

SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

WRECKFISH ITQ SHAREHOLDERS

**Daytona Beach Resort
Daytona Beach, FL**

August 2, 2017

SUMMARY MINUTES

Wreckfish Shareholders

Jim Freeman
John Polston

Mike Freeman
Paul Reiss

Council Members

Charlie Phillips
Ben Hartig

Zack Bowen
Chris Conklin

Council Staff

Dr. Brian Chevront

Observers/Participants

Dr. Mike Travis
Rusty Hudson

Dr. Nikhil Mehta
Dr. Jessica Stephen

Other observers and participants attached.

The Wreckfish ITQ Shareholders convened at the Daytona Beach Resort, Daytona Beach, Florida, August 2, 2017, and was called to order by Dr. Brian Chevront.

DR. CHEUVRONT: I want to welcome everybody to the Wreckfish ITQ Shareholder Meeting. I want to explain, from the beginning, that really the reason we're having this meeting is because the South Atlantic Council asked us to get together with shareholders and talk about what issues they see with the ITQ at the beginning, so that that could help shape their discussions as they go through this process.

Everybody should have an agenda. At the end of the agenda, we'll be going through the timing. I would like to keep this really informal. Since this is going to be recorded and transcribed, it would be helpful if you could remember to say your name at the time you're beginning to speak, so they will know who to attribute whatever is said to whoever said it.

First, one of the things I would like to do is have us all introduce ourselves, just briefly who we are and what your role is for being here, and I will start. I am Brian Chevront, and I'm with the South Atlantic Council staff, and I am the staff lead person for helping to develop this ITQ review.

MR. M. FREEMAN: I'm Mike Freeman, and I'm here on behalf of Sea Farmers of America.

MR. J. FREEMAN: Jim Freeman, and I'm representing Sea Farmers of America also, and I'm a commercial fisherman.

MR. POLSTON: John Polston, representing King's Seafood.

MR. REISS: Paul Reiss, owner and operator of Stone Bass Fisheries.

DR. TRAVIS: Mike Travis, economist, NMFS Southeast Regional Office.

MR. MEHTA: Nik Mehta, and I'm with the Southeast Regional Office as well, and I'm the NMFS/NOAA lead for this activity.

MR. CONKLIN: Chris Conklin, South Atlantic Council.

MR. HARTIG: Ben Hartig, South Atlantic Council.

MR. HUDSON: Rusty Hudson, observer.

MR. BOWEN: Zack Bowen, South Atlantic Council.

MR. PHILLIPS: Charlie Phillips, South Atlantic Council.

DR. CHEUVRONT: Okay. Thanks, everybody. Everybody should have a copy of the agenda, and I'm projecting it right now, so you can all see. Just so that you know, we've got -- We're doing this by webinar, and I've got a couple of people who are attending by webinar, and what I want to do is -- Jessica, I am going to unmute you. If we say or do something stupid, jump in and let us know. Jessica is helping us on the NMFS side of things, and she's very involved in helping

us to do this ITQ review, and she has experience doing these kinds of reviews, and so she's helping to guide us as we go through some of this process.

If anybody else needs to speak, you're going to need to raise your hand, and I'm going to try to keep an eye on it. I'm running the webinar at the same time as trying to lead the meeting, and so it's kind of hard sometimes to do both, and so please be patient with me. If I don't get to you quickly enough, send a text or an email to somebody who is here, so that they can jump in and say, Brian, so-and-so needs to speak.

DR. STEPHEN: Brian, can you hear me?

DR. CHEUVRONT: Yes, we can hear you just fine.

DR. STEPHEN: Okay. If you just leave me as an open mic, I will mute on my end, and then I can just speak whenever, if that works.

DR. CHEUVRONT: That's what I was doing. You are left as open right now, and so you can control yourself.

DR. STEPHEN: Perfect. Thank you.

DR. CHEUVRONT: Okay. Thanks. I wanted to say though that there are six actual shareholders. Actually, there are seven. Two of those shareholders, Scott Vaeth and Pete Boehm, could not be here today, because they participate in the spiny lobster fishery, and so they're out setting traps right now. There was some concern over, well, what could we have done to get this meeting arranged so that everybody could be here, and, believe me, we really tried. We were up against a short deadline to get these things done.

The council gave us direction in June to hold this meeting and bring back the results at the September meeting, but, because of federal requirements and people's availability, we tried to have it either last week or this week, and the issue with last week was a lot of the feds were just gone to another meeting in another part of the country and they would not be able to attend, and so it really had to be this week.

Like I said, we're recording this, and we need to get a transcript done, and I have to write a report, and I have to be able to get it out to you guys and all of that and get it ready for our briefing book in time for our September meeting, and that just takes time. I apologize publicly to Pete and Scott that we were not able to work around that schedule, but this is kind of what we were left with, and so what they have done is -- When I sent out all of the materials to everybody last week, and I told them ahead of time that I was going to do this, I asked them to send us comments of what they thought about the different things, and they have done so.

At some point, what I am going to do, as we are going through some of the discussion topics, is I will read into the record what Scott and Pete have said, so that you all are aware of what their ideas are, and they are both interested in getting copies of the transcripts and things as well, and so they'll all be fully informed.

Another thing that I wanted to say is that next spring -- In my mind right now, I'm kind of hoping to do it after we have the Snapper Grouper AP meeting and the spring Scientific and Statistical Committee meeting, but bring you all back together, because that will be their final look at the thing and review, and then we'll get your final comments on what the council is proposing and what the National Marine Fisheries Service is proposing be in this review before it's finalized. Your comments, I believe, will become part of that final review, and so we'll have a meeting later, and we'll work with them, basically, to make sure that they can be there at that meeting as well. Is there any questions or anything at this point?

One thing I wanted to say is we're scheduled to go -- We have this room until 4:00 p.m. I really doubt we're going to go that long, but, if we need to, we will. I just wanted to put that out there, and you don't need to plan that you're going to be here -- That can get a little tedious, but we'll do what we have to do.

The first thing I wanted to do is -- Well, actually it's Number 2 on the agenda, but the council motion. The council has to direct the staff that they want to have a review be done, and so there on the agenda is the actual motion that the council gave directing staff to do this. We have a tentative timeline, which we'll talk about later on, and it's the timeline that we're going to try to follow, but you never know how things are going to go. If there's hiccups along the way, we may have to revise this some, but this is kind of what we're using as a working timeline right now.

One thing that I did want to talk about at this point is that, originally, we were thinking that this was probably going to be considered the initial review, and I think it was you, Mike, who was doing the digging through some old documents, and it was in 2009?

DR. TRAVIS: It was the review was completed in 2009, using data up through 2008. I think all of you know Kate Quigley. She used to be the staff economist for the council, and she was the lead on that review, with some assistance from myself and Andy Strelcheck and some other folks, but we did do a review, and I'm pretty sure it was presented to the council, and so it is there, and it can be provided.

DR. