys decides that they want to start targeting yellowtail snapper. I mean, they can simply – you know, they'll buy quota from someone and that quota is transferable, and then the quota that they are allocated they can't transfer.

But, I don't necessarily see the – I don't think that is that complicated. It's really up to the individual to decide where to go, but I don't think we need to tie their hands. Just like under the current system, I believe the limited permit holders could go ahead and buy an unlimited permit and change their fishing operation from, say, spiny lobster to full-time yellowtail.

Mr. Hartig: Well, why don't we have them do that? I'd rather see the 225 remain as it is. They get allocated based on their catch history, and that's what they get. If they want to join the full-time ranks of the snapper grouper fishermen, they buy an unlimited permit. Then they're able to work within the realm as everyone else.

I think that way we take the spirit of what the council initially said, that we're going to retire these people out of the fishery as they retire under the 225s, and I think that way we can keep everybody on a level playing field.

Mr. McKeon: I'm just wondering how many people we're talking about. You know, we're holding them to the same standards and yet we're telling them that they're not allowed to transfer and all this. It just strikes me as – I remember the discussion and there were some older people or something down in the Keys, was it, that those?

Mr. Hartig: Well, it was bucket fishermen. There were a whole group of people. There were some people who were caught in limbo of having state trip tickets and things like that. There were a number of different reasons why people didn't get the initial unlimited permit. We have some full-time fishermen in our area that got a limited permit because they didn't fill out a logbook, basically. They could show the state trip tickets.

There was a whole host of reasons why we did the 225s. It's true, but I look at this thing from a perspective of what is going to happen in the future. I look at it by dealing with tilefish, what we're looking at. You see tilefish which has recovered. What we should have done in tilefish was

put an endorsement on the number of tilefish longliners that were left, so that as the tilefish fishery rebounded, they would be able to reap the benefits.

And under that endorsement, they would have been able to sell the endorsement to anybody else who wanted to tilefish in the future; you know, as you retire one, you get another person in. Okay, but what has happened now is the same thing. I mean, you've got more people jumping into tilefish again, and we're seeing it down where we are.

So, if you don't take care of it now, that's where we really fail in fisheries management is to take care of these things now, take care of them before they become a problem instead of later. The same thing is happening in the gill net fishery for Spanish mackerel in South Florida. We've got a cast net fishery and hook-and-line fishery that catches the quota.

Now we've got four times or five times as many gill net boats as we had four years ago. You know, it's these things you need to take care of when you can and then you don't have the problems on down the line.

Mr. McKeon: The problem I see is it seems to me in certain places it might just be taking one more arrow out of a quiver of people that need as many arrows as they can have. The problem I have with – it's nice to take care of things of now, and I agree with you, but the problem is we don't live in the world of a postcard, a snapshot this is today. Unfortunately, the federal government changes the bar everytime they lower it and raise it at their will, so we take care and fix the problem that we perceive is going to happen, and then they turn around and say, "Well, yes, that is wonderful, that stock is completely recovered for seventeen years or twelve years, but, guess what, it's going to be a game fish now." Things like that do happen in the real world.

Ms. Quigley: I just want to let people know there are 348 225 permit holders. I'll show you in the initial allocation analysis that we did, those people with zero landings of 0.0001 percent are listed and highlighted right there, and it is split out by fishery. For gag, 264 people have zero landings, or just about zero landings of gag. You can see the other numbers there.

Mr. Cardin: About 90 have B-liners?

Ms. Quigley: So, let's see, vermilion, 289 people; 225 permit holders, 289 of them do not catch very much in the vermilion snapper fishery. So when we did the initial allocation – and I'll go through an initial allocation analysis, but they did not catch 0.0001 percent of the TAC.

Mr. Hartig: So, basically, they would not meet the criteria to be included in a limited access program?

Ms. Quigley: Correct, only 59 people would, right here, 289 and 59 adds up to 341 or whatever number I just said – 348.

Mr. McKeon: See, the problem I have is what we don't know is the reason that they're not catching those fish. In some instances they may just be uninterested, but the fact that they have retained the permit, I imagine there is some criteria that they have to do to keep the permit, right?

Mr. Cardin: One pound.

Mr. McKeon: No, I mean, you just have to keep the permit, but I'm saying there is a reason they're keeping it.

Mr. Cardin: Well, you paid ten dollars for it when you check the box, and you caught one pound of fish, then you have it, ten dollars a year to keep it.

Mr. McKeon: Yes, that's what I'm asking –

Mr. Cardin: (Talking over one another) -- permits that are snowy fishing when big boats can't afford to go, it's those little boats that are going into the tile fishery and going into the snowy fishery and stuff like that in my area. I mean, you take a charter with you, you catch a 225, get 800 bucks from the charter, you're doing pretty good. The question is are we here to develop that fishery or are we here trying to save this fishery? That's just a question I ask myself.

Mr. McKeon: Well, that's what I'm trying to get at. I mean, we do have discussions, I think, further on about recreational sales and things like that that are not caught commercially, but once they're sold – see, I guess what I'm getting at is I know people in other fisheries that have not caught – probably would not qualify.

If a LAP was put in place, if this model was put in place in that particular fishery, these are people who were responsible – for example, the flounder fishery in North Carolina, we get 28 percent or 27 percent of the commercial quota coastwide. We receive that in North Carolina because of our landings.

Certain people who were responsible for that being a fairly high piece of the commercial quota haven't flounder fished in years, yet they were responsible for bringing that quota to North Carolina. Under this model – that's what I've been kind of saying since Day One, under this model that person, if they went down and were part of that list, would be out.

If a LAP was put in place in that fishery, they wouldn't be able to fish, so I'm just trying to – I guess what I'm trying to find out is, is there any way to protect folks who legitimately want to fish but who may not be using that period for realistic reasons. They were in another fishery, they found something more lucrative, but may have to go back to it at some time. That's all I'm concerned about.

Mr. Cardin: Well, I agree with you, but, see, in '98 they took off any income requirements or landing requirements, everyone was grandfathered in. So, yes, if those 225s are from this fishery or that fishery, if they're catching flounder and stripers and then they want to go to the groupers, you're looking at a commercial fisherman.

But on the other hand, a lot of these permits I know are on kingfish boats, are on charter boats, and someone is using their grandfather's boat. Let me tell you something; they made a

qualification, and they're in this fishery, and I understand that. During '96 if they had one pound or 999 pounds, they got that permit; if you had over a thousand, you got an unlimited.

So, basically, some of these permits qualified on a pound of fish, so if they're not catching a bunch now – if some of them aren't catching a bunch, it doesn't surprise me. The question is from a fisherman's point of view, snowies, with the allocation scenarios we see in snowies – and I know there are 150 other commercial boats – I'm either going to be buying quota from or selling quota to – and now I look up here and see there's 150 more.

So, instead of there being 150 boats in the snowy fishery, now there are 300 according to that. And the gag fishery, the big cuts we're taking in gag – you know, I've got 200 boats I'm going to have to be trying to buy quota from and selling quota to, and here are another hundred boats in that fishery.

So, 225s in the fishery, I think we should let them in the fishery and keep them part of the fishery, but I think there should be some kind of criteria that says if you're a commercial fisherman – if you're a lobster trapper like Bruce, he's a commercial fisherman, and he should keep qualifying as a 225, but I wish we would put some kind of qualifying criteria on this.

Mr. Irwin: I have a 225-pound license, and I know a lot of guys that have them and use them in the summertime to go out and catch their 225 pounds by midnight, come in, go to work the next day, work on the hill, and it pays for repairing your traps. These guys are fishermen. They shouldn't be held out, but I do agree they should be held to the same standards as everybody else. I also agree if they do want to buy a quota share – and that was one question I had.

Are we going to eliminate the two-for-one when the LAP comes in? Is there only going to be one unlimited permit? Well, it's not going to be unlimited; it's going to have a quota share assigned to it. I have held off buying the unlimited because of the catch record, and I know all this stuff is coming down, because I do want target more yellowtail and gray snapper.

I've held off because buying the licenses I don't think is a very smart move right now. Anyway, I would like to come in and buy a quota share later, and I don't want to be excluded from that, but I would be more than willing to go buy a permit and go fishing. Thank you.

Ms. Quigley: Elimination of the two-for-one rule will be considered in 15C, is it, Gregg, 15B or 15C. It's being considered right now in 15B or 15C.

Mr. Waugh: It was being considered as a part of 15C, which is now 17. To me, it needs to be considered as a part of what we do with this LAP Program. That's the place to consider it.

Ms. Quigley: Yes, I don't think it would make a whole lot of sense to have the two-for-one permit rule when you can buy quota share based on one permit. I'm not sure if there's any purpose in doing it.

Mr. Cardin: Okay, I'm sorry, we keep coming up with things. If you say there is no sense in having the two-for-one if you can buy a quota with just one permit, then we might as well so

away with the two-for-one; is that what you're saying? Well, I thought the whole reason for going to a LAP was the reduction of the fleet and reduction in capabilities.

Ms. Quigley: You reduce the fleet through quota consolidation, consolidation of quota.

Mr. Whittle: Kate, I agree that we should consider eliminating the two-for-one in this amendment as well as 17, whatever it is. Bobby, I agree, I think two-for-one was intended to produce some consolidation. A LAP allows the fishermen to decide through the market whether to consolidate or not. By eliminating the two-for-one, we're basically preserving X number of permits, however many that is, so you won't see a reduction –

(Mr. Cardin made a remark not using the microphone.)

Mr. Whittle: Well, you'll see a reduction possibly in the number of people owning quota share, but the number of people eligible to buy quota share; i.e., the number of permit holders might remain the same; or people will simply not reup or not sell their permit and let it lapse, and then you might see some elimination. But, it really leaves it up to the market and to the fishermen. You don't need the two-for-one, in other words.

Ms. Quigley: Do we want to include this under prerequisites for an LAP Program? I see some nodding heads.

Mr. Cardin: You get that 10,000 back and you've got to buy quota.

Mr. Cox: We were talking about something else, and I missed a little bit of what we were talking about now.

Mr. Cardin: Do away with the two-for-one.

Mr. Cox: Yes, we do away with the two-for-one when you buy the permit. One permit now is your quota, right, isn't that what you're saying?

Mr. Cardin: We were talking about doing away with the two-for-one rule in general and why I can take \$20,000 to buy a \$10,000 permit and save the other \$10,000 for quota that you wasted on that second permit. I've got ten thousand bucks head up on you, brother.

Mr. Cox: Yes, but I just bought it for the history.

Ms. Quigley: Either way you get the history.

Mr. Cox: That history is worth twenty grand; it's about that thick.

Mr. Waugh: And the idea of getting rid of the two-for-one, you have to remember the council put the two-for-one in to reduce capacity, and we still have way more capacity in this fishery than the resource can harvest. I think if your interest is trying to get rid of the two-for-one

outside of some sort of LAP Program, that's going to be a hard sell at this stage because there's still way, way, way more capacity than there is resource.

Mr. Irwin: Gregg, I think we're trying to say it be a part of this program, not outside of this program. I understand that, but in this program I don't see any reason for there still to be a two-for-one because you only have so much quota and the market is going to dictate the rationalization of the fish.

Mr. Marhefka: Yes, I think maybe we can go and even, you know, sort of like the man said, let's table this and move on because we're going to be able to get more into with the allocation part of it. Let's move on to the meat of what we're here for.

Ms. Quigley: It's probably a good idea. Okay, let's just move through the rest of the document rather quickly. If you have comments, let me know. Program duration, if you're interested in MSA, what they have outlined. Program review; preferred option, program review two years and five years after implementation and every five years thereafter as part of each five-year FEP review. Let me know if you object to any of these. Do you have anything additional, Mark.

Mr. Marhefka: Yes, real quick. I was talking with some other LAP Panel people. This five-year review sort of has me a little bit concerned here. After five years, there is a good possibility that they might go and wash all this, and we're going to have to go and come up with some other new plan. I mean, is this my understanding?

Ms. Quigley: Well, the council, I believe, has the authority to end it at any time, so you don't even need to wait five years, necessarily, but they could end the program at any time. I think they're unlikely to do that without some thorough review of whether it's achieving the objectives that have been outlined. But just like any other regulation, it can be changed in an amendment.

Mr. Hartig: Well, sure, it can but this is as close to co-management as you get in managing fisheries, and the fishermen are going to have to come say this is not working, I think, before the council is going to throw it out. The fishermen could come to that decision after a period of time and say this isn't working, come to the council and say we need to get rid of it. That could happen. I don't see the council unilaterally going "I don't think this is a good way to go".

Ms. Quigley: Okay, then we've got species to include. You've got a preferred option. These are all the species that you guys had listed out before, snowy grouper, golden tilefish, greater amberjack, yellowtail snapper, mutton snapper, gray snapper, white grunt, red porgy, black sea bass, gag grouper, vermilion, red snapper, gray triggerfish, queen triggerfish, scamp grouper, red grouper and blueline tilefish. That's what's we're basing the initial allocation on.

Multi-species share definitions, we just have definitions of calling a quota share a percentage of the TAC or a percentage of the commercial quota, and we're calling annual allocation the pounds that you receive each year. Eligibility for initial allocation, Preferred Option Number, 0.0001 percent minimum allocation, so once they figure out the quota share, you've got to hold 0.0001 percent in order to participate – in order to receive a quota share.

Data used for initial allocation; logbook data with the option for fishermen to use trip ticket data to correct logbook data for particular years when needed. Initial allocation methods; preferred option, average landings for the best three years within 1995 to 2006. I'll go into what we are actually able to do as soon as we go through the documents.

Just to clarify that, the LAP Workgroup preferred that any initial allocation option require fishermen who participated in the two-for-one program to choose one of the two permit catch histories to use in the initial allocation calculation instead of combining catch histories.

Then the appeals process, preferred option, after distribution of allocations to eligible participants, allow appeals to be heard for 90 days for the entire process. Appeals process held without consideration of hardship. Mark.

Mr. Marhefka: Kate, on the participation of the harvesting of LAP species, on the preferred option – and I can clarify this later on because of my feelings on the way we're going to do these allocations here – is I'm sort of feeling that we should go and instead of putting a cutoff date of 2007, that maybe we should go and say of the date that the council decides to implement the LAP; that we use that date. I'll clarify myself later on when we start talking about allocations and put it on the table for discussion.

Ms. Quigley: So you're requesting the most recent year available be used?

Mr. Marhefka: I'm requesting from 1995 to the most recent year be used. We might not go until – my concern is, is, okay, we're not looking at these hard TACs being implemented until – if everything goes according to the council – until 2009, I believe. Actually, we could go and change that number to 2008, not to go and cause any confusion, because now we're really looking at the snapshot of up to that date where we have some major changes in what we're allowed to catch, besides the red porgy and tilefish. I think we ought to go up to – 1995 to 2008.

Ms. Quigley: Okay, so average landings of the best three years within 1995 through 2008, and then I can include this in parentheses that really what you guys want is the most recent year available.

Mr. Marhefka: One of my reasons is it's going to go and sort of protect the folks who got into this industry prior to the control date that was put in October of 2005. I'm going to go and say it right now. I'm not comfortable with people spending ten to twenty thousand dollars purchasing landings and are now being part of this fishery. I'm not comfortable with it one bit.

But, if they purchased it after 2005 and they have been participating in the fishery, then we are looking at the snapshot of the fishery as is, not what it was. Okay, so if you were doing it, you're still doing it, then you're good for it and you have those landings. Because, for someone to come into this fishery and purchase some – and this will help with our demographics of where the fish are being caught and how they're coming about.

If they came in after the control date, you would then be able to go and say that this is where it's being caught. I hope everybody is sort of following me on this, because this is what – I mean,

we're talking about a small piece of pie here. And for somebody to come up here throwing some big money on the table, Tyson or Holly Farms or whoever, purchasing fish that, say, Steve or Mark Smyth or some of these other fishermen have been in this industry for a long time and have been around the table for a long time are being pushed away and not going to be able to go and make a decent living anymore, because they threw money on the table to buy into this fishery; I just don't think it's right.

Mr. Hartig: Yes, but, I mean, somebody coming from outside, I mean they've still got to catch it, Mark. It's not an easy fishery to prosecute at all. Unless they had a captain that they had bought and someone who had fished before, I don't see this as being a big investment fishery right now, to be honest with you. I see it trying to consolidate to the people who are in.

I don't see anybody coming in trying to do that. Then it goes to the thing we've just talked about with Sean a minute ago, talked about take care of things now before they get to be a problem. I just look at the fishery as it is, and I don't see a lot of big investors coming into a real depressed fishery right now.

Ms. Quigley: Just so people know, there have been 225 two-for-one exchanges, and some people are referring to that. I am not sure if you are, Mark, but referring to that as new entrants even though some people might already be participating before they purchased two permits and through the two-for-one will add another permit to what they already have.

Mr. Cardin: Five hundred became 225? I mean, 450 permits became 225 permits or 225 permits became 112?

Ms. Quigley: I don't know what you're talking about.

Mr. Cardin: Two-for-one. If you had 225 permits that were two-for-ones; does that mean that there were 450 that went two-for-one and now have become 225 permits in the fishery?

Ms. Quigley: No, 225 just happens to be the number of two-for-one transfers. It has nothing to do with the 225-pound permits.

Mr. Cardin: Yes, in other words, 450 permits reduced down to 225, so there was a 450 –

Ms. Quigley: Where are you getting 450 from?

Mr. Cardin: Well, you said there's 225; at two-for-one, it would be two times 225.

Ms. Quigley: Right.

Mr. Cardin: So is that what we're talking about?

Ms. Quigley: Yes, but it's not exactly that number. It's off by one or two because some permits have been combined more than once, but it's about that, yes.

Mr. Conklin: Kate, on this preferred that the initial allocation option require fishermen who participated in the two-for-one program to choose one of the two permit's catch histories, what if the person purchased two permits, one of them was a vessel that sank, okay, and he's fishing on the other vessel that had the permit, he kept that one and he got the other one. Now, suppose he chooses to use the allocation for the boat that sank? That's a document number they're using. You have a different document number on your vessel; is that going change? I mean, the National Marine Fisheries Service –

Ms. Quigley: You'd have to repeat that for me to think about. Once you're allocated quota share, you can apply it to any vessel.

Mr. Conklin: Okay, for instance, can they take the grouper history off of one vessel and be on a history off another vessel, but not combine them, just use either off of one or off the other permit where there is no combining – you're just choosing one catch history, but you own both of those permits.

Ms. Quigley: The permit catch histories would be combined and you would receive one quota share that would not be associated with – I don't know if it would be associated with a permit or not. It would be associated with an individual. Typically is what they do, they associate it with an individual so you can put it on whatever vessel you want.

Mr. Conklin: I understand, but could I take gag grouper off of one boat that sank and could I take vermilion snapper off the boat that's working right now; not combine the two, just take the catch history for one –

Ms. Quigley: Yes, the catch history is associated with the permit – I'm probably not understanding your question. Gregg is coming to the table.

Mr. Waugh: I think it's up to you all because this is your preference. My read of this is, no, each vessel has a catch history and you choose one of those catch histories. You can't go down and say you want the gag catch history from Vessel A and vermilion snapper from Vessel B and the tilefish from Vessel A. That's not what that means to me.

If that's your intent, then you need to clarify this. I would just remind you – and I did this at the last meeting, too – that the council, in setting up Amendment 8, putting in that two-for-one provision, they told fishermen that you purchased the catch history and you would retain that catch history. It doesn't mean they can't change that, but I think it's just helpful for you all to understand that, that the council went on record telling the public you buy these two-for-ones and you can combine that catch history.

Ms. Quigley: I was just going to say that on Page 15, the actual wording of what was included in Amendment 8 with regards to the two-for-one rule is included. Sorry, Phil, I thought you meant quota share, and, no, you would not be able to move landings' history from one permit to another as you identified the initial allocation you wanted – analysis you wanted done this far.

I just want to let people know that maybe what I should do is launch into the initial allocation analysis because a lot of the opinions that you have about several of these options might change after you see what I've put together, what Andi and I have put together. Is that okay with everyone?

Mr. Hartig: Yes, I see heads nodding to some degree. I think that's a good idea. Just the other comment I would make is we're not going to get it right; I mean, a hundred percent right, I should say. There are going to be things that come up. I mean feel good about having what you have down there as a good basic start, but don't try to look at every little nuance of something that may come up, because we'll really get bogged down in those kinds of things that we're considering. I think we've got a pretty good outline now.

Mr. Cardin: What befuddles me is that we're saying that in this program we need to do away with the two-for-one; it will be buy one permit, get the history, buy allocation what have you, but yet we're saying that people who have already spent the twenty thousand bucks, spank them, half of their ten thousand bucks doesn't count, don't let them count those histories.

I mean, let's do one or the other. Let's keep the two-for-one, two-for-one history or let's do away with the two-for-one and let him keep both of his histories. No, I mean, to me, it's going back and forth. It's the same issue; someone bought it yesterday and talked about someone buying it tomorrow, penalizing the guy who bought it yesterday.

Mr. McKeon: I had a similar thought. I don't how many times I've jotted down the word that's been used today, the market, the market, the market. This is not market. I mean, if we're going to just say they're out, they're out, they're out, this is not a market. It's not at all. I don't disagree with what you said.

Ms. Quigley: Okay, let's take a break before I go ahead and do the initial allocation analysis presentation.

(Whereupon, a recess was taken.)

Ms. Quigley: What I'm going to present is an analysis that Andi Stevens, our new council staff person, and I put together based upon the assumptions that you guys had identified. Here is a review of the assumptions. We used logbook data 1999 to 2005. Again, we know you guys want 1995 to some more recent year, but this is what we had available to us, and we have discussed the reasons for that in the past.

We used limited 225 pounds and unlimited permits in this analysis. There was a 0.0001 percent share requirement for participation, so unless you received a quota share based on your historical landings of at least 0.0001 percent of the TAC or commercial quota, then you were excluded from an allocation.

This was done on a species-by-species basis. The intent was to use the average of the best three years. The intent was for everybody just to – for the computer to go ahead and choose the

highest three years' landings for each species, take the average and divide that by everybody's average of the best three years.

Now, for those people that purchased in the two-for-one rule, that were subjected to the two-for-one rule, the intent was to choose the permit that produced the highest quota share allocation for the specific species, so that's what we tried to do, and I'll show what we came up with. Mark.

Mr. Marhefka: You didn't do that on income; you did it on pounds on that?

Ms. Quigley: Correct, pounds. Okay, so we did two analyses. The first was what I just said; for individuals with two-for-one permits, find which permit history yields the highest allocation, then calculate the average of the best three years based on that permit's history and the permit history since the purchase. Okay, so we went ahead and took which permit had the highest landings and combined that with recent permit history since the two-for-one transfer was made.

For everybody else who didn't participate and wasn't subjected to the two-for-one rule, you just choose the highest three. For the second analysis we calculated the average of the best three years for all of an individual's permits combined. So, combined those histories and we did the allocation based on that – so different analyses. So, first, does everyone understand the difference between the two analyses? Okay, if there are questions, stop me.

Okay, what do the results that I'm going to show provide? The results provide a picture of what the fishery would look like initially if the initial allocation assumptions the LAP Workgroup chose is used. You guys have a printout of this presentation, which includes some of the results, and you also have a printout of a number of different graphs and histograms. Those are the results of these analyses.

How does the results of the two analyses compare? I'm just giving overview information right now. Basically, we did the two analyses, and the number of participants and the number of those not allocated quota are exactly the same. These two different analyses have very similar results. The histograms and distribution of quota graphs that you have in front of you are very similar. They're almost exactly the same.

However, the one thing that differs is the maximum share percentages, and you have some tables in your packet showing maximum share percentages, so that is the quota share held by – the largest quota share held by an individual in the fishery. Okay, maximum share percentages differ by an average of 0.1 percent, and that looks like a very small number.

However, when you look at it per species, the differences are larger. For example, for gag there is a 0.6 percent difference between the person with the highest quota share under one analysis versus another. That calculates out to a difference of \$6,370. So what I did was I set 0.6 times the commercial quota that we expect in the future and multiplied that times three dollars a pound, just to show the differences between the models.

Red porgy, 0.6 percent difference, and, of course, it has a different commercial quota, so it's got a different dollar value. Scamp had the highest difference, 1 percent, which could calculate out

for the individual with the highest quota share \$57,000, so it matters which analysis you take a look at in this respect.

Now, the loss for other individuals would be much less. This is the highest individual in the fishery. And I shouldn't say loss; the difference between the two analyses. So I'm just saying basically the results look very similar, but there is a difference between the two; that's all I'm trying to say here.

The results for both analyses were virtually the same because – now, remember, we have one analysis, Analysis Number 1 basically took out those people who were subjected to the two-for-one rule and said you've got to pick one of the two permits; the second analysis that add the two catch histories together.

The reason that the analyses were virtually the same is because there were only 225 permits involved in the two-for-one exchanges out of 1,131 permits in total. Okay, so it's a small percentage of the fishery as far as numbers of permits. Several of that 225 had permits with lower landings in past and recent years, so sometimes people purchased permits that both of them were latent, they had zero landings, 1999 to 2005, and some people had lower landings.

For some people there was quite a bit of catch history on those permits or at least on one of those permits. Now, the results of the analyses differed when for some species and some individuals landings for the dropped permit were high, so I'm going to go ahead and explain that right now. I am not sure how to get this on the record because I'm going to have to do it on the white board behind me.

I'll just leave on the microphone and maybe it will record. I will try to speak loudly. Let me know if you can't hear me, and I'll try to speak louder. Okay, so what you guys asked for was for the two-for-one permit exchanges, so, for example, Permit Number 1 and Permit 5 were combined by an individual and they became the first step and named it Permit Number 1.

So they took the lower of the two permit numbers and they called it Number Permit Number 1. So, for example, this catch history here, '99, 2000, '01, and then in '02 someone purchased both of these permits. So now this permit, Permit Number 1, also had '99, 2000, '01, so this is what the person did. They took those two permits and then they went and fished, so they've got '03, '04, 05.

Okay, so what you guys asked for was for the individuals to be able to choose this permit or this permit, so, actually, you guys asked for, as we understand it, choose this or choose this. Okay, and do, of course, their allocation analysis upon that. Okay, so this is Analysis Number 1, this is what you wanted.

And now since Number 2 is just basically just combing those catch histories, so, really, you're just adding these two together, and you've just got catch history here, and we chose the three top years for a particular species, took the average of that and divided by everybody else's average and you can see the percentage.

Okay, so there is a problem. The problem is that when we looked at the dataset that they sent to us, we were not able to distinguish between – you could take a look and eyeball it, but on an automated basis we weren't able to distinguish between this permit called Permit Number 1 and landings associated with this permit, because that was also called Number 1.

So, from the dataset we weren't able to distinguish, so instead what we did was you've got Permit 1 and Permit 5. This is called Permit 1; instead what we did was we compared this to this, which is all we could really do. So in some situations it doesn't really matter. If you have zero landings here and zero landings here, it's not going to matter. You're going to get the exact same results from the analysis.

If you have very low landings, 200 pounds, 500 pounds, something like that, it's not really going to matter, it's not going to show up in the results. And, also, if you had 50,000 pounds on average for vermilion or something like that for the lower-numbered permits, it didn't matter because you would have chosen this one, anyway, over, say, 2,000 pounds here.

The only take where it matters was when this lower permit number had the larger landings, and that's where you get the difference in the two analyses. That's where what you wanted to have done and we were actually able to do differ, slightly. So, the analysis I'm going to show you is useful in some respects.

Basically, it's going to show you what the overall fishery would look like, but there is going to be a difference between the maximum percentages that someone would receive. So, if you look at an individual, what you wanted done and what we were able to do would differ, but looking at the aggregate fishery there is not much difference. I am going to show you the results and keep that in mind. And so what can we do to really get at what you wanted in the first place? We need to go and do this analysis for the 225 two-for-one exchanges by hand. That's what needs to happen. Bobby.

Mr. Cardin: Kate, you do have two numbers and you can't really distinguish what is what, but it's a very minute difference?

Ms. Quigley: For some individuals –

Mr. Cardin: Percentage-wise?

Ms. Quigley: Yes, percentage-wise, for some individuals, when that higher permit number was significant and it was dropped, there is going to be a difference for that individual. For example, what I showed you on the last slide, a possible difference of something like \$50,000 for scamp, in particular.

So there are differences for individuals, but when you take a look at what the fishery looks like as a whole, when you're looking at the aggregate fishery, that's useful information. So there are going to be some difference for some people for some species, and the differences we found were for gaff, red porgy and scamp.

So, another analysis needs to be done; or, if you decide that, well, we'd like to go ahead and combine landings, anyway, for the people, the 225 people that have a two-for-one rule, it won't matter. The analysis is accurate for that. It's only when you have to choose between these two permits.

Mr. Waugh: And I think it would be helpful to have that discussion and get some guidance, whether you all think it's worth looking at that as a separate alternative or whether we can just combine them. We're not going to go through and do that analysis by hand. If it needs to be done, we're going to request the regional office to fix the database the way it should have been fixed originally. But, you see the implications of that, and I think once we go through these figures, you'll see – and at some point today or tomorrow, you all should give us guidance as to whether you still want to keep that as another option.

Mr. McKeon: It seems that would be a good idea. I mean, if I'm understanding it correctly, they just need to go back and input and be able to distinguish between one and one, call it A, called the Combined A or 1A, whatever it is, and then go back and do it. I think it would be very useful.

Ms. Quigley: We had estimated it would probably take a good, solid, I don't know, two to three weeks of someone's time. I don't know what you think, Andi, but it would take a big chunk of time for one individual to go through 225, so it's just can they find someone to go ahead and do this. That's the question, and we hope that they can.

Ms. McKeon: If I can do it down in Jamaica or something like that, I'll volunteer to do it.

Ms. Quigley: Right, Andi pointed out it really needs to be the NMFS personnel so it's up to them. Like Gregg said, perhaps following this meeting – let me show you the results first and then perhaps we can put in a formal letter to NMFS requesting that. They know that it has this deficiency, and they would like to correct that. The question is do they have the staff time, but I think it's something that probably needs to be done because of this two-for-one rule. This is the complication.

Let me go through the results right now and make sure I answer any questions and then can mull over the analyses tonight. I've also got an Excel model that goes through how this might impact an individual. For example, this graph right here, we've got permit holders on the X axis, on the bottom; and on the Y axis we've got the percentage held by each permit holder.

So we went and did analysis, and we found that this is what the fishery would look like if you did an initial allocation. You basically would have a few people – it looks like maybe three, four, five, ten people that would be allocated about 1.5 percent or higher of vermilion, just for vermilion, and then maybe you'd have 80 people allocated something greater than 0.1 percent, and then everybody else is pretty much less than that, or zero. So this is kind of what the fishery would look like.

And the black line shows the analysis where you choose the permit, and the red line shows the combined landings' history analysis. As you can see, they're almost exactly the same, but when

you get down to the numbers they might differ by 0.1 percent, or less. For some species the highest person, they differ by 0.1 percent. That means everybody else is going to differ by less than that. This is for vermillion.

You've got printouts of all of this; and as you can see the difference, maximum percentage from the highest landings' permit is 2.84 percent; maximum percentage from the combined landings' history, 2.8 percent. Bobby.

Mr. Cardin: I'm not really as deep in these numbers as you are, Kate, but from what I'm seeing here, it's so little I don't know if it's worth stirring up the hornet's nest about only allowing one history. I mean, I understand there's a difference, but with your job does seem minute to you?

Ms. Quigley: As far as figuring out what is best for the fishery and looking at the fishery from a point of view of what is best for the fishery, what do we want the fishery to look like in five years, there is not a whole lot of difference between them, so I think it's fine for that. If you were to go and actually make an allocation based upon one or the other, there is going to be a difference for that highest individual and maybe the second highest individual of a particular species.

Individuals might object to it because one allocation gives benefits that another one does not, so in this case it's differing by 0.04 percent, which I guess 0.04 percent times the vermillion commercial quota times three dollars a pound, it could be a few thousand bucks each year, which could be significant to somebody. But looking at it from an aggregate point of view, no, there is really not much difference at all.

Mr. Cardin: So, basically, people buying permits and not knowing the landings, it was a pot luck thing, and there will be one or two people that might benefit a few thousand dollars from it. Thank you.

Ms. Quigley: Between two different initial allocation methodologies. All I'm saying is it matters what methodology you chose. We couldn't do the exact one that you wanted, but here is what we could do. Let me show you the rest, because for some species it is an issue and for others – for some species it's not an issue; for others it might be a little bit of an issue.

Here is a histogram which shows the number of people, for example, that received zero percent quota share. It's above 300, so the frequency shows the number of people that received a certain percentage. And as you can see, somebody received 2.8 percent – it looks like one or two people, perhaps. This was just another way of looking at the graph that I just showed you. We've got numbers for all this, as well, if you guys would like all these tables. The problem is – well, not the problem, but it's a lot of data, a lot of data points.

Here we have snowy grouper. That also pretty much follows the two analyses almost exactly the same. Black sea bass, they are almost exactly the same, but you see there is a little bit of difference; the red line and the black line, a small difference. Gag, what you see is that the combined permits, the red dotted line extends much further from the black line. Here is one species where for one individual these two initial allocation analyses would make a difference.

Mr. Cardin: It's relevant for –

Ms. Quigley: It's relevant here, but it calculates out to about three to four thousand dollars, about three thousand dollars each year.

Mr. Phillips: One person.

Ms. Quigley: That's one person. These aren't big differences, but for that individual I'd want to make you aware. As you can see, there are a lot people who don't fish for gag. Yellowtail snapper, they're almost exactly the same; greater amberjack, they're almost exactly the same. Okay, I didn't include all the graphs there; you have printouts. I was just trying to give an overview from different regions. This table shows participants.

After doing this analysis, how many people remain in the fishery? The one rule that you had was – well, two rules. You have to own a permit and in order to participate and receive a quota share your quota share has to, once calculated, be 0.0001 percent of the commercial or greater; 0.0001 percent or greater.

Okay, for gag, total permits not receiving initial allocation through that share rule, unlimited permits 321, so they basically had zero landings once we did the calculations choosing the highest three years and dividing by three. 225 permits, about 264 of the 348 would not receive an allocation. So, total participants receiving allocation out of 1,131, 546, and that is about 48 percent of permit holders.

Now, they are not allocated quota share for gag. They can be allocated quota share for other species, so this is species-by-species basis. So, for example, you see golden tilefish, receiving allocations is very small, 16 percent. Then the rest of the species are listed here.

You see for queen triggerfish, which only had about 2,000 total landings, on average, from 2001 to 2006, 11 percent receive allocation. So, a lot of people would not receive quota share because they have not fished it from 1999 to 2005, or they fished very little, one pound, two pounds. Everybody else was kept in. Bobby.

Mr. Cardin: Tilefish, there were 185 permits that had some sort of landings or that will get some sort of allocation? What is the difference between Column 3 and 4, where how we come up that?

Ms. Quigley: For golden tilefish, 185 people would remain in the fishery, would receive quota share, and the 16 percent is just 16 percent of permit holders, total permit holders.

Mr. Cardin: Would be allocated?

Ms. Quigley: Would be allocated, so 185 divided by 1,131, 16 percent.

Mr. McKeon: Current permit holders, 16 percent of current holders?

Ms. Quigley: No, it would be permit holders that had any landings between 1999 and 2005, so anyone that handed in a logbook at all during that period of time.

Mr. McKeon: So on golden tilefish, then, 84 percent didn't have any landings, then? This is another way to look at it, they didn't have any so they're out?

Ms. Quigley: Correct. Okay, then we also have maximum shares based on Analysis 1, and I also handed out a piece of paper that shows maximum shares based on Analysis 2. The idea was that you could – the original thought was you guys could use these maximum share numbers to identify a cap or people that needed to be grandfathered in if it was above a cap that you thought appropriate.

This is just a listing out of maximum percentage quota share. In Analysis 2, you'll see that the differences show up with red grouper, scamp and gag. Those are the only significant differences. Everything else differs by 0.1 percent, a very small amount, so it's a couple hundred bucks for most of the fisheries.

Then I went ahead and tried to take a look at the people who had participated in the two-for-one. Like I said before, there are 225 transactions. In 1998 there were 1,085 unlimited permits; total number of permits eliminated since 1988 through the two-for-one rule is 225. Now there are other people who didn't pay their fees, who lost their permit for other reasons.

There are currently about 630 remaining unlimited permits. That's a 21 percent decrease in permits in ten years, but we included 1,131 because those are people that could potentially receive an allocation if you use 1999 to 2005. There is no way to take a look at all of the two-for-one exchanges for the reasons that I identified, but I went ahead and checked ten of the two-for-one exchanges.

One of the exchanges used two latent permits; two of them used permits with very low landings' history; and all the others had permits with higher landings' history, so there is a whole range. We can't go ahead and assume that they bought in using two latent permits. It was kind of all over the place of the ten that I looked at out of 225. It would be nice to take a look at what exists for all 225, but we don't have access to that data right now. Then this shows number of permits eliminated by year. Dan.

Mr. Whittle: Quick question. Back on the LAP participants' chart, 1,131 permit holders, is it correct to say that 630 of those are limited and 531 – does it break down?

Ms. Quigley: It differs by species, but in general there are 348 total permits, 225 permits.

Mr. Whittle: 340?

Ms. Quigley: 348, I think it was.

Mr. Whittle: 348, okay.

Ms. Quigley: Now for each particular species, there is a different number of people that participate out of the 225. So, overall, there are 348 people that made landings of one of these species some time in 1999 to 2005, 348 people. But, for individual species it differs. Okay, these are the results, and these are summarized results that we think gives you most of the information.

So, a couple of questions – you know, you had asked for the maximum share percentage to identify cap. We might not be able to do that at this time. Let's say, well, you want the cap to be 2.9 percent for red grouper. There are a couple of different options. You can go ahead and name whatever cap you would think appropriate based on how many people you would like to see fishing that species in the future and say that this individual at 2.9 percent would be grandfathered in.

Another option is you could suggest to the council that in the final analysis that is done in the initial allocation, that the person with the highest, that is identified as the cap. What I'm saying is the analysis that we did is probably not going to be one that is used in the initial allocation, but it could be similar. It depends on what the council decides. So, you've got a couple of different options to identify caps. That's how you could use this analysis.

As far as LAP participants, I just wanted to give you an idea of how many people would be exiting – would not receive quota share for a particular species – to see if this was something you find acceptable. Then the graphs and tables give you an overview of what the fishery would look like.

Right now you have a few people harvesting a lot of each species, and everyone else is much less. That's what the fishery looks like using this initial allocation methodology. So, for a person that has three years, really good years, 1999 to 2005, this is a good initial allocation methodology. Are there any questions?

Mr. Irwin: I have a question about the caps, and this is kind of a question to the group. Are we going to cap individual species – I see that's what we want to do, but are we going to cap an aggregate, too, of a total amount like, you know, you can only have so much of all the species? You know, that's something that we need to consider, too, on the caps.

Ms. Quigley: And that is something typically done in other LAP Programs. You identify it for the species and then you identify it overall. Some programs have considered, you know, you identify the percentage for the share, but you could also identify a percentage for the pounds. A lot of LAP Programs consider that but don't actually do that, because they want people to be able to have the ability to harvest – if they're sick or something, they can sell their poundage and have someone actually harvest it and bring it in. Okay, you guys can mull over these results tonight, if you like.

This afternoon I've got one more thing to show you. I created an initial allocation model. The presentation I just showed you, we were looking at the aggregate fishery. This model shows how

it might impact an individual. I can go through this with you individually, if you like, or we can basically just pick a fictitious individual for a particular species.

This is an example of how an LAP initial allocation might impact a fictitious individual based on all the assumptions that you guys have identified to qualify to participate in an LAP. For this model, an individual had owned an unlimited or limited snapper grouper permit and had to have 0.0001 percent quota share.

You have to answer two questions; basically, which species are you interested in running the model for and then you put in approximate landings for that species for an individual. What it does is it will spit out what percentage of the quota share that individual would receive under the analyses that we did and also under equal allocations and also if you were to say that the initial allocation methodology was to sum the landings from 1995 to 2005 and divide by everybody's sum, so it's using all of the years. Instead of just choosing three years, it's using all of the years. I thought we could just give this a try to illustrate perhaps what it does.

Is there a particular species that you guys would like to take a look at? Okay, let's look at black sea bass, perhaps. What species? Gag, okay. So you chose gag, so you see right down here in this box, I put down expected future commercial quota or average catch '01 to '06. We don't know at this time what the commercial quota will be in the future, but this is the best guess. This does not have the discards subtracted off.

Mr. Cardin: Can we put those in?

Ms. Quigley: Yes.

Mr. Baker: Kate, if people wanted to calculate this information on their own, they would need to have their records' history of all their species broken down by every year within that range?

Ms. Quigley: Yes, if someone wanted to do this calculation, they just need to name approximately what they chose each year. Actually, for the best of three calculations, you only need to know what your best three years were, and they don't really matter what year it was made. We can just plug in someone's three best years.

One thing to keep in mind is all these numbers that we're putting down here on expected future commercial quota are lower than what is currently being caught or what has been caught on average of '01 to '06. The actual poundage that you're going to see down here is lower than the history that is up above.

Another thing to keep in mind is the status quo, what would happen regardless of an LAP – not regardless, but if an LAP didn't go into place what would occur. For some it could be a derby fishery. The years that we actually have available to us are '99 to '05, because prior to '99 or prior to '98, it became a closed system in 1998.

Prior to that, there is a different computer system dataset, in the first place, but revisiting those numbers and doing another allocation would be – the permits office, though, is questioning what

was done prior to '99 as far as who is in and who is out of the fishery, so I'm not sure they wanted to revisit that.

(Whereupon, a demonstration of the Initial Allocation Model was conducted.)

Ms. Quigley: This initial methodology is going to benefit people who have three really high years, and these landings that you're provided are pretty much within the same ballpark year after year except for 1999 and 2005. It benefits people who have three boon years.

Mr. Hartig: This is all the permit holders, correct? If we used our cutoff of 0.0001, how does it change the analyses? Do you have any feel at all?

Ms. Quigley: This is cutting out people with the zero landings already.

Mr. Marhefka: Kate, by looking at this last page on these results of the two-for-one impact here, I roughly come up with about 50 new permit holders that come after the control date. My wonder is just how many of those permit holders are actually going to go and – you know, if the council's choice was to use the control date, what could happen to these numbers? It seems like the more people we have here, the more we – you know, especially with landings that aren't even relevant to what the current fishery is.

I mean, it just doesn't make a whole lot of sense to me. I mean, I go back to the CPUE, my CPUE has been the same for years, and I've been fighting that forever, but we've had to change to different types of fishes that we've had to go for. I just sort of wondering what kind – my thought is that we need to go and do some sort of housekeeping or else there is not going to be much of a fishery left here at all if we don't go and do something with some of these permit holders, even the ones that are being knocked out with 0.0001.

Ms. Quigley: Right, so one question is if the objective of the LAP was – I'm not saying this is what you're saying, Mark. I'm saying the objective of creating the LAP was to improve the economic viability of the fishery. The council has said in the past to create a professional fishery, whatever that means, but I think what they meant was they want to see a fishery that could survive.

So the question is if this is a typical individual, then is 21,000 pounds or 15,000 pounds or whatever initial allocation methodology is decided upon, can someone live off of 21,000 pounds each year, can someone live off of 15,000 pounds a year? If the answer is no, then one option you have available to you is to make the eligibility requirements stricter. But if you were to cut out everyone that had landed a hundred pounds or less, you'd get a little bump and not a big bump.

Mr. Marhefka: I don't know if everybody is sort of understanding what I'm trying to say here, but these vessels that came in are actually working off of landings that somebody else caught. It was not what is relative to what is going on in the fishery now. We're acting on such a small amount of TAC that we're working with here, so you're going to go and work and let new participants come in with landings that they haven't even been able to go and justify yet and let

them be a part of this process and cut the people who have been in it for years out of it. To me, it just doesn't seem – I think there should be some major housekeeping here in this document.

Mr. Whittle: Mark, I just have a quick question. Are you talking about people who have bought permits with landings' history but aren't currently fishing?

Mr. Marhefka: I'm talking about people that have bought permits after the control date, number one, which is somewhere in the range of 50, if I look here right. Okay, that control date, it was put in the Magnuson – I mean, it was put in the Federal Register that those folks may not be able to go and participate in the fishery if the council so decides.

This fishery is in such bad shape, to make such bad drastic measures in TACs that we're having to look at right now, why would you go and say, sure, come on in, but we're going to go and cut you off anyway. That needs to be cleaned up. Then prior to that – and I don't know if I'm answering your question – prior to that 2005 date, that's why I extended it to 2008, is if you are fishing – I don't feel that you should be using those landings prior to that date, prior to the control date. Those landings, you know, for whatever reason the council put in there, said they're yours.

Well, to me, I don't really feel the way this fishery is right now that the council should be able to say that's available. But if you've been fishing from the control date to 2008, you can use those three years' landings because that's your snapshot of what is going on in the fishery. That's real; we can grab that. But how you would go and deal with people like myself that have been in there since '79, I don't know, would you go and drop me back to the control date, also, or would you go and just have me – or would you be able to use '99 to 2008?

Help me out here, because I'm a little bit miffed about this. I don't feel it's right for me to go and continue doing what I'm doing and have been doing, and somebody else can go and step in. Chops might have got in here before or he might have got in after, I don't know, but if he's been fishing for that X amount of time, he should go and use the landings that he's available to go and use, not somebody else's just because he doesn't have money to go and buy into it. Does that answer your question, Dan?

Mr. Whittle: It raises another question, which I'll reserve. I just want to be clear. You're saying a couple of different things, and I just want to be clear. Number one, you like the idea of a 2005 control date. But, for those who make the control date and are eligible, you would like to see the catch history all the way up to 2008 be considered or 2009, whatever. So in other words –

Mr. Cardin: What they cost.

Mr. Whittle: -- what they cost. But the control date sort of decides who is in and who is out. Once you're in, then you look at your recent landings to reflect the current state of the fishery? I just want to make sure I'm clear.

Mr. Marhefka: Right, and that would go and help with – say, somebody purchased a permit from the Keys, somebody got out of it back in – and they purchased that permit in the Keys and had

yellowtail landings. Okay, he then goes and is up on yellowtail landings. Well, you're reinventing the fishery again.

But if he has a snapshot from 2005 until 2008 of what he's actually really been doing, well, then, that is what gets. Otherwise, you're going to go and say somebody up in North Carolina all of a sudden has some yellowtail landings, and he's going to go and be in the fishery for the yellowtail fishery. I don't think the folks in the Keys are going to like that a whole lot, either. Those are a lot of the permits that went away, also. And, not to mention how many times the control date has been moved. I mean, it's been set up several times since I've been around here.

Mr. Phillips: Well, you're going to have a real bad problem because you've got people that were captains working. Somebody want to retire, they bought a boat out. They had to buy another permit so they could get their permits in their name or make a corporate permit. So, you're basically going to penalize – not very many new people that weren't fishing got in it.

So, first of all, you're saying that the history that the council said in Amendment 8 is no good. You could potentially have somebody in good faith spend fifty, sixty, seventy thousand dollars on a boat that had been working and now it's basically worthless because you're going to kick them out of fishery so you can get a few more fish. In the last meeting we were talking about trying to protect new entrants. You're not going to have your cake and eat it, too, but I think you're going to have a real problem, and I disagree.

Nobody is going to win a lot. If you're a good fisherman, you're going to have to buy shares of fish whether they kick those 50 people out or not, and so is everybody else. It's going to get rationalized, but I don't see people in good faith buying boats and buying the history, and it was stated this goes with the boat, I think that is not going to work.

Mr. Cox: Being that I just bought two permits, my feeling on it is that – and I've also been in this fishery for many years, ever since the early eighties, and just recently bought a permit, as well, so I can kind of look at both sides of it. I bought that permit because there is a guy that's 23 years that is fishing with me, and I want to be able to fish as I get older and have his permit for him to fish and kind of give him some of the knowledge and start phasing out of a whole lot of fishing that I'm able to do now.

But, I was basing spending that money on what was said in Amendment 8 and also to the fact that one of the permits I bought was from Florida, and I think it's got some yellowtail history on it, that with the flexibility in this program, that I could take some of that yellowtail and trade it for something that we may be wanting to catch up here. That's my thoughts on it. I kind of agree with Charlie.

Mr. Cardin: Charlie mentioned we're not going to get our cake and eat it, too, but I think that's what it is. We're trying to give the congress the cake and get a bite ourselves. To that, I think we need to add Option 1B, today we're eating chicken, tomorrow we're going to be fighting over the bones.

Ms. Quigley: Okay, I've written in here a minority of workgroup members felt that only people with data prior to the October 2005 control date would be included in the LAP. Anything else you'd like me to add? One thing that I think that the Excel model points out is do you really want – what it asks is do you really want the initial allocation methodology that you have identified?

Again, it works real well for people with very high landings of three – at least three very high landings, and it doesn't work so well with people that have been consistent year after year. It just gives a different result; or, you can entertain some other initial allocation methodology ideas, But if you want to keep the fishery similar to what it is now, you might want to consider something that averages the catch instead of choosing three best years, although that's commonly done in LAP initial allocations.

(Whereupon, a further demonstration of the Initial Allocation Model was conducted.)

Ms. Quigley: The hope is that for the part-time fishermen, at least, if they have something – like under here a part-time fisherman might have an allocation of 200 or 300 pounds, so one thought is that perhaps they can look into an RFA, several people can look into a regional fishing association.

Mr. Cardin: Where are the amberjacks at, Gregg?

Mr. Waugh: The review workshop, I believe it's the last week of this month is looking at greater amberjack, red snapper and mutton snapper. I haven't heard anything too specific about greater amberjack. Hopefully, they're not overfished and not overfishing, but we will have the results of the review workshop sometime in February, and then the SSC will look at it in June. We will know what is coming out – we will have the final SEDAR review workshop report hopefully before our March meeting, but the SSC won't have looked at it until June.

Mr. Cardin: So, as best you can tell, we've got a stable fishery there?

Mr. Waugh: The one I've heard about is red snapper, and my advice to you all is I wouldn't put any numbers in there for red snapper. I haven't heard anything negative about the other two.

Mr. Zimmerman: I heard mutton snapper was undergoing overfishing; is that true?

Mr. Waugh: I haven't heard that, and the mutton snapper has been done a little differently. The state of Florida has been heading up that assessment, but it's going to be reviewed at the workshop. Again, after the review workshop, we'll know what their conclusions are and our SSC is June.

Mr. Zimmerman: I was at the initial FWC mutton snapper data workshop, and that was the case, but Doug told me that has completely changed and that mutton snapper is undergoing overfishing. I just wanted to verify that.

Mr. Irwin: Looking at these allocation scenarios, I don't think with the TACs we're being faced with, not many of them look very good at all. I think at this group, we have to look at whether we want to pattern it after other LAPs. Where you allocated this initial allocation low and the strong survive and they buy the other people out and only a few are left, but if you look at it the other way, the only other way to do is when you do allocate is to cut a bunch of people out, anyway, and that's an unfair way to do it.

None of them look good, any of the scenarios. I don't think you could come up with a good one when you're cutting the TAC down by 60 and 70 percent. There are going to be some decisions right here.

Mr. Hartig: That's true, but don't lose sight of – especially in vermilion snapper, you've got a very low quota now. The potential for that fishery to rebuild in a relatively short amount of time compared to all the other fish that we manage is relatively good. If you have an initial shakeout and somebody buys out enough to fish now, they're going to be looking at excess in not too many more years, that they may want to sell to other people in the future.

Vermilion is one that will come back in a pretty quick timeframe. The rest of them don't, but vermilion is one that can come back significantly. Well, we've seen it. I mean, in the matter of the few years we've looked at the catches, 1.8 million pounds, what, four years ago, so, you know, the biomass can come back.

Ms. Quigley: And there will be a stock assessment done for vermilion – another stock assessment done for vermilion. I forget exactly when.

Mr. Whittle: Kate, can we go back to vermilion just for a second? I'm just trying to see the fishery under the status quo versus the IFQ. Under the reduced TAC – and it's about a third of what it has been – there will be a shakeout under status quo. I mean, not everyone can catch 30,000 or even 15,000, so you're still going to see highliners fishing harder, and they're still going to be catching more than they might catch under the IFQ, at least initially.

I think you will see a shakeout, and in a way the status quo may benefit at least in the short term the highliners. But, necessarily, since the TAC is so low, those lower liners are arguably, I think, going to fair worse under status quo because it just isn't going to be worth it to them to participate in the race. So, counter-intuitively the IFQ, at least initially, is better for the greater number of people, and then it allows those people to buy up or to sell out. Does that make sense; is that a reasonable – I think it's important that we compare with what is likely to happen under the reduced TACs.

Ms. Quigley: One thing we can do in the analysis – right, we'll have a discussion of status quo in the paper, which Mark has suggested, and I think that was a good idea, and we could actually run the numbers based on how many people you guys think might be remaining in the fishery if there was a derby fishery for vermilion or something like that. Maybe that would indicate what a possible trip limit might be or something like that.

Mr. Phillips: I'm thinking if you just do a derby fishery on vermilion, then the little people, they've got nothing to lose than to go fish even it's a five-month fishery. They're just going to go ahead and go fish if they want to. I would suspect most of them were doing something else is why they don't have vermilion landings; and if they know that it's going to be open January to June, and, hey, we're going to just go catch vermilion.

I think it may actually be worse because they know they can go do that, and then they'll go do whatever else they were doing. I don't know that derby fisheries is necessarily going to hurt the little fisherman.

Mr. Marhefka: No, it might not hurt the fisherman, but it's going to hurt the fish because you're going to be having a huge amount of bycatch here. You need to sit up and pay attention to what is going to happen here. I mean, in 6,000 pounds of vermilion, it's two to three trips, tops, tops. If you leave it derby fisheries, the way it is, I can go and at least get 17 maybe 20.

And I'll tell you what, when you start talking about buying and selling, when you look at all the other little tiny pieces that you're going to be allowed, after you go and you do your math of what it costs you to do business, \$6,000 a year for insurance and boat repairs that I'm having to do now, \$5,000 of boat repair, it doesn't make a difference.

You might as well just go and let the big boys go out there and do what the big boys do, and at the end of the damned time, well, sorry about the little guys. You know, that's just the way it is, leave it status quo, we'll flood the market. The only people that's going to go and make any money are going to be the processors and that's it.

Ms. Quigley: What I hear you referring to is say there is a derby fishery in vermilion, so the only people left fishing and the people that do well are the highliners, and the rest of the people choose not to go fishing or don't do very well. Well, the alternative is to do a LAP where you only include the highliners. That might be a better scenario with regards to safety and how much time is spent on the water.

Mr. Marhefka: The bottom line is if you're looking at such a small amount of landings, you still have X amount that has to come out at the end of the year to make it all put together. It doesn't matter how you shake it up. The only way that I see as a fisherman that is going to go and be able to make for the year is fish as hard as I possibly can, catch as much of that piece of pie as I possibly can.

It just doesn't work out with these numbers, and that's just one fish. And if that's my high-end fish, my snowies, my red porgy, you know, the greater amberjack, the gag, it's going to look a lot worse than that. I mean, maybe we need to go and figure out how this gets back into the pot and how we go and manage that instead of sitting here and buying it.

Maybe we can go and say, well, somehow it gets thrown back in the pool some way, because you're not going to have any money. Anybody that's doing it is not going to have anymore money. We're already on the edge already. At three dollars a gallon plus on fuel, not to mention

that they're talking about it going up to four dollars a gallon by springtime on it, I don't see how in the world – it just doesn't work.

And economically, if you start thinking about it, there is no way that our price is going to go up on these fish. There's just no way, because you're in direct competition with imports. Okay, they're going to go and continue to buy the imports and we're not going to go and get but the import price. We might get a little bit above it, but we're not going to go and get enough to go and balance out to buy more of the shares.

Mr. Phillips: Mark, the price may not go up, but if you have a derby fishery and everybody is hammering them as fast as they can, you can bet your bottom dollars it's going down. You're shooting yourself in the foot. You know, you're going to catch extra fish, but you're going to get a whole lot less for them at the expense of people that you want to take out. It ain't easy.

It's not going to be fair to much of anybody, but I don't see derby fisheries. And then you've got back to your bycatch problem when you're trying to go back to something else when B-liners are definitely closed, which was one of the main reasons we got here.

Mr. Marhefka: Well, the way I see it, then, is we're just going to be a straight bycatch fishery, anyway. You drop a line down and you don't know what is going to go and bite that line, but whatever it be, that's what you end up, so that's your bycatch. I mean, I don't know when the last time was you spent a week out in the ocean, but it's been a while, I think.

Mr. Hartig: Well, one thing that comes to mind, in looking at what the council has tried to manage – and Gregg can correct me if I'm wrong – is the council has tried to set up their quotas so they're not derby, so they're trying to stretch them out for the longest period of time possible in the fisheries that we've looked at, so the council's intent will probably be to stretch the fishery out on vermilions at a very low trip limit.

The other thing that occurs in Florida is that a number of our fisheries are seasonal, so dependent on when the fishing year starts, in a derby fishery we're going to be probably eliminated. If it starts on January 1, we wouldn't be able to catch them anyway. We've already been excluded out of the tilefish fishery in that area where there is no longlining, where nobody can fish now for the last three years.

Prior to that, we were shut out by two hurricanes, so you've got five years' straight where we haven't been able to catch tilefish in an area where they can't longline, so you've got a whole group of tilefish that isn't even going into the assessment. There are a number of different things that enter into it. The seasonality is a big problem for South Florida.

We have already given up, as Bobby would testify. We've given up on the amberjacks; we've given up on the gag groupers because that's where they occur when the spawning seasons are active. That's where the major bunch of amberjacks migrates down. Tagging studies have shown they come right down from the Carolinas all the way to the Keys. So, we've already paid a price on our catches because we've had the spawning seasons for both gag and amberjacks.

And then to continue hammering us with closures dependent on when the fishing year starts – you know, you saw the pie graph of what Florida catches on the main species. They're very small. In the past we had significant catches of those fish. Florida is on the way out just on the regulations that are in now.

Mr. Waugh: Ben, just to answer your question about trip limits, we looked at trip limits for vermilion, but there was concern that would make too many trips uneconomical, so what we're looking at is dividing the directed commercial quota into seasons. We've got one alternative that would allocate the directed commercial quota 50 percent to the first six months of the year, January through June, and 50 percent for the period after July 1. Any quota remaining from Period 1 would transfer over to Period 2. But, any quota left at the end of Period 2 would not transfer.

We're also looking at 40 percent to those first six months and 60 percent the latter half of the year, and an alternative to look at 50 percent January through August and 50 percent September through December. So, that's how the council is looking at spreading out for vermilion.

Mr. Hartig: But the basic premise they're looking to spread it out either through trip limits or through seasonal changes.

Mr. Waugh: That's correct.

Mr. Zimmerman: I'm kind of confused as to how from the new TAC that's going to be established, how the recreational sector is allocated from that TAC?

Ms. Quigley: Gregg, is that something you can comment on?

Mr. Waugh: The council's preferred alternative – and they're only looking at two alternatives, no action; not defining interim allocations. The preferred is to allocate 68 percent commercial, 32 percent recreational. That is based on landings 1986 through 2005, so it's 68 percent commercial, 32 percent recreational. That is going forward in Amendment 16 as an interim allocation. The council is looking at allocations across the board through a comprehensive allocation amendment, and that's what is being scoped early in February.

Just to remind people, in 15B that the council is finalizing at the March meeting, their preferred position right now is to prohibit the sale of fish caught under the bag limit, all snapper grouper species under the bag limit. That's in 15B. Final action is scheduled for March and then sending to the Secretary sometime late March.

Mr. Irwin: Kate, do we have – I haven't seen it in any of the literature that I've got – do we have a sheet that says this is what is being caught now, this is what is expected on the TAC? Do we have a sheet like that so we can look at it, and then you can look at this and really understand that better.

Ms. Quigley: Yes, at the end of the working document there is a table that Gregg drew up and presented at the last LAP Workgroup meeting, and that provides expected commercial quotas.

For those that don't have quotas and there hasn't been an allocation, it provides average landings. It's on Page 41. It says 41, but really it's 59. We have that and I also have numbers I'm going to add to this table for the other species that you guys had identified that don't have an allocation. I can actually come with copies tomorrow.

Do people just want to kind of mull over these analyses tonight, or is there any desire to go back to the workgroup document and identify options for a cap or initial allocation methodologies or eligibility requirements?

Mr. Hartig: I don't see a lot of willingness to do that at this moment. We can do it tomorrow.

Ms. Quigley: Well, is there anything else you wanted to talk about today or other questions I could answer or other numbers you wanted me to run?

Mr. Hartig: The only other thing I would say is that trip to British Columbia where we had a number of highliners and we got to sit down and talk to them, many of those highliners got 50 percent or less of what they were catching after they went through their initial allocations. They didn't like it.

But to talk to every one of them that was there at that get together that we had with those people, they wouldn't fish under any other scenarios today. They said if they had to go back to the way they were fishing, they wouldn't fish anymore. So there are ways to make some money out of less fish. I'm hoping it is going to happen in the South Atlantic.

I don't think it's probably going to happen to the degree that it has for a number of species out west, but for some of the other species – in the trawl fishery they're not really valuable species either. That's just something to keep in mind. It's hard to look at this snapshot of one day, and it's always hard for fishermen and it's been hard for me to look at the future and to see what brightness may come out of it.

If I'm looking to have a pretty high allocation of vermilion initially, which is going to be low for me in my history, but it's going to be a pretty good percentage, and in another four or five years, if the stock assessment comes up, which it's gone up and gone down, it should come back up, in my opinion, if the biology of the species works out, you'd be looking at significantly more fish in a short amount of time.

Now, some of the other species, if you look at tilefish, you're fishing almost at MSY now. Unless the next assessment on tilefish shows what we're seeing in the fishery in the last three or four years, we see tremendous increases in size and abundance of tilefish in both the longline and hook-and-line fishery, but that would take a chance in MSY and that usually take more than just a few years.

Hopefully, these fisheries will come back. Look at king mackerel and Spanish mackerel, they're good examples. Both of these fisheries have come back tremendously. Look at the king mackerel in the Carolinas in the last several years.

Mr. McKeon: Yes, they're fixing to cut a TAC that we're not even catching.

Mr. Hartig: Well, we don't know what the TAC is going to be after the stock assessment. We don't know that yet. The stock assessment people in king mackerel have always complained that there is no movement in the Atlantic Mackerel Stock. My argument to them is, well, we've fished it for ten years under the same quota, and what happened?

Not having any management changes, the catch increased dramatically over time. There are alternate ways to look at the assessment this time. You have something that's never occurred before. You never had the council fish under the same TAC for ten years; it's not happened. There are other things to look at in king mackerel, especially.

I mean, you say we're fixing to cut the TAC, and maybe it will be cut, but based on the landings and the sizes in the fishery that I see, I don't see it. The year classes are incredible. I'll be right there trying to do my best to give as much information as I can to the assessment biologists to help them make the right decision, so we'll see if that happens.

Mr. McKeon: I just wanted to make one comment. I don't know if it's relative talking about British Columbia or Canadian fisheries, I think the Acadians have a lot of things that are subsidized that we don't have, also. I think that they get assistance from their federal government in ways that we don't, and I don't know how much impact that has on those fisheries.

I know from my experience in timber it's quite substantial. Their energy costs, for example, are heavily subsidized by the government. They would prefer to subsidize and have what they call full employment than not subsidize and have lesser numbers for employment. So there are other factors and these guys are happy they've got fish. I think, I don't know to the extent it affects the commercial fishing industry, but the Canadian government subsidizes big time a lot of things, a lot of factored costs that our people have to assume themselves.

Mr. Irwin: One thing I've noticed about British Columbia also is I think – correct me if I'm wrong, Ben – I think every single one that they went to the ITQ, the TACs went considerably up over a period of time. All their TACs, almost all of them rose. I asked Bruce why, and he said – what I got out of his answer was really there was better monitoring and better science so they could keep track.

That's one of our problems now is our science is just not what it should be. Like with the king mackerel, if you talked to most fishermen, most fishermen would tell you, man, the king mackerel stocks have been incredible over so many years, and yet the TAC doesn't go up. I think under this system we stand a lot better chance of having TACs go up to where you can increase the money you're making.

Mr. Hartig: Anything else? Well, let's break and come back at 8:30.

The Limited Access Privilege Program Exploratory Workgroup of the South Atlantic Fishery Management Council reconvened at the Hilton Garden Inn, 5265 International Boulevard, North

Charleston, South Carolina, Wednesday morning, January 16, 2008, and was called to order at 10:00 o'clock a.m. by Ms. Kate Quigley.

Ms. Quigley: Okay, let's start out the conversation by talking about eligibility for initial allocation of a LAP. Let's review the preferred option, which is a minimum allocation of quota share of 0.0001 percent. You have the choice to keep that as it right now and we can do further analysis and you can take a look at what we come up with; or, you can go ahead and change that preferred option right now.

Now we don't have a whole lot of time left to do analyses, but we can do what we're able to do before the February meeting. Again, we can do this on a species-by-species basis. Do people have ideas about different eligibility options? You don't have to choose a preferred at this point in time. We can take that off being the preferred and just introduce additional options you'd like to see evaluated.

Mr. Zimmerman: I've got a question. The 0.0001 percent, was does that translate as? I mean, is that basically if you've got a pound of landings, does that put you in that qualification?

Ms. Quigley: It depends on the species. I think we figured out that for gag it turns out to be 35 pounds – or, no, for black sea bass it was 35 pounds.

Mr. Zimmerman: So would gag be less?

Ms. Quigley: We can check. Okay, for gag it was 35 pounds; for vermilion, 29 pounds; black sea bass, 41 pounds; snowy, 10 pounds; golden tilefish, 33 pounds; red porgy, 13 pounds; greater amberjack, 67 pounds, yellowtail, 823 pounds; mutton snapper, 16 pounds; red grouper, 272 pounds; scamp, 191 pounds, gray snapper, 116 pounds; white grunt, 131 pounds; gray triggerfish, 144 pounds; queen triggerfish is such a small average catch that it's less than zero; blueline tilefish, 99 pounds. That means your quota share would have to be equivalent to that amount.

This isn't how much did you catch in the past. Does it equal 35 pounds for gag under the expected commercial quota that we have identified, 353,940 pounds. If you figure out your best of three and it happened to be over 35 pounds, you would receive a quota share. If it's under, you do not receive a quota share.

Mr. Zimmerman: Okay, I was thinking, you know, what would happen if we raised that percent, but looking at 823 pounds requirement for yellowtail, that might not work out very good for those guys, especially if that's what they've got to meet to get in the allocation after the TAC has been figured or whatnot.

Ms. Quigley: You can do it for some species and not others. Sean.

Mr. McKeon: That's what I was going to suggest, you go back to your options there, and if that's the place to have an option for species by species rather than blanket – everybody with the

exact same qualifications. From what I've heard yesterday, today it would make sense to roll up our sleeves and do it species by species if you're going to do it. That's my thinking, anyway.

Mr. Zimmerman: It almost looks the yellowfin maybe should be less than – maybe there should be four zeroes in front of that one. I mean, I don't know anything about the yellowfin fishery or the yellowtail fishery, but that seems like a – you know, looking at some of our numbers, once some of our numbers were current, some of the options we're coming out with to be able to meet an 800 pound criteria, that's probably not a whole lot of fishermen that are going to meet that, I would think.

Ms. Quigley: Well, there are 644 participants, so people – well, actually that's people who landed less than 823 pounds. Yes, I don't know how many people landed zeroes. I was going to give an estimate of how many participants there are.

Mr. Conklin: Wouldn't it be easier to do that in like a regional thing where the southern part of the fishery is a yellowtail fishery, and the majority of the B-liner fisheries, vermilion snapper is a northern fishery. Wouldn't it be better to divide the regions and let one region have a different allocation than another region?

Mr. Zimmerman: But then aren't we going to run into the problem with – you know, a lot of southern permits have wound up in the northern states and now you're going to wind up with a bunch of guys in North Carolina with a yellowtail allocation, which I guess they can be traded out accordingly.

Ms. Quigley: I think as long as you don't include yellowtail as a part of the eligibility requirement that you do for vermilion, then you're good. I mean, yellowtail is pretty much primarily caught down south, right?

Mr. Conklin: But if a permit holder in North Carolina has a yellowtail catch history, then he has the right to trade his yellowtail to someone in the southern industry for whatever species, but the southern end of the fishery would have a different percentage to qualify.

Ms. Quigley: I'm going to take off the screen and just check my e-mail to make sure I've got that 8 million number right, unless, Gregg, you think that looks wrong and you've got a better number. Otherwise, I'm going to check my e-mail right now – average catch 2001 to 2006. I just want to reiterate something that I said before.

The numbers that you see for expected commercial quota for gag and vermilion differ from the numbers in Gregg's charts that are included in the working document because the discard estimate is not subtracted off. Gregg's charts, the discard estimate had been subtracted off. We did not subtract it off for here. We don't know what the discard estimate is going to be, so I didn't include that. This is without the discard estimate.

Yes, yellowtail snappers, the average catch is not 8 million pounds. The average catch is 1.6 million pounds; the total catch was 8 million. I corrected that number and I corrected a couple of the other numbers, including red grouper, scamp, gray snapper, white grunt and other grunts,

gray triggerfish, queen and blueline, so several of the species that were not run yesterday. The ones that we actually ran and took a look at the pounds for yesterday were all correct, and it was relevant, just so you know that.

These other species down here, those are the ones that I went and changed the numbers for. And yellowtail snapper -- mutton was relevant; everything else was relevant, just not yellowtail snapper in these species right here. So, when you take a look at the new numbers for qualifying, here is what you've got. Yellowtail snapper, to be allocated in the share, you have to have a share allocation estimate of 165 pounds.

I just wanted to ask Bruce, down in the Keys is that – it's 165 pounds – easy to get, difficult to get? Are you a serious fisherman if you are over that? So 165 pounds is very easy to get, okay. Okay, so, if we go back to eligibility requirements, if that number is very easy to get, I don't know whether we need to make an exception that is lower with regards to the – you're shaking your head no. Bobby.

Mr. Cardin: I agree that the 0.0001 percent is low. You know, you could have mixed ideas about this, but I think the reason for that is we're in a multi-species fishery and bycatch is an issue and if someone is pink porgy fishing and accidentally catches snowy or whatever, when you use low numbers like this, you've covering bycatch that fishermen might have. If you cut someone out of, say, snowies because they only had 50 pounds of landings during a few years and they're cut out, now they no choice but to discard –

(Several responses of “you can buy.”)

Mr. Cardin: Okay, but if you're out fishing and you catch 10 pounds of snowies, you've either got to discard it or get somebody to sell you the 10 pounds.

Mr. Cowdrey: You said something about 30 days you could – as long as you did it in 30 days?

Ms. Quigley: Well, a lot of IFQ programs allow for 30 to 60 days. You guys don't have that in your document yet, but you can certainly put that in.

Mr. Cardin: Okay, and once again I wish John Reed was here, but two or three meetings ago I thought he was very adamant about the way the system is set up so far, that you've got to hurry up and buy it, period, that you couldn't wait until the next year to buy it. So if you caught the snowy December 15th, you have 15 days to buy it.

Ms. Quigley: I would suggest you go in and put whatever you would like into the document and then see what NMFS is capable of accommodating.

Mr. Conklin: I think my recommendation would be to put in 60 days after the end of the fiscal year you have to cover that or it would go against like your next year's quota.

Ms. Quigley: Okay, actually we do have something in the document, because you stating that before. On Page 24, under the overage allowances, yes, so penalties on overage should not be

imposed until 60 days following the end of the fishing season. Okay, we do have that in there, then. Charlie.

Mr. Phillips: You might very easily run into the problem on especially something like snowies where you've got 50 fishermen that are over a hundred pounds, and that quota is just not out there anywhere to be bought, and then you're really, you know – then you're just looking at, you know – that's not going to be pretty.

I think you need to get this – I think the British Columbia fishermen had to have it covered before they landed another trip or started another trip. That would pretty much eliminate the chance that everybody will say they will just buy it at the end of the year. Even if it's a little bit, all those little bits add up. And if we've got a broker system, which we're going to have to have, go ahead and buy it, get it, and be done with it. That's going to stop you from possibly going over the TAC, and it's just not there to be bought.

Mr. Hartig: Yes, Charlie, I was thinking along the same lines. I'm wondering if maybe these species with very low quotas, you may want to set aside a percentage for sale to cover the overages, to cover some of the overages that are going to happen. This is the first I've thought of it. With that 84,000 pounds, it's not going to go very far. It's basically going to cover bycatch, anyway. I don't know, I just throw it out there.

Mr. Conklin: Isn't that there where it says 10 percent for each species for one year? That's originally covering your overages that you set aside for.

Ms. Quigley: Well, that's for an individual, but I think what Ben is referring to is something in aggregate.

Mr. Cardin: Well, in order to do that, once again, you're under allocating. I am not saying that is not a good thing. I am just saying when you under allocate, the person that pays the most is the highliner in this fishery, because he is going to be under allocated for that set aside.

Mr. Cowdrey: I was just going to say maybe we should think of some kind of limit. The way it's set up right now you can do an overage as long as you purchase your allocation within 60 days. Well, you might have, say, some rogue operation out here and in 60 days they might be able to land 60,000 pounds of fish in that 60 days, and they're just going to get their profits and call it quits and leave the boat tied to the dock and hit the street.

Maybe we could come up with – you know, you can have an overage of 2,000 pounds or 3,000 pounds as long as you get it covered within 60 days, but not let a boat go 20,000 or 30,000 pounds over without getting it covered within the 60 days.

Mr. Hartig: Do we have a balance over-and-underage provision there?

Ms. Quigley: Can you clarify? We have an overage allowance of 10 percent of whatever the TAC happens to be, and we have an underage allowance of 10 percent for a particular year. Well, first of all, I think in British Columbia, because they had a penalty for going over and not

covering their overage, in subsequent years they were more cautious of what they brought on the vessel.

I think what is required – and we’ve talking about this in past meetings – is some sort of penalty, perhaps, that you can’t go fishing again until you cover your exceedance of the overage. You can go into 10 percent, but if you exceed the overage, you can’t continue fishing. We talked about that and I think you guys had said we should probably leave that up to enforcement or there are enough regulations on the table already, penalties against fishermen, that fishermen won’t go over, anyway. I think there was some conversation about that.

Mr. Hartig: Yes, I remember that. I remember wanting to have some severe penalties, and then the rest of the board said that they felt that enforcement would deal with it. By the way, talking about enforcement, are they coming to the next meeting?

Ms. Quigley: We hope so. NMFS has a travel freeze right now, and that’s why none of the NMFS people are here. Paul is supposed to put something together as far as what type of regulations he thinks would be helpful to have under LAP. He’s supposed to deliver that in March, and he still thinks he’s going to try his best to get that together. Gregg.

Mr. Waugh: If you all think that it would be helpful to have them here, I would encourage you to call the regional administrator and express that concern. The NMFS travel budget is going to be extremely tight, and I would err more towards not expecting anyone from NMFS at these next meetings.

Ms. Quigley: Is anyone, other than Ben, in favor of putting in an option for a type of penalty or do we want to keep it as it is for right now?

Mr. Hartig: We can certainly keep it as it is and see what law enforcement comes up with; and if they don’t have a penalty schedule that we think is appropriate, then we could change it.

Ms. Quigley: Okay, let’s go back to the eligibility, then. I know you all know this, but the goal of the council was – that was kind of handed down to you guys, was to increase the economic viability of the fishery, and as they’ve said before, to create a professional fishery, so I don’t think they would necessarily be opposed to putting in some minimum allocation higher than what we have here.

Mr. Cardin: Kate, can we go back to the landings? What if we took one zero off that preferred option? What does that change it to?

Ms. Quigley: Again, this just gives the pounds that our analysis would have to show that you received quota share for in order to qualify.

Mr. Cardin: Okay, can we implement that into a landings’ scenario again?

Ms. Quigley: We can’t do that here. We would have to run an analysis first because all of those people who didn’t reach 354 pounds for gag would have to be taken out, and we don’t have that

number to put in for the denominator. The analysis would have to be run by Andi first so I can't do that in this model. That's an initial allocation analysis you guys might want to have done. If you guys name off different eligibility requirements, we can go ahead and run that analysis and try to have it for you.

Mr. Cardin: Anybody in the group want to see that?

Mr. Shelley: Yes, I do.

Ms. Quigley: Okay, so an analysis for eligibility requirement of 0.001 percent and an analysis for 0.01 percent. And, again, this isn't what you might have fished in an average year. This is what you would wind up with as the quota share times the expected commercial quota.

Mr. Cardin: I assume that people catching under that wouldn't be allocated and therefore those pounds would go into the qualifying people's allocation, and is that what the scenario you're going to run for us would show?

Ms. Quigley: Well, right now I can't run any further scenarios that rely upon these new eligibility numbers you're putting forth. I can't run those numbers, but if those people do not qualify, if their quota share does not equal 3,500 for gag, then the denominator that we're using to make the quota share calculation would just become smaller, so your percentage share would go up. These specific pounds we're showing, these would not go into those are remaining in the fishery. These pounds that we're showing here are a little bit misleading.

Mr. Cardin: Right, I understand that, but in the scenario you're going to run for us after this meeting, are you going to show – will we be able to then plug in numbers into your initial allocation scheme and see the changes?

Ms. Quigley: Yes, we'll add to this model and then you can compare the different initial allocation analyses. You'll have five as of right now because you've named two additional eligibility requirements.

Mr. Phillips: I'm kind of thinking down the line that as you tighten up these things, all those people that you're getting kicked out are the same people that are going to be voting. They won't have very much of a weighted vote in it, but they will be voting and they're going to be real unhappy when they're thinking they're going to get kicked out instead of being able to sell their little bit of share.

They do have some investment in there, maybe not a lot, but they've got some investment. I think you need to consider is it better to kick them out and have them screaming and shouting and run the risk of them being able to scuttle the whole program or are you better off to go ahead and keep the requirements low for letting everybody get in and getting a share, even if it's little shares, say, of snowies or whatever it happens to be, so you don't have to have quite so much trading to buy those little shares because you're going to have some and let the little people go ahead and sell their stuff out and let the market work more like it did in Vancouver.

I don't think kicking out these little people is really going to increase the full-time producers amount of fish they're going to get that much. You may go from 6,000 pounds to 6,200 pounds or something. I don't think you're going to get that – I don't know that you're going to get enough extra fish to warrant alienating so many people, even if they are little people. I think you need to be really careful, and I think I'd be inclined to stay with that smaller threshold because of that.

Mr. Cardin: Charlie, I agree, but the fact of the matter is there are probably a lot of fishermen with high landings that think that IFQs are the answer because it eliminates small fishermen. I think as a group we need to look at all the options. While we're looking at this option, it will perhaps make the LAP Program more transparent by at least looking at the options. Who is to say we've got to pick the one that kicks the little guys out? I want transparency is what I'm trying to get out here.

Ms. Quigley: So, once I do this analyses, you'll be able to see what the actual poundage difference is, and that will be helpful. Scott.

Mr. Baker: So, for whatever the percentage is to determine the minimum allocations, if there is a shareholder – does anyone have to qualify on one species in order to be able to buy other species? Say they didn't qualify for yellowtail and they had gag and that was the only two they were interested in, but they wanted to catch yellowtail and they qualified for gag, once they're in the system, could they meet the minimum threshold, could they go and buy yellowtail?

Ms. Quigley: Yes, all 1,131 permit holders are going to keep their permits and they have the option to buy quota pounds or quota share, so they all remain within the LAP Program. Dan.

Mr. Whittle: Does that include all 1,100 or just the unlimited? I thought we said yesterday that the unlimited permit holders would stay in the system and be able to buy. If the 225 permit holder wanted to buy, they would have to buy an unlimited?

Ms. Quigley: You're right, so it would 1,131 minus 348. Charlie.

Mr. Phillips: Just one other note. Say I wanted to go buy yellowtails in Key West because I didn't have enough vermilion, I will run into a problem getting a restricted species in Florida to go land that product that I could legally buy from another fisherman, so do we want to request the states to honor something – I'm not exactly sure how to put it. North Carolina, are they limited entry on their commercial, too, for stuff? But I know Florida, you'd have to have a restricted species permit, and I don't know that I can go down there and get one from Georgia.

Mr. Cardin: Charlie, so the trouble you think you'd have would be qualifying for it?

Mr. Phillips: Buying one.

Mr. Cardin: Buying one, it would cost \$500 for an out-of-state license in the RS, and the state of Florida does accept landing tickets from other states that qualify, and you'd only have to have, I think it's \$5,000 worth of landings. It's just that you'd have to pay the out-of-state license fee.

Mr. Hartig: One thing I was thinking about yesterday – and I can't remember who I was talking to about it – we have a number of unlimited permits that have very low landings. Once we go into this program, those permits will still be viable to be able to be bought over time by someone who wants to come in and invest in this fishery.

Do we want to allow that to happen in perpetuity or do we want these permits who don't show an interest in buying quota to go away after a certain time? That way you'll get down to the fixed number of permits. I don't know, one year, two years, five years people will have the decision to make whether or not they want to get into the snapper grouper fishery. I don't know if that's something you want to do, but I think it's something – it's one of those things like I talked about yesterday. It's one of those things that's out there that could bite you in the butt down the line somewhere. I throw it out there for you all to think about.

Mr. Cowdrey: Basically, what you're saying is like if you take somebody who you know had a really low allocation, we could come up with something along the lines of, you know, within five years if you don't built this to, say, a thousand pound aggregate, or, you know, set some sort of criteria they have got to built it up to such and such during that time, then that will just disappear and go back into the pie. Okay.

Mr. Cardin: Ben, since there's a whole bunch of latent ones out there and if they might be a problem in the future, maybe we might want to go to a three-for-one program. I'm not joking.

Mr. Irwin: If you set a TAC, you give a quota out, an individual quota, how would that permit have any effect on anything? That's what I'm not understanding, because that permit, unless he has quota, he can't land anything. It's just a permit sitting there.

Mr. Hartig: Yes, but it's a permit sitting there that someone else can buy and then buy quota, and it's someone else who may have a lot of money. That's what I was trying to get a handle on. It may be someone else who has a fish house who buys a number of permits and then buys quota for his boat. I foresee a lot of things happening with those permits that are still there.

Mr. Whittle: I wanted to echo Ben. The number of permits would equal the number of potential buyers, the number of potential shareholders, so you might still have 300 permits that don't own shares but are eligible to buy and there would be a market value to those permits. Now, I don't know if there would be an incentive to continue to renew your permit every year if you didn't plan on either selling it or using it.

You might see some attrition from people who simply don't renew, and we might, at the very least, want to retire those permits if they're not renewed. Alternatively, we could go your route and try to ratchet down the number of eligible buyers.

Mr. Hartig: Yes, that's something we can address over time, too. It doesn't have to be done here. I'll just put it on the record as something to think about; and if we see it starting to become a problem, it could be dealt with then, too. It doesn't have to be dealt with now. It's something that when the review comes up that you could look at.

Mr. Cardin: But we've heard that the reason why past management hasn't worked is because of boats interacting with fish. And, even though a latent permit is not fishing but the chance that it might come back into the fishery and interact with the fish; therefore, the number of permits is very relevant to this fishery and its recovery.

Mr. Phillips: But, I mean, it doesn't really matter to the fish stocks whether you've got a hundred boats catching them or you've got 800 boats catching them. It's the same amount of fish and it's set. The more those extra permits where they're – you know, they buy somebody out of part of their fish, that is part of the flexibility that we're seeking, I think. If you keep lowering the number of permits, I don't see really an upside in it.

I mean, we've already got the number of – the TAC set, you know, and who can catch what set; and if somebody decides he doesn't want to catch vermilions this year and he wants to sell his vermilions to somebody that does want to put the monitors on the boat and jump through all the hoops, the more possible buyers you've got out there also means the more likely the price is going to be higher should you want to sell or lease. I don't know that I would worry about latent permits. I really don't think Phil is going to buy up all the history.

Mr. Cardin: Well, first off, Charlie, if I'm under allocated, if it costs a whole lot or not really does make a big difference to me as a fisherman. Second off, Gregg, could you tell us if there is any difference between 100 boats fishing a fishery and 800 when the TAC is already set?

Mr. Waugh: If you believe that there is a certain amount of bycatch or discard mortality per vessel out there fishing and you've got a much larger number of vessels, then you're going to have a larger discard mortality. That's one issue. In terms of biology, that's probably the only issue that comes to mind.

Economically, then you're dividing a fixed amount of fish amongst a much larger number of individuals, and is that enough to economically sustain 800 vessels? When I did the math, it wasn't.

Ms. Quigley: From an economic perspective, as well, if someone were to go and do an analysis to see which program that you guys propose or the council proposes provides the greatest aggregate profit to the fishery, the one with the least number of vessels is more likely to provide a larger aggregate profit because you don't have those vessels going out on the water and you don't have those costs associated with those vessels. That's something to be aware of.

Mr. Cowdrey: But if we have few enough permits already, so whatever number we've got now is beat down considerably from it was, and we're taking all these measurements here, now when the fish stocks rebuild and the allocation goes up – you know, if we get every fish stock rebuilt to where they were in the eighties where there were umpteen million boats making a living doing it, and now all of a sudden you've got so much more profit that can be divided amongst – you know, if we didn't get any less permits than what are in existence right now, in reality there's – I mean, there's little enough permits that if we didn't do jack, we'd be way better off than Mexico is and the way they manage their fishery.

Do you understand what I'm saying? Once we rebuild all this, we might wind up with a viable industry. Now if we wind up and we haven't got but ten people who are allowed to do it, you're going to have ten rich dudes, but you're not going to have much of an industry. That was just a comment.

Mr. Whittle: I just wanted to say I think all these are valid points; I think there are a lot of tradeoffs. I'm not sure that we need to try to engineer it. I kind of go back to what Ben said a minute ago. This is precisely the kind of issue we can revisit in five years if we have an IFQ. I think the reality will be that if you allow the number of permits to reduce on its own, based upon the market, I think you will see a fair amount of buying and selling early on, and you'll see the number of permits come down.

I think if you artificially constrain that, then I think what Bobby or someone said, you restrict transferability. You reduce the number of potential buyers, and I think that has an economic downside to the person trying to sell that. On the other hand, what Kate said is that the fewer boats in aggregate, the more valuable the fishery, the more profitable. I mean, all these are tradeoffs yet I think the trick is just to let things happen and then revisit it and see if it's too small or still too big.

Mr. Cardin: You know, when we're talking about let it attrition and all this stuff, there is currently nothing going to make less permits. If I fill out an application at this point, they change it to two years. If every two years I pay forty bucks, I've got that permit. Where are going to get attrition for someone – now we're extending it from a 90-day renewal to a one-year renewal in an upcoming amendment. There is nothing to make less permits at this point in the system. Am I right, Gregg?

Mr. Waugh: That's correct, the two-for-one – and that's why the council is looking at it again is the two-for-one has not reduced the number of permits as much as we would have expected it to or hoped it would. We still have too much effort in the fishery. You're right, the actions that are currently in amendments, excluding consideration of LAPs, would relax the renewal period, so you would have less permits lost to missing the renewal period.

Mr. Cardin: And at a forty dollars or a sixty dollar fee – you know, I usually buy several different ones, so I don't know exactly what one costs. I think it's fifty bucks for initial. So, who doesn't fill out an application and pay the fifty bucks, even there are quotas or not, those permits are still going to linger on and on and on.

Mr. Whittle: Bobby, under a LAP, depending upon whether we require video monitoring, for example, that could result – if you require all permit holders participating to have video monitoring, then you're going to see people give up their permits because it's not worth it. I mean, if that's the goal; if that's not the goal, then you can address that.

Mr. Cardin: Well, I agree, but what we're talking about is why do we need to get rid of these permits. We're assuming they're going to get rid of themselves.

Mr. Whittle: And I think they'll get rid of themselves if you require all permit holders to follow the same rules; i.e., the monitoring rules. Again, the question is do we want them to get rid of themselves? If we want to preserve a larger pool, then you can adjust the rules so all you have to do is pay forty bucks and renew it under a relaxed renewal period. But, under the way we're going now, I think that you will see attrition, you will see the numbers come down a bit because there will be an incentive for the smaller guys to sell to the full-time guys.

Mr. Cardin: So, we're saying there is a need to include in this document something that will reduce permits?

Ms. Quigley: I don't know that you need to reduce permits as much as you – consolidation of quota shares is going to take place. I'm not sure you need to reduce the number of permits other than the discard issue that Gregg had mentioned if you go under the assumption that's true.

Mr. Phillips: Well, you're going to have account for the discards, so they're going to have to go buy shares for whatever they discarded. It even should be taken care of, practically or theoretically. If we're going to have video monitoring and they catch something, they've got to go buy it. If they've got to go buy something to cover discards and pay for video monitoring – and, and, and – they're going to be highly likely to probably just sit on the permit and sell their share or lease their share or something to somebody else.

And leaving that permit valid so they can renew it for forty bucks so that when the stocks come back, like Chops says, then you've got a pool of people where you can get new entrants in and things like that. I don't even really think you've got that much of a discard issue because if you've got the monitoring, they've got to buy something to cover it because we're covering all the discards with a hundred percent, you know, keep all or whatever you do. Win, lose or draw, it's going to be covered.

Mr. Waugh: A couple of comments. The reference to if we get back to the eighties that Chops made, I just want to reiterate that. We will never see the eighties again. We mined in the eighties. So, that expectation is not realistic. The monitoring issue, I don't want you all to think that the only way you're going to get video monitoring is in LAP. We have to address bycatch.

When someone calls our hand on the bycatch issue, we're going to find that our measures that we have in place now are not sufficient to meet the Magnuson Act requirements to have a plan in place to collect bycatch data to estimate bycatch. The only reason we're not implementing ACCSP now is because NMFS doesn't have enough money to implement it.

Well, it's just going to take one lawsuit to call our hand on that and then we'll have to implement it. So, don't think that if your intent is to scuttle video monitoring that you have to scuttle LAPs. Video monitoring or on-board observers is coming separate from LAPs. There will have to be some program to monitor the recreational, yes, because their discard mortality has to be factored into their recreational allocation, and we have to ensure that their total mortality does not exceed the mortality that they have been allocated.

No, they don't. What Sean is saying is that they have longer to do it. There are those who, when they read the Reauthorized Magnuson Act, felt that you could consider allowing the recreational sector to exceed their allocation for several years before you took action. I think the letter that Hogarth sent to the Mid-Atlantic Council and ASMFC on summer flounder indicated that was not quite the situation; that if those councils did not take action, if the councils and the ASMFC did not take action on summer flounder, NMFS may have to come and close the fishery if it became evident that they were going to exceed their allocation. So, no, we don't have the luxury of waiting on the recreational side.

Mr. Phillips: Gregg, so LAP aside, we may be looking at mandatory video monitoring, anyway, to deal with –

Mr. Waugh: That's correct, a requirement of Magnuson is that the councils develop a plan to implement reporting requirements to allow us to estimate what the discards are. We don't have that right now. We have alternatives that come close to that. We have a program that has already been designed, but the council is not implementing that yet. That's our long-term goal, but we've told thus far that NMFS doesn't have the money to implement it so we're not implementing it.

That doesn't meet the requirements in the Magnuson Act. When we get called on that, we will have to implement some program to monitor bycatch and come up with an estimate of bycatch. You've got a logbook already that's voluntary on 10 percent of the vessels, but you're going to have to have some sort of on-board observer or video monitoring.

Mr. Phillips: What is their preferred? I mean, you said they've got something – if I understood you right, they've got a plan already that's not implemented. What is the plan?

Mr. Waugh: Well, the ACCSP Program deals with putting on-board observers on a proportion of the trips in order to verify self-reporting information.

Mr. Phillips: Okay, so that's kind of like the observer program that they had last year. I don't know if they're going to get that renewed or not, so it's something similar to that, and then they'll just take those numbers and plug in you can catch 500,000 pounds of fish and we estimate 50,000 pounds of discards, so you actually can only catch 450,000, so that would be one way of doing that in lieu of a LAP with video monitoring where they could crunch the numbers otherwise; is that kind of what I'm hearing?

Mr. Waugh: Correct, but you would have to demonstrate that your level of observer coverage was sufficient to provide a statistically valid estimate of the bycatch on the remainder of the fleet. Then if you had overlap with some of your self-reported data and there was agreement, then you might be able to expand those estimates.

Mr. Phillips: So that would be a good reason or argument to tell them to help pay for video monitoring for – they're going to spend the money one way or the other. Okay, thanks.

Mr. Conklin: Charlie, the observer program that we had last year is not over yet. It will be over when the observer makes an eight-day trip on my boat at the end of February on the last observer program. Then they can do their data and come up with some kind of numbers. But, I've got to along with you, I think if we do video monitoring and it's a requirement, then the amount of people that want to stay in this fishery are going to go and invest in it, and you take that amount of people that are legal to go fishing with video monitoring, you're going to have the people that don't fish, their discards are going to come into play with people that have video monitoring on their boat, then our percentage will be a higher percentage if you go along with the monitoring. If you don't, you can keep your permit but you can't fish it because you're going to sell or trade off of whatever you decide to do with what little bit of quota you do have.

Mr. Cardin: That's one of the things – and I'm speaking strictly as my personal interest in this business right now. I'm not speaking for others; I'm talking about myself. When I sit here and look, well, we've got all this stuff coming, anyway. The TAC is going to drop fishermen out. The cameras or on-board observers are going to drop fishermen out.

So, at status quo, all I've got to do is go catch what the dropouts don't catch. If we go with LAPs, I'm going to actually have to buy the people out, buy the quota from the people that don't want to buy the camera. I'm going to have to buy the quota from the people that don't want to fish under such a reduced TAC.

So, as a personal businessman, that's one of the problems I have with the LAP is why do I need to buy what someone is going to give me anyway by not participating? I kind of think, well, maybe we should let the stuff hit the wall, then pick up who is left over and let's talk about this LAP.

Mr. Conklin: Bobby, how are they going to video monitor what you do?

Mr. Cardin: Who me?

Mr. Conklin: Yes

Mr. Cardin: I'm going to put –

Mr. Conklin: Are they going to put a camera on the top of your helmet or your mask –

Mr. Cardin: Like I told Dan –

Mr. Conklin: -- or the end of your spear gun?

Mr. Cardin: Like I told Dan, I want to go to British Columbia and see what ideas that Bruce and those guys have about that. I know right now in our area a lot of big sport boats have cameras on the boat taking pictures of the fish and stuff when they reel it up. I don't know if that's what you're looking at. I've got pictures in my camera of the boat where I thought an on-board camera might be aimed at.

But, yes, the problem with am I going to have to wear a camera on my mask or something, that's a question I want answered. That's the one thing that scares me about video monitoring, yes. Do you know how much an underwater camera that works all the time is going to cost compared to yours sitting on the bridge of the boat? It's going to cost a lot of money.

Mr. Waugh: But what you're looking at is cameras for fish that cross the deck. We don't send cameras down on a hook and line. What we want to see is we want to film and observe what an observer would observe, because we don't send them down with you diving or with a hook and line or tie them off on a longline. It's what hits the dock, so you put a camera on the boat, it's what comes on your boat, that's what get recorded.

Mr. Cardin: Well, Gregg, I realize that myself, but when we get into this, a fisherman is going to be saying, "Well, you don't see what that diver is doing," and it's going to be another thing that is going to be a fight down the road between fishermen.

Mr. McKeon: I have a comment with respect to data. The South Atlantic Council I've heard say on many occasions that they have really no idea what the recreational discard mortality – what the recreational are actually catching, they really don't have a handle on. I have a suggestion. You close the recreational fishery down and you will see the most healthy fishery in about two years after that because they will allocate more money to collect data in the snapper grouper fishery than you can spend. I am half serious.

We're real-time monitored. We know when we're approaching our limits we're closed. We have no idea what the recreational people are doing, absolutely none, and I've heard it said by the regional administrator, I've heard it said at the council meetings themselves. I think the only fair thing to do is to tell them they're done, and that fishery will be the most thoroughly monitored, healthy fishery in two years. I would guarantee it.

And it's half a joke; I mean, we're talking about – you know, listening to what Bobby just said, that's about where I've been coming from since Day One. It's going to hit the fan one way or the other, but you're just going to get charged for it now and beat each other up over who gets what crumbs are left. I think the problem in these fisheries is recreational overages and no accountability in the recreational sector and that continues to be the problem.

Mr. Waugh: Just to respond to this issue of data, there is no doubt there is concern about the accuracy of the recreational data, but actually the MRFSS provides a scientific estimate of the fish that are caught and released. Actually, we have an estimate of the B2s from the recreational fishery.

Mr. McKeon: Explain how MRFSS works.

Mr. Waugh: Well, I think everybody knows how it works. The trips are intercepted and they ask the individual what they caught, what they discarded. They randomly dial coastal households and they determine the number of trips and you multiply the two. I'm not arguing that is accurate. The judge did not say that it needs to be accurate. The judge said you use the best available data.

My point is, is that we have an estimate of recreational discards. For some species it gets a lot more problematical than others, but we have an estimate, and that's best available. There is a lot effort ongoing looking at modifications to the MRFSS data. But, I don't think it's accurate to say that we have no idea what the recreational discards are. We have a scientifically generated number. Whether you believe it or not is a whole separate story.

Mr. McKeon: You keep going back to the judge's decision, and I don't want to get into our lawsuit with the South Atlantic. But, I think that is really pitiful that a council is going to say, "We don't really care what our data is. Look, we've got a judge who says we can do anything we want." And hang on a second, it's not my observation that you have no handle on what the recreational people are catching.

The regional administrator has said it. I've heard it at every single council meeting I've been at. I have heard it time and time again. To wave this judge's decision that said "best available" and not "best possible", to me it's pitiful. We should be trying to get best possible, and if that includes using other sources than calling people up and saying, "Well, what did you catch this weekend?"

I know people – and sometimes people forget this – most of us recreational fish. I have my license in my pocket, our new wonderful recreational fishing license in North Carolina. I have never been called. Most of the people I know have never been called. So, when you talk about science, as I understand it – and I took science a long time ago – there is a scientific method that is provable, and you could document these things.

And I'm not arguing that you don't have anything. I'm saying what you have is lousy. And to say, "Well, the judge said we can have lousy"; I say shut it down, and you watch how fast lousy turns into the best data-collecting operation ever hit in a fishery. That's what I'm arguing.

Mr. Waugh: And I don't want to continue this debate with you here. You all have data to collect, but I didn't say – certainly, our council has never said that we don't need to improve data. We have laid this out from Day One; we've fought for better data. My reference to the results of the lawsuit is I think that removes pressure on the agency to improve data because the judge said regardless of how bad the data are, the council has to react to it. We don't like that. We have done everything that we can do to improve the data. The one area where we've fallen a little short thus far is on bycatch.

Mr. McKeon: Pressure on the agency would come from the recreational industry, all aspects of it, if they were closed. Hogarth's letter got some people to react big time, and it was exactly the way you stated it. He said, "Either you do something or I'm going to do something". To do it in this fishery, the same thing would happen. That's all I'm arguing.

Mr. Conklin: But what Hogarth said, he's no longer the director. What the new director comes up with may be completely different than what Hogarth's theory was.

Mr. Hartig: Moving right along.

Ms. Quigley: Okay, it's 11:30 right now and all of our minds are going to be working slower after lunch. Right now what I'd like to do, if possible, is to get some ideas to Andi and I on what types of additional analysis you like to see done with regards to eligibility, other than the ones you've given, and initial allocation, because these are two very important categories.

One of the initial allocation methodologies that I used in that model was 1999 to 2005. You sum everybody's landings, you divide by the sum of everyone else's landings. Do we want to put that down as an option or are there other options, initial allocation methodology options. Like I said, some initial allocation methodologies work for certain people and don't work for others.

Mr. Hartig: Say the one you just said again. What did you want?

Ms. Quigley: The initial allocation methodology that I included in this model right here that we were running numbers for is –

Mr. Hartig: You used five years instead of three?

Ms. Quigley: You sum all of the years together and divide by the sum of everybody else, which is essentially the same as taking the average of everybody's years and dividing by everyone else's averages. It's extremely close; it's practically the same thing. Did anyone want to speak for or against that?

Mr. Conklin: I would recommend that we use what we agreed with on Option Number 3 there, '95 through the most recent data available.

Ms. Quigley: Including using the sum of everybody's instead of the best of three?

Mr. Conklin: No, use the best of three.

Mr. Hartig: Well, I'd certainly like to see something different at the next meeting. I'll defer to anybody who has anything else that they want to look at. You know, summing them all would be interesting to look at, for certain.

Ms. Quigley: And that's what we have right now in the model.

Mr. Hartig: Okay. Well, the average of the best five I thought might be a good way to go, looking at that.

Mr. Whittle: I'd like to speak in favor of running what you are using in the model as an option, basically just take the average over the six-year period, from '99 to 2005. The reason I support that is I think that would benefit fishermen who have consistently been in the fishery over that period of years and before.

I think when you take the best three years you tend to disadvantage the full-timers because you have people in the fishery that have three good years but don't necessarily have landings in those

other years or very high landings. In other words, I think it would benefit the full-timers. At least I'd like to see if it would or not, and so I would recommend that we consider the option '99 to 2005. It would also give a contemporary view of the fishery. I don't disagree with looking at what Phil wants to look at. I would just add this as an additional option.

Mr. Hartig: Yes, and since the one I said was so close, why don't we do the eight years if that's possible and see how that works out. My only concern is how much extra work is this putting on you.

Ms. Quigley: Well, Andi just ran, while we were sitting here, the results where you cut out quota share to people with 0.001 percent and 0.01 percent. She did it rather quickly. I think we're able to do it rather quickly. The only problem is, again, with the two-for-one permits, choosing between the two of them. So, again, you're going to have an analysis where we're not able to do that.

Instead we have to use the lowest permit number, so any of these best of – well, anything, it's going to be somewhat skewed with regards to the two-for-one permits. For everybody else in the fishery, it's going to be relevant. I don't think it's that hard to do. We also have 2006 data now so we'll have '99 to 2006. It's not that much more work to do if you have some other ideas.

Mr. Phillips: Can you go back to the sum of everybody divided – I'm not seeing much of a difference in the total pounds caught, and I thought that there was a whole lot of people that had really, really low landings, and I would have thought it would have been a lot bigger difference than 500 pounds unless I'm misunderstanding something, which is totally possible.

Ms. Quigley: Right, for this specific example there is not much difference, 1.7 percent to 1.85, 500 pounds, right. But, for other people who have, for example, only two good years, it's going to make a big difference for them. It's also going to make a big difference for people who have consistently landed 15,000 every year. They're going to win out with the sum, and I'll just run those numbers. I think that's correct right now.

Mr. Phillips: Well, I'm still confused because it says sum of all permit holders and the sum of landings, so I would have thought that if you had 800 full-time permit holders, then you're dividing that total catch by the 800, and then that equals the number. Now, that is going to back up to a share percentage. But if most of those grouper are being caught by 20 percent of the fishermen, then I would think there would be a lot – the numbers would be a long way apart. Do you see what I'm saying?

Mr. Cardin: Kate, I've really noticed equal allocations and best of three, but the sum of the landings made, I'm not understanding that equation. Can you help me with that?

Ms. Quigley: Which equation?

Mr. Cardin: Option A. Is that if you use the two-for-one?

Ms. Quigley: Okay. In the meantime, I just typed in 15,000, so someone who has steady landings from year to year, you can see that there is a larger – I guess overall they landed more, the average now of 15,000 versus 10,000. Okay, before it was 1.85 percent and 1.7 percent. Now it's 1.85, 1.3, so there is a larger – so the person who makes consistent landings from year to year, who has remained in the fishery and made consistent landings from year to year, they are going to benefit more under summing up landings for all year. They're going to benefit more under that. Someone who has landings that go up and down and have three high years are going to benefit under the average of best years. Scott, did you have a comment.

Mr. Crosson: Scott Crosson from North Carolina DMF. I mean, this is intentionally a zero sum game. All the fish that you're allocating to one particular person have to come out of the group for everybody else. So, instead of talking about the best three years, the best five years, the best eight years, any of those scenarios are going to benefit – I just want to make sure my logic is correct – any of those scenarios are going to benefit people who had a set number of really good years at the expense of somebody who had a consistent average over the whole number of years.

Maybe that's the kind of debate that the workgroup should be having rather than running a bunch a different scenarios, you know, using three, five, eight or whatever. I mean, that seems to me to be the substantive question at stake.

Mr. Cardin: Kate, but when you did this with average landings, the allocation is 2,000 pounds less when you went with the consistent rather than the best of.

Ms. Quigley: Right, so I'm saying if you have consistent landings, Option A, initial allocation methodology, Option A is going to benefit you more than compared to Option B. There is a difference of more than 2,500 pounds.

Mr. Cardin: I don't know very many fishermen that don't have good and bad years, especially over a time period – you know, you're having kids, there's a couple of years you've got to be home with the wife and –

Ms. Quigley: Right, which is probably why you guys prefer best of three.

Mr. Cardin: I would think picking best years would basically benefit everybody because of the different scenarios.

Ms. Quigley: Except that you are comparing your best years to everyone else's best years. So, if you believe that your best three years are better than everybody else's best three years, you're going to benefit. If you're wrong, you're going to lose. That's all. To respond somewhat to Scott's comment, this model is – you guys are running scenarios to find out what benefits you or what might benefit a fictitious individual. But, what the council is asking you to do as well is to take a look at what would benefit the entire fishery.

Mr. Shelley: It would get more people out of it. Really, there is not enough to go around for these part-timers and stuff. People have got other jobs. I mean, if I split the golden tile and a little bit of snowies up, whatever, with other fishermen up and down the east coast, there is no

doubt I'm going to fold my doors. I won't have any alternative. I won't even be able to make enough to even buy a few shares from somebody else.

Mr. Irwin: I think Scott made a really good point about the debate we should have. If you go with the best three years, you may have people that come in and out of the fishery and have those good three years benefiting them. If you have somebody that's consistently going out there and in the business, that means he relies more on that fishery to basically pay his bills. I really think when you're allocating that's the person you need to take care of.

Mr. Hartig: Let me just give you an example of one species. Let me give you golden tilefish. All right, in 2004 we had a hurricane, I didn't fish for two months, the time I catch golden tilefish. In 2005 we had a hurricane, I missed one month. In 2006 they closed the fishery in October because the quota was caught. In 2007 they closed the fishery in October because the quota was caught.

So, I'm looking at a fishery I only started two years into over here, so how in the world am I ever going to get any allocation in a place where people can't even fish with a longline for golden tilefish. I mean, sure, it's a special example, but still – I mean, I'm trying to figure out some way through this process of how to deal with these things that are happening in the fisheries.

That's one of the points that I'll make to the council. I think you can deal with tilefish a lot differently. I think you can set up a – I'll go ahead with it – you can set up a sector allocation in golden tilefish. You split it up between the longliners and hook-and-liners. You give X percent and then you allow the longliners to come up with their own trip limits and the hook-and-liners come up with their own trip limits in their area and let them go fishing.

The big problem there is how much do you allocate initially to the hook-and-line fishery since they haven't been able to fish but two years out of the last six. There are real things to think about as far as those fisheries go. It's an aberrant example, I'll make that clear, but it is something that keeps gnawing at me because it's fishery that we fought to get those regulations in place.

Now we've got the fishery back to historic levels where we're catching what we used to catch, and we can't fish. It's problematic. The change in the fishing year that we proposed to the council will help to some degree, but it still puts us in direct competition with selling longline product. If you went with a sector allocation, you could catch them at a time when they weren't producing as many fish and you can get your economic benefits from the fish.

I know this is getting ahead of yourself because I think you've got – the next meeting you have some other alternatives, what other alternatives might people introduce instead of LAPs, but that's just one from my perspective that I see that may work. Charlie.

Mr. Phillips: Just out of curiosity, because I think it might help us to figure out where we want to go, what would be the price that you would pay for a golden tile lease? Say, if somebody had some for sale, okay, what would you pay for golden tile so you could go keep working? You know what they're worth, you know how much it cost for you to go catch them, just out of

curiosity what kind of ballpark figure would you – you say you can't afford it. What could you afford to pay to go catch more fish?

Mr. Shelley: Well, once again, that's left up to the buyers.

Mr. Phillips: No, I'm asking what would you offer?

Mr. Shelley: Well, I mean, you're looking at probably two dollars or two-fifty a pound average on them, so how much can you stand to pay out of that on the trip limit they've got to be able to even – you know, to be profitable to do it. That's the reason I feel like no more than we're getting out of things, we need more of the pie to be able to stay there. I don't have other boats to lean on or a fish house to lean on. I'm just a sole boat out there just trying to pay a house payment and putting the kids through school.

Mr. Phillips: Well, the question is there are a lot of people in the same boat whether they're using golden tile or vermilion. If you could go catch golden tile for two dollars a pound and you paid somebody fifty cents a pound for their share, would you go?

Mr. Shelley: Yes, instead of falling in line at the welfare people.

Mr. Phillips: So, you know, when you start figuring out those numbers, then it gets to would the guys or somebody else, say, in your shape, would just say, "I'll just sell my 5,000 pounds at fifty cents, and I'll go do something else." That's where we're going to end up and we're going to have to start thinking about what they're worth to us, so when we divide up the pie it starts making sense on the nuts and bolts of the mechanics. We're going to have to think about it. We're not fishermen anymore; we're fishermen/businessmen now or you're definitely just going to have to get out. Some numbers in vermilion, because they're so labor intensive, I'm think that's probably the same price in their fifty cents, maybe seventy-five cents. Gags might be a little bit more.

Mr. Shelley: To lease it, maybe, not to buy it.

Mr. Phillips: Yes, to lease it for a year, yes. So, once you get your leasing cost in for a year, then you can figure out long term what it might be worth to buy it, but leasing is going to be the base of it.

Mr. Shelley: Yes, but the only thing – well, just like, okay, it's going to be divided between all the snapper grouper boats. People that have never even caught a golden tile, they're going to get part of it and I've got to turn around and pay them for it.

Mr. Hartig: Let me ask Kate, we saw in red snapper that red snapper went for about half the value – the lease value was about half the value of the product. Red snapper was averaging right around four dollars, so the lease value was right around two dollars a pound. Do you have any numbers from other fisheries around the world of what lease values were?

Ms. Quigley: The red snapper lease value – the Red Snapper IFQ just came on line so people don't have as much confidence in the system as they may have in ten years. As a result the lease value is very high compared to the quota share cost. The quota share cost is like four dollars a pound.

Mr. Hartig: No, it's more than that. I was just saying that the lease value was half the X vessel price of the fish.

Ms. Quigley: Okay, most of the comparisons that I have seen is lease value to quota share value, so, no, I don't have any numbers regarding lease value to how much you can get per pound fish.

Ms. Von Harten: From my notes from British Columbia, I have that the quota will sell for six to eight times the landed value. Leasing goes for 50 percent of the landed value.

Mr. Cowdrey: But wouldn't that 50 percent change according to the profitability of the fish? I mean, like if golden tilefish is worth two-fifty, once you get below two dollars a pound on a species, unless you're catching a super amount of them, it's not profitable to do. Those sellers or the leasers who are holding the allocation can't – nobody is going to lease it from them for 50 percent because who is going to ride umpteen million miles to go catch a dollar and a quarter fish, right? So, it would change according to the supply and demand and what is profitable and what is not, right?

Mr. Irwin: That will be true, but what leasing – I would see leasing coming into this. I have some golden tile quota. Here I'm going to go out and catch golden tile, but you know what, I know it's getting really good, so I want to get a little more landings. After I get past my expenses, I'm on pure profit. So every dollar I make is really going in to pocket; do you see what I mean?

Mr. Whittle: Let me just add for the record, I don't have the lease numbers for red snapper, but the latest price of a share is 3.5 to 4.5 times the dockside price; so, in other words, fifteen dollars a pound right now is what a share is going for. That's to sell it, not to lease it.

Ms. Quigley: I was just going to say if you expect the LAP to last for more than four years, then you can make a profit on that.

Mr. Cardin: I think if a commercial fishing boat is making a 50 percent profit, they're probably doing pretty good, so now you're going to go lease quota and you've got to pay 50 percent of it for the lease, so basically you'll be fishing for nothing. You know, you've got capital flow, you've got money going to your business, you just caught fish that pays for gas the last month and all that, and I think all that's going to do is be cash flow. I don't think it's going to be profit.

Mr. McKeon: And you're also assuming that the federal government is going to allow you to catch those fish next year that you just bought.

Mr. Cardin: That's where a LAPs will break me because I'll keep trying to stay ahead of the game, and then one day when a bad year that I can't what I bought or a bad year when they

reduced the TAC, all the credit I have is going to knock me over. It's going to bankrupt me at that point.

Mr. Hartig: Is there any other interest in seeing other analyses that Kate wants to put together?

Ms. Quigley: Okay, do you guys want to keep this requirement that anyone who participated in the two-for-one rule has to choose one of the two permit catch histories?

Mr. Cowdrey: Are you saying choose one of the two rather than doing it by species by species between the two; is that what you're asking?

Ms. Quigley: No, what I'm saying is that people who participated in the two-for-one rule, what you guys wanted at the last meeting, I think it was for that individual to choose one permit for each species, so for vermilion which permit do you want, for gag which permit do you want? Okay, if we leave at that, just letting you know, we're going to have to get them to revise the dataset, which I believe they can do.

We'll send a letter requesting they revise the dataset. What we'll come back with is something very close to the results we think that you will see under that requirement. We'll go ahead and do those analyses. Charlie.

Mr. Phillips: All right, just to make sure, didn't you, on your chart, show that when you put all the permit histories together, that it was almost identical with – I'm not sure, just for the sake of clarity, that we might want to just let all the histories count to give credit to what the council said of Amendment 8.

It's not going to make much difference except for maybe just one or two fishermen, if I understood right, and it might make it a whole lot simpler on everybody to – I think it would be worth considering it anyway for what they said in Amendment 8 and simplicity, and it's not going to make much difference except for one or two people.

Mr. Whittle: I don't have a dog in this fight, but I was going to suggest just the opposite. I was going to suggest Analysis 1 instead of Analysis 2, choosing a permit that has higher landings and not combine them. I think in a way that would be easier and in a way it would be fairer. I agree with you, Charlie, from my viewpoint they're the same in terms of the overall fishery, so I truly am neutral on this.

I do think, though, that the data show that a few of the highliners in some fisheries will see a fairly significant at least material difference. If our goal is to support the people who have been in it consistently, you might err on the side of Analysis 1. It's just an observation.

Ms. Quigley: We'll keep them both in there, then. We'll continue to do both.

Mr. Cox: I think if we can't combine the two histories, then we ought to at least be able to take the best of the two.

Mr. Cardin: Well, I don't want to put a dog in this fight, but I guess I am. You know, from the aspect of in the future we're going to be in LAPs, and if go buy one person's quota or two person's quota or whatever, it's all going to count. In retrospect, if you were buying permits, whether you bought one person's permit or two to two-for-one or four-for-two, whatever you did, why wouldn't it count?

I mean, it should all count. If you've spent your money on it, it should count. I mean, legally speaking, when you bought someone out, you were buying them out. It seems to me like you should get credit for what you bought.

Mr. Cox: I agree, thank you. I mean, that's what the program wanted to do to start with.

Mr. Cardin: I mean, the National Marine Fisheries has been allowing this to happen. They even put on the back of the permit a space to write down when you sold it, how much it was for and made it a legal document, and now you have to have it notarized. I mean, to me, contractually, I think you should get credit for something you were buying.

Mr. Hartig: Are you saying you should get credit for more than two permits?

Mr. Cardin: Well, tomorrow if I buy IFQs, I get credit for all of them. If I bought permits yesterday, I should get credit for all of them. Yes, it should be combined. You've retired one boat off the ocean; you stopped an interaction in the water. You did your part by reducing the fleet by buying the two-for-one.

Do you understand what I'm saying? I mean, now there is one boat on the ocean instead of two. You did your part. You did what the council wanted; you've reduced the fleet size. Now what you bought with your money should be what is yours.

Mr. Cox: What you're saying is we've got to have some faith in what the South Atlantic Fishery Council has already said. They said in Amendment 8 we're going to take care of you. Well, if they go back on that, then what are we going to believe what they're going to put forward?

Mr. Cardin: You said that, but I'll go along with it.

Mr. Hartig: Well, I have a little problem with using more than two catch histories. That's what I have.

Mr. Cardin: You said two or more than two?

Mr. Hartig: More than two.

Mr. Cardin: Well, I don't you'd be using more than two.

Mr. Hartig: Okay, that's my misunderstanding.

Mr. Phillips: You've got two permits making one.

Mr. Hartig: You can't stack permits.

Mr. Phillips: No.

Mr. Cardin: Well, if you keep doing the same transaction over and over, yes, I guess it would be stacking them.

Mr. Hartig: Well, if you just kept buying permits and putting them on your boat or other boats.

Mr. Cardin: Well, I think somewhere in here I'm sure council is going to use some sort of control date, I would assume.

Mr. Phillips: Or a cap.

Mr. Hartig: Well, speaking of the control date, that was what Mark was asking yesterday, is there a way we can analyze how many people will be disenfranchised from the fishery using the 2005 control date and how much landings pertain to that.

Ms. Quigley: I think so, I think if you said that we would only use – well, two different options. We could say we only use '99 to 2005 data or you can say anyone who did not fish beyond – anyone who started fishing in 2006 and 2007 would not be included. You could say one of those.

Mr. Hartig: Yes, if you had '99 to 2005 data, well, that's what you've got there now, so that covers that control date if you so desire to use that.

Ms. Quigley: Just remember there is another control date of December 2006, so they could choose either one.

Mr. Phillips: So you're saying that anybody that bought – like Jack had bought permits last year, and those permits were valid, good, notarized, you know, logged in the system down there, because somebody retired and they wanted to sell out, then his permits wouldn't be any good, his boat value would obviously go down, and the same thing applies for me. And it's not so much that I'm worried about what happens to me, but I really think you'd – then you're also making those catch histories invalid. So not only are you invalidating what they said in Amendment 8, but you're invalidating what people thought were valid sales, valid business decisions. I really don't think you can go there.

Mr. Hartig: Well, we've been there, Charlie, we've done it already. We already did it initially in this program when we came to a limited access snapper grouper permit. It's no problem going back to 2005 using the control date; it's no problem at all. You just do it. I mean, it's something that this council has done before, and they could use it again.

Whether or not it's appropriate in the framework that we've built, I don't know. I put it up there because Mark thought pretty strongly that we ought to look at it, so we've got it in there by default, actually.

Ms. Quigley: So, can you reiterate it. You just wanted to use '99 to '05, correct?

Mr. Hartig: Yes.

Mr. Cardin: Is that the one in October?

Mr. Hartig: Yes.

Mr. Cardin: The control date is October 15, 2005.

Ms. Quigley: Well, we don't have monthly data, so –

Mr. Cardin: Are we talking about qualifications for being in the fishery or are we talking about landing scenarios?

Ms. Quigley: These are initial allocation methodologies. We can go and put it under the eligibility requirements if you want.

Mr. Hartig: I think you'll meet both objectives doing it the way you have it put up there, and that's fine. You know, just figure by the year. That's an exception we can make.

Ms. Quigley: Okay. Well, right now it's 12:05. If you guys wanted to break for lunch, then that's a good idea. After the break, maybe I can show you the data that Andi has passed to me and we can talk about caps, if you want, or any other categories. Okay, we'll break for lunch and come back at 1:30.

The Limited Access Privilege Program Exploratory Workgroup of the South Atlantic Fishery Management Council reconvened at the Hilton Garden Inn, 5265 International Boulevard, North Charleston, South Carolina, Wednesday afternoon, January 16, 2008, and was called to order at 1:30 o'clock p.m. by Ms. Kate Quigley.

Ms. Quigley: Okay, a couple of things. First, I just wanted to remind people they received a document a while ago I can e-mail to you again if you don't think you have it on initial allocation methodologies used by other fisheries in Nova Scotia. I have got the document called up right here on the screen.

Nova Scotia used the best two of four years for each species for each area, so similar to what we're doing, the best three years, whatever it is, three of seven. British Columbia used five years' catch history where 70 percent was based on the catch history and 30 percent was based on the vessel length. By using the vessel length, they were trying to incorporate those that had invested more in the fishery, they would receive more of an allocation, so those that had larger vessels would receive of an allocation.

Australia, Southeast Multi-Species Trawl Fishery, catch history and investment, so they based the investment on engine power. I know exactly what catch history they used. New Zealand, catch history, two out of three most recent years, and that was because that's what they had data for. That's all they had data for and that's why they used the most recent years.

They had a requirement of permit holders had to earn 80 percent of income from fishing or \$10,000 a year from fishing to qualify. Iceland, catch history for three years prior to implementation, and again that's because that was the data that they had. They also had two different tiers. They had one tier, one group of people, fishing vessel owners with vessels greater than ten tons, and then IFQ was later allocated to vessels with greater than six tons, so between six and ten tons.

This is just to give you an idea of some other methods that have been used. I don't know where that data is recorded. I mean, vessel length obviously exists. I don't know if engine power is recorded anywhere.

Unidentified Speaker Not Using Microphone: It's on your permit.

Ms. Quigley: It's on your permit? Yes, I meant here in this fishery where it's recorded. Another idea is if there was an interest in maintaining part-time fishermen. You could have a separate tier for them or you could allocate a certain – so, in other words, you could allocate a certain percentage of the commercial quota to them or allocate a certain percentage of the commercial quota to people who catch a certain species as bycatch. That way you maintain those fisheries, you maintain those people's businesses, but you can also do eligibility requirements for each of those. For perhaps the top tier of people who participate year after year after year after year, you could have a more strict eligibility requirement. Anyway, just some ideas to talk about there.

Andi gave to me some results from the 0.001 percent and 0.01 percent, but I've kind of got to create a more presentable format. I can bring those the next time. If there is a real interest in seeing those right now, I'll probably need about ten minutes to just go through or you can watch me go through.

This is the 0.001 percent analysis, and these are the number of vessels that were not allocated quota share by species. What I've got to do is go ahead and compare these numbers to the other numbers that you received for the 0.0001 percent, if that's what you're interested in looking at first, the number of people eliminated. I think that's what you're interested in looking at.

Another thing that I can do is here is the denominator. Let's go ahead and do a comparison right now of a fictitious individual in that Excel model to see how their quota share would change with the same numbers, just using a different denominator, different number people participating in the fishery. What would you guys like to see first?

Sure, we can try it for tilefish. We'll first run tilefish for an individual assuming you don't receive a quota allocation if you have 0.0001 percent of quota share so that we have something to

compare to. So, can we have some number from '99 through 2005? What would some reasonable numbers be?

So, under those landings of 10,000 pounds per year, under the methodology where you take averaging using all the years, 2.21 percent, 7,300 pounds. Under the average of the best three years, 1.26 percent, 4,180 pounds. Okay, now let's go ahead and account for this different eligibility requirement.

Mr. Hartig: Can you base it on the quota we have now?

Ms. Quigley: Yes, I'll base it on this commercial quota; is that what you mean?

Mr. Hartig: I thought our commercial quota was like 294 now; that's what I thought. I thought 331 was MSY.

Ms. Quigley: Yes, I've got 294. Let me type that number in – 295,536. Okay, under the scenario of 0.001 percent, the percentages change from 2.21 percent of 0.0001 percent to 2.81 percent, so you see the percentage went up. However, the best of three years, that percentage went down. Yes, it's not an easy thing to do on the spot because you kind of have to figure out what is happening and troubleshoot. I'd have to look at it.

Let me just check this. If you take the best of three years and you add them together and you average them, you're going to get 10,000 pounds for this individual. Okay, so 10,000 pounds divided by the number that I just got from Andi, which is right here, this is the sum of everybody's best of three years, and that's the number that you get, 0.4 percent. We can check our work, but that's just the number that you get. Go ahead, Bobby.

Mr. Cardin: If your best of three years were different years than my best of three years, then that's got to be working on some sort of average instead of actually extrapolating some individual's landings. How is it that you had the same best of three years as I did, what we're assuming with that, with the number Andi gave you?

Ms. Quigley: I don't. This is one individual. We can type in other numbers for somebody else and you would get a different number.

Mr. Cardin: Well, do one more thing for me, then –

Ms. Quigley: I'm not sure I understand your question. Why don't you try another individual, and maybe you can see the difference.

Mr. Cardin: Okay, here you go, let me get this. Okay, put 20,000 in each column.

Ms. Quigley: If you put 20,000 in basically quota share and your pounds double. The question why does the second line have a 0.8 percent?

Mr. Conklin: Yes, why is the second line so much lower than the first one?

Ms. Quigley: We'll check our work. I believe the second line is so much lower than the first because there are people out there that have three or more very high landings of tilefish, much higher than 20,000 pounds. Now, I don't know what the tilefish fishery looks like for most individuals, but if it's a fishery that goes up and down a lot, then this might make sense.

If you try it for another fishery, you might not see the same thing because maybe there are other fisheries where people have landings that are more consistent from year to year. Yes, 0.8 looks quite different from 5.6, Phil, and that's why we need to check our work. Anyway, in general what you see is that for the sum of landings, using all years, the percentage goes up because you've cut out more people.

It appears that for this other initial allocation methodology, the best of three years, it did not go up. It went down because this person harvesting 20,000 pounds, the best three years compared so poorly to the remaining people in the fishery, which would have been the people who were more serious fishers than the first run. Then we can run the numbers for 0.01 percent as well, but what you're going to see is it's going to go up even more.

Mr. Cardin: You know, we talk about this NMFS travel freeze and all that, and, you know, I thought in the process we'd have them on board with us; and some of this math, I thought they were doing it for us in the first place. As Gregg was saying, maybe we need to give them a letter or request that they're here.

Mr. Hartig: Yes, I'm going to do that. I mean, I'll write a formal letter to the regional director and I'll call him and tell him that we need to have NMFS here for the next meeting, at least Paul Raymond and hopefully Bruce Buxton from Florida and John Reed, too. We need three people here somehow some way.

Mr. Cardin: From the beginning, we were talking about not necessarily definitions or maybe the legal point of view on things like that, I also from the beginning that we might have someone from general counsel here I thought we were going to get some explanation, and I guess now that's out with the travel freeze, also.

Ms. Quigley: Comments from general counsel on what?

Mr. Cardin: On some of these definitions. I thought Monica or maybe at one time wasn't people talking about we were going to have some kind of legal advice on this?

Ms. Quigley: It depends on what aspect. Monica did give some information about overages at the September or December meeting. I think it was the September meeting where she said that there is nothing in the MSA that she thinks would prevent a region from implementing overage allowances, so banking and borrowing.

Mr. Cardin: Okay, is that all we got?

Ms. Quigley: Yes, she provided an answer to a specific letter that we sent, and she provided the answer to the council while the council was in session, because she wasn't able to make it to our meeting.

Mr. Hartig: Have you had any input from NMFS about when the new guidelines are going to be done?

Ms. Quigley: I was contacted in December by Jason Blackburn, who is in charge of writing the LAP Guidelines, and he was just getting started on it in December, so I don't expect to see it for quite some time. Okay, it's going to take me a little while to do this, so we can sit around and I can do it, or we can talk about other working document stuff.

The 0.04 number, I believe that's correct, but the other number is not going to be as high, so I'm trying to figure that out right now. Yes, I can e-mail you guys as soon as we get the results. Actually, I'd include it in the briefing book, so I'm going to have to get the briefing book out to you guys shortly after this meeting, anyway.

Mr. Hartig: Okay, let's go to the document, then. Do you guys want to do that? We need to.

Ms. Quigley: Yes, we've only got another hour so let's switch over to the document. Sorry about that, these things are hard to do on the fly.

Mr. Hartig: That's no problem, I understand and I appreciate the effort.

Ms. Quigley: So, these are the initial allocation methodologies that you guys have, and I have got a number of different analyses that we'll be doing. If there are no others, we can go into talking about quota share caps. That's something we haven't talked about that we need to talk about because there are no options written down for that yet.

Mr. Cardin: While we're still on this right here, when we're putting this control date in, I understand the need for perhaps using a control date, but when we're talking about the initial allocations, in the Magnuson-Stevens it says historical and current landings. So, using the control date as some kind of criteria for being selected is one thing, but, once again, are we using that control date as landings' history or allocation scenarios?

Mr. Hartig: No, we haven't. I mean, we've got an option in there now using a control date.

Mr. Cardin: So, in other words, if we pick that option, we're not going to use anymore current landings or is that option for the initial – being qualified even to participate in the fisheries?

Ms. Quigley: They both accomplish the same thing as I think what we talked about. If you say we're going to distribute quota share based upon '99 to 2005, so we're not using 2006 or 2007. That accomplishes the same number of participants in the fishery as saying if you made landings in 2005, you can participate – for up to 2005 you can participate, but if you made landings in '06 or '07 only, you cannot participate. They accomplish the same goal.

Okay, you guys have the data from what we ran of the three best and you've got the maximum percentages. Those are not going to change with these new eligibility criteria that you've put out there. What you have will be very similar to what we'll come up with once we've run the eligibility in the other analyses, average of the best five, average of the best eight, including all landings.

Those three initial allocations scenarios, you will get possibly different numbers for initial allocation, which one has the highest cap. That means who has got the highest quota share holdings. One thing that you could put in as an option, which it seems like you want, is to grandfather in those people who have a very high percentage of quota share.

The question is do you want to make that the cap or not? You could say we'd like 2 percent to be cap, but we want to grandfather in these people, or you can say that the highest quota share percentage, we would like that to be the cap, or you can say something different. But, just be aware that some of the caps are 5 percent. I think there were a couple that were 5 percent, black sea bass. We can also do a cap for each species and a cap for total holdings.

Mr. Hartig: Well, is there any objection to at least grandfathering those in who have the highest percentages; or, do you want to leave it at the highest percentage there is?

Mr. Cowdrey: I've got a question. I don't really know much about a corporate permit, but I know there is such a thing as a corporate permit. Is that where there is a permit that has several boats working under the same permit? I'm saying could one of these 5 percent holders be from more than one boat? Okay, that's all. I think it's a good idea to grandfather the highest and make that the cap. I think that's a good idea. It's fair.

Mr. Whittle: All right, just food for thought. Is there any reason to make the cap higher than this and still keep it at a low enough level to prevent excessive shares? The point in doing that might be to allow the highest highliners to grow a little bit if they want. Again, you may not want to do that, but you might consider whether you want to make the cap a little bit higher.

Mr. Cowdrey: I think they'll grow with the stocks. I mean, wouldn't that be the most responsible thing to let them grow with the stocks, unless we have a fishery where there are no participants or something like that. But, every fishery I know of has somebody who is doing – at least one person that's doing super good.

Mr. Whittle: Chops, that's right, your poundage will go up as the stocks go up; just your percentage won't. And, again, I'm happy with this. I just want to put it out there in case you guys want to think about it.

Mr. Phillips: Well, golden tile, and the highest fisherman is at 7 percent, just picking out numbers, his 7 percent could very well be a lot lower than what he has been catching, and he may need to buy some additional percentage so he can get back to his level, which is going to run him over his high catch just so he could keep catching what he was catching even though he's going to have to buy it.

Your point about having to be able to go over the catch – of course, I guess you could still lease it and go over. I mean, you're talking about what you own as far as percentage-wise or what you've got plus what you can lease? You're going to have to define that.

Mr. Whittle: I think the idea in setting a cap at all is because you want to prevent excessive consolidation. I mean, some IFQs don't have caps, and in some cases they consolidated. There are some cases if there is no real change. So, it's really insurance against excessive consolidation. But, I was trying to get to your point, Charlie, I just couldn't articulate it.

In a world of lower quotas, 7 percent of a lower quota might not be sufficient these days, and so you may want to consider 10 percent or not. Again, it's just food for thought. Just based upon yesterday's conversation, you might want to provide a little wiggle room. Now, obviously, you don't want to go too far up or you've then invited more consolidation than you may want. So, it's a tradeoff between flexibility and concentration.

Mr. Hartig: Can we get the figures just for these real quick, can you do that, what the poundage phase based on the quota? Do you understand what I'm saying?

Ms. Quigley: So the highest quota share percentage –

Mr. Hartig: Exactly --

Ms. Quigley: -- and what the poundage is?

Mr. Hartig: -- what the poundage is that corresponds to each one.

Ms. Quigley: Yes, we can do that.

Mr. Phillips: Well, you may want to just set it at 25 percent over what the highest cap is just across the board or some percentage like that and keep it just simple. Let's see what those numbers are.

Mr. Hartig: Yes, we'll see what the numbers are, but looking at these compared to other IFQ fisheries I've seen, these are relatively high percentages based on the other programs I've looked at. They're already pretty high, but we have a unique fishery and maybe that's right, that's the way it should be. I have a foreseeable problem with somebody coming in and putting six boats together and then funding quota for them at the expense of the fleet.

Maybe they want to pay more money for their quota than the full-time highliners could afford. It would be good for those who were selling the quota, but it wouldn't be good for the fishermen in the fishery. It's one of those things that you don't know that's going to happen until it does.

Mr. Cardin: Well, on the tilefish, you've got six boats come in and maybe take the whole quota.

Ms. Quigley: Okay, I can go ahead and write those in. Just to clarify, golden tilefish, the expected commercial quota I have up here is 331,000 whole weight. It's 294 or 295 gutted

weight. Okay, I'll go ahead and see what the maximum share percentage is for each of these. I'm going to go and do these, but just to give you an interpretation, the maximum share percentage for gag was 3.01. For Analysis 1, it was a little bit lower, but 3.1 percent, and that calculates out to about 11,000 pounds.

I'll go ahead and do the others. Do any of those numbers look excessive to people? I'm sure you probably know, but, for example, golden tilefish, 9.1 percent implies there could be ten people that catch golden tilefish. However, other people can buy in. That's if nobody buys in, approximately ten people would be participating in the fishery in the future, potentially, if everybody went up to the maximum, which is unlikely.

Mr. Hartig: I thought for golden tilefish it looked low; I didn't think it looked excessive. I can only ask our resident expert on tilefish, does that look low to you? Now, this is based on a three-year average or what is this based on?

Ms. Quigley: Percentages are based on the three-year average, the best of three.

Mr. Hartig: So in your best of three years' catches, does that look in line?

(Answer given without using the microphone.)

Mr. Hartig: That's what I was wondering. That's what I figured.

Ms. Quigley: Well, actually, I think the question you want to ask is this is the allocation that the highest individual would get; is this something you can survive on, 30,000 pounds of golden tilefish? I think that's the question.

Mr. Hartig: Now, what you said, this isn't what was caught; it's what your allocation will be with the new quota, so that's where I was misled. That's what the allocation is going to be for the highest producer in the tilefish fishery; am I right?

Ms. Quigley: Yes, that's right.

Mr. Shelley: Yes, that looks a lot better than 10,000 that John Reed said or did there earlier about the highest person in the thing might get 10,000. I might could live with that; I could be a part-time fisherman with that kind of numbers.

Ms. Quigley: When I do the analysis that I do, I will make sure there are comparisons of these numbers so you can see how much it goes up, if it goes up at all. In addition to doing the 0.001 percent and 0.01 percent that Andi actually already did, in addition to presenting that to you guys, I think we'll do something like a 5,000 pound requirement for all species or something just so you have something to compare to. I know you guys didn't ask for that, but we should give it a try and see what happens, so we'll do that as well. Dan, did you have a comment?

Mr. Whittle: Yes, quick question, and I should but do not know the answer to this. In terms of setting caps, that places a ceiling on how much quota you can own. I think it also affects how

much you can lease; is that right? I mean, you can't lease beyond your caps; is that right? I mean, typically the way it has been done in the past.

Ms. Quigley: I'm trying to recall. I think in British Columbia – maybe Seth can speak to Alaska, but I think in British Columbia there was no cap put on pounds. There was only a cap put on quota share. They did have a cap for the overall fishery, though, but there was no cap placed on pounds that you could harvest each year. You could go ahead and lease or purchase those pounds. There was no cap on that.

(Answer given without using the microphone or identification.)

Ms. Quigley: So, Seth is saying there is both ownership and use caps in Alaska, so you guys can do whatever you like.

Mr. Whittle: We just might want to consider – I had always thought there was a cap on both, so, in other words, you couldn't get around your ownership cap by consistently leasing twice as much. I think we can do whatever we want, but we might want to be real clear to distinguish between a cap on ownership and a cap on leasing or whether they're the same.

Ms. Quigley: Okay, what I have written into the options is it says quota share cap, and I can put additional options if we want to talk to pounds. Charlie.

Mr. Phillips: Two things. One, you may want to just say nobody can have more than combined quota share and lease poundage that's over 25 percent of the higher. Say, if you've got somebody that has got 9 percent, they can still get 25 percent more of that percent. If somebody has got 7 percent, they could lease 40 percent more, so that there is a top end that anybody can reach.

That way everybody can conceivably be on the same playing field. You know, everybody else has the option of getting level with the highliner, so you've got a top end. The other thing we need to look at is queen triggers and gray triggers because they're so often together, and we need to see if we can combine those two and work that out, too. But, I would suggest 25 percent or whatever the workgroup's preference would be something, put a number on it.

Ms. Quigley: And one thing to be aware of – and NMFS will speak to this – you should put down whatever you, but they might say that it would be difficult to track the pounds that someone purchases from one day to another. I mean, they can always go back and look at the transactions that have taken place and then check, so maybe it wouldn't be that difficult. It would be automated within the computer system.

Okay, you guys want to say quota share – well, either way, I think we should do two different options; one, a quota share cap; and then a pounds cap. What do people see as a reasonable pound cap?

Mr. Hartig: Well, if you look at the pounds that these people were catching before their allocation, that would give you some indication of what they were producing in the fishery and what they might need to continue in the future. That would give you an idea of how much

percentage they would need to purchase or to lease. That way you would have some real numbers to base your assumptions on.

Ms. Quigley: I'll go ahead and I can prepare that analysis.

Mr. Cardin: My question is so you, Ben or Kate, or whoever wants to answer it; why do you need a pounds cap? I mean, if we go in a LAP and the fisheries do start rebuilding and you have your percentage that you're allowed to catch, so what if it grows; I mean, isn't that the point? Without a pounds cap, you could realize some benefit from this fishery in the future, so why are we even talking a pounds cap? I don't understand.

Mr. Hartig: Sea Lords, things of that idea, where people have an excessive number of fish that they're not going to fish and they're just going to lease in perpetuity, so then the full value can't be realized by the real fishermen of the fishery. That's a pretty good reason not to let that get out of hand to a high cap.

Mr. Cardin: When it is really recovered. Okay, thank you.

Ms. Quigley: So, you're talking about a pounds cap on what can be sold, how many pounds can be sold or are you talking about how many can be bought, how many can be purchased or held at any one time by one individual, one permit holder?

Mr. Hartig: Will you answer question, Charlie?

Mr. Phillips: I think you're going to have to figure out what is bought because you can have a lot of stuff left out and not used. I think you're going to use bought, and your pounds cap would be a percentage. That way if your TAC goes up, all your percentages go up, so your pounds cap automatically goes up, too.

Ms. Quigley: Okay, so I'll have two different sections here. One is on quota share; the other will be on quota pounds, and we'll wait to see the analysis before you guys decide what you would like that to be. Okay, what are some other things that are incomplete you guys would like to talk about?

We have a section called "Regional LAPs", and we don't have anything identified underneath that. At the last meeting you guys had talked about perhaps there was no need to have options identified for regional LAPs because the problems it created – the reason why you would want regional LAPs could be solved through RFAs or cooperatives or a sector allocation program. Let me see if I can find that section. Okay, I guess we did write something down to that effect.

Option 1, no regional divisions; Option 2, area quotas similar to that done in British Columbia; Option 3, state-by-state quota, whereby the commercial quota is divided among states and the states manage as preferred; Option 4, satisfy regional concerns through sector allocations or cooperatives currently allowed under law; Option, limit transferability among different regions to prevent consolidation of quota from one region to another.

Now that we have Sean here, he might want to comment on any of these options. We don't have a preferred chosen. We don't have to choose a preferred, but I just wanted to bring it up again because we haven't spoken about it. We have just spoken about it during one meeting.

Mr. Cardin: I thought we had a problem with regional fishing associations because there is no definition of them yet at this time. There are no guidelines or anything.

Ms. Quigley: Right, we don't have guidelines yet, but I guess we're discussing the conceptual idea of regional fishing associations where a number of people can get together and fish as they choose; submit a proposal, and if it's accepted by NMFS, harvest their allocation as they choose to. Sean.

Mr. McKeon: I don't know that you have to pick a – at this point have to pick a preferred option because, really, what you just said, Kate, is it's the concept that I know the council is looking at that in some of their amendments and some of the things they're considering, state-by-state quotas in some of these fisheries, so as long as it's in there, I think it's something that we can pick one or not. I don't think it's necessary at this point to pick a preferred. I think it leaves open the possibility that we can go to that, and NMFS has not closed the door on that possibility at this point.

Ms. Quigley: Okay, we'll leave it as is. We've got about half an hour left; is there anything anyone else would like to talk about in the document? Sean.

Mr. McKeon: I would, at some point – I don't know where to put it, but I wouldn't mind seeing maybe an SSC – if we can ask for an SSC analysis of the Redstone Report. It's been referenced. There are some bullet points that contain pretty much verbatim language that was used in their report, and I think it should be vetted through the process.

People, again, who are not here and who are going to be looking at this document for the first time – and I know that they've done kind of dog-and-pony show up and down the coast with the Redstone Group. I think it should be vetted through the process, also. I just make that as a request that we think it should go to – if the SSC is the place it should, that's what I would suggest.

Ms. Quigley: I'll bring that up to Gregg and see if that's something that's possible or not. I'm not sure if the SSC reviews documents that were not created by the council, but if they're referred to in council documents, then perhaps the SSC could at least comment.

Mr. McKeon: Well, I think that's the point. They seem to have been, for lack of a better phrase, by default become the resident experts at the table here, and I think that there are some – I don't think, I know there are some concern about that. I have a lot of trouble with some of the stuff that was presented. Some of it I think was very good and useful, but I think it's got kind of a pseudo official flavor to it at the moment, and I think it should be reviewed.

Mr. Whittle: I'll speak to that. I mean, I think that's fine. The more peer review that can be done on that and anything else I think should be done. I'll mention to Seth that I hope to talk to

before the end of the day, if you've got any feedback on the Redstone Report on the Alaska Halibut Section you mentioned or anything else, please submit it to the workgroup or to anyone.

Redstone did solicit feedback. There was a peer review but by no means was it comprehensive. It's a living document, and I'm sure that Redstone would correct, amend or update it as new information came in.

Mr. Hartig: I don't think anybody takes Redstone as the Bible. I mean, it's just one more part of all the papers that we've looked at through this whole process. How many papers do we have on the disk? There is a lot of information and you compile it all together. Certainly, I don't base anymore on Redstone, probably less because it's a compilation. I've found that if you get in the nuts and bolts of each paper, you find some significant differences, and that's important. It helped me a lot to read the other papers, the individual ones, and not base it on a compilation. It was more instructive to me.

Mr. McKeon: I don't disagree, but I don't think it hurts if we can have somebody look at it. It's referenced, it's been kind of out there. They have, as I said, been doing a dog-and-pony show up and down the coast. I do think that they are at least viewed as some sort of expert on the subject, and I think that there are references either purposefully in the bullet points, the pros and cons in the working document that are almost verbatim from their report, and I just think it would be worthwhile to just have it vetted. It can't hurt.

Ms. Quigley: I'll look into that and see if that can be done. Anything else? Bruce.

Mr. Irwin: On the species list, I noticed that black grouper was not on it.

Ms. Quigley: Yes, somehow we missed that one, so we'll go ahead and include that in all the subsequent analyses, and I will add that in the document.

Mr. Baker: Did we ever decide definitively if there were going to be any groupings of species like they're working on for the Gulf Grouper ITQ Program, like the shallow water versus the deep water complexes, in order to make it a little bit more flexible for fishermen?

Ms. Quigley: You're talking about the aggregate quotas. We have a section in this document on aggregate quotas, and what I have written is that the workgroup was interested in finding out more about them. And that's what spurred the request to Monica; one of the things that spurred the request to Monica.

Not only did she say that overages and underages could be used, but the aggregate quotas – there was nothing in the MSA to prevent aggregate quotas from being used. I think people should comment right now if they have something to say about aggregate quotas. I think it was something we didn't know how it would pan out in this fishery and someone would need to probably do an analysis.

Let me see if I can find that section. We've got a couple of different options. There is also a pretty long narrative that Jason Reuter helped me out with. But, a couple of different options;

Aggregate Quota Share A, all species in the Snapper Grouper FMP, excluding wreckfish; Aggregate Quota Share B, Warsaw, speckled hind; Aggregate Quota Share C, king and Spanish mackerel.

Do people agree there was something that they kind of needed to know a little bit more information about, and I'm not sure how to get that information; or was it something that everyone is definitely for? There was also an aggregate quota share; all species with OYs in the Snapper Grouper FMP. I can, of course, go and change that to all species that you guys have identified the last time instead of all those with OYs.

Mr. Phillips: Well, if you do an aggregate quota and you don't do things like group the queen trigger in with the gray trigger, somebody that has got a really high queen trigger may not be able to buy anything else because he's stuck with the queen trigger that is really not going to do him much good. So, you've got to be careful there.

Ms. Quigley: So, do people agree this is something that needs to be looked into, but we don't have the time to do this right. We need a biologist to kind of look into something like this. This is something the workgroup is perhaps interested in, but someone needs to look into it more. I'm seeing nodding heads.

Mr. Hartig: Yes, I think Mark was the champion of the aggregate quota problem. I sure see some utility, especially in the mixed snapper species down south, the mixed species fishery down south, yellowtails, mangroves, muttons and vermilion.

Ms. Quigley: Okay, I'll insert some language to that effect. Originally we were hoping that when NMFS assigned a team for Amendment 18, which one of the options is LAPs, that whatever biologist they assigned – Jack McGovern has been assigned – perhaps he could look into something like that. Because of the travel budget, he hasn't been able to attend the meetings, and he has been put on other amendments. Are there other things people would like to discuss?

Mr. Hartig: One thing, I thought I remembered something in your sheets about what is going to happen at the next two meetings. At the next meeting are you going to entertain options other than what we've done for LAPs; other than LAPs in the next meeting?

Ms. Quigley: At one time that is what we talked about. The primary goal of the next meeting was to finalize this document in some sort of executive summary. The last meeting we did have presentations on cooperatives, sector allocation programs, RFAs. But, as far as alternatives other than those to LAPs, I'd suggest we suggest some now or at the next meeting. If you have an idea, come prepared.

At the end of this document I have a small section I think labeled "Alternatives to LAPs", and it's not a very large section. Other options suggested as possible alternative to LAPs for consideration; status quo; status quo with real-time landings with the options for LAPs for certain species; distribution of transferable days at sea.

In an effort to reduce bycatch, require snapper grouper commercial fishermen to identify two months of each year during which they will not fish in order to reduce total discards – Mark had suggested that. That has been floated as an option, that was included as an option in the past document and rejected, but we included it here, anyway. State-by-state quotas, section allocation terms and used in the northeast U.S.

We can add additional things in there and put some narrative if people are interested. If you guys are thinking that an LAP might be better as a pilot program from one particular species, we need to get some narrative in the document about that as well. We've talked about some of that like maybe that's a good idea to start small and then expand, but there's also been drawbacks brought up that it would just delay longer perhaps the movement over to limited access privileges of any kind.

Mr. Hartig: Well, basically, everybody here has been exposed to the same thing the council will be looking at in trying to develop this. You know more than the council does about LAPs at this juncture. Given that and given how you see it's going to impact you, are there any ways that you see, other than LAPs, to manage this fishery?

Certainly, I see some in some different species, but overall I don't know. But if you have other options, think about it before the next meeting and come forward with them. I think it would be important and the council would like to know something other than – if there's something other than LAPs that would accomplish the same goals. That's one of the most important things.

You know, if you can get the goals to some degree accomplished that a LAP Program does with an alternative plan, then that's a pretty strong statement. With that in mind, we can certainly entertain other options at the next meeting.

Mr. Irwin: One last thing. I was reading in the document and we talked about it earlier in the meeting, Number 8 on Page 15 of the recommendations, it says, "If someone does not get any initial allocation, they would be allowed to purchase share quota allocation." Maybe the wording should be something like – let me know what you think – if someone does get any initial allocation, if they have an unlimited permit – because we talked about that earlier about the limited and unlimited permits – maybe we need to change that wording.

Ms. Quigley: What page is that on, Page 15?

Mr. Irwin: Page 15.

Ms. Quigley: What section?

Mr. Irwin: Kate, it's under recommendations, the board's recommendations.

Mr. Hartig: Under multi-species share definitions. No, you're right.

Mr. Irwin: It says, "Recommendations of Working Group," and the first one is data source and it goes through all the recommendations, because I couldn't find it anywhere else – you know, that

wording anywhere else. I'm sorry, I was looking at the wrong one, September 28th. Maybe we did change that.

Ms. Quigley: Can you tell me is this under Section 1, 2, or 3, and what letter? Is it under a letter? Section 1 is the introduction, I think. Section 2 is LAP goal and proposed objectives. Section 3 is prerequisites for an LAP Workgroup-Supported LAP Program. Section 4 is the design characteristics that goes into A, Program Duration; B, et cetera, et cetera.

Mr. Hartig: I think it's under 4, but I can't find it.

Ms. Quigley: I think I probably eliminated that paragraph and I put – I included a section, eligibility for harvesting participation; an entity must hold a commercial snapper grouper permit in order to hold quota share or AHP. I can go ahead and include it under there. “However, those that don't receive a quota share allocation for a particular species can purchase as long as they own a snapper grouper permit.” I'll do that.

Mr. Cardin: Kate, earlier we heard people talking about all you had to have was a commercial snapper grouper headboat permit to sell fish. How does that not include them being able to buy – I think in Option 1 you have to put “unlimited commercial snapper permit.”

Mr. Phillips: Well, a headboat is not going to get a share, anyway. I mean, they're not in the mix and they're not going to get a share.

Mr. Cardin: Well, just going down the council process, it would be so much clearer to have the word in there now.

Ms. Quigley: But aren't limited – limited permit holders are allowed to hold quota share and/or AHP, so I don't think we can specify unlimited.

Mr. Cardin: Right now there is a gray area in the selling fish part, and people are saying, “Well, I've got a South Atlantic Snapper Grouper Headboat Permit, so, yes, I can sell fish.” Here is that same gray area; I have a permit, yes, I can buy or hold quota.

Mr. Whittle: Well, whatever it takes to close that loophole; I mean, you could say “an unlimited or a limited commercial snapper grouper” – whatever it is that eliminates that, as long as we don't inadvertently exclude limited from this option.

Mr. Hartig: You all are sounding more like the council all the time.

Ms. Quigley: Does that work for everyone: “Eligibility for harvesting participation, preferred option 1, an entity must hold an unlimited or a limited commercial snapper grouper permit in order to hold quota share or AHP. If an entity holding an unlimited permit does not receive quota share in the initial allocation, they could still buy pounds or quota share.”

“This was a unanimous agreement. For further information on transferability restrictions placed on limited snapper grouper permits, see relevant section.” Okay, anything else? Are we done, Ben, then? Yes, we’re done.

(Whereupon, the meeting was adjourned at 3:00 o’clock p.m., January 16, 2008.)

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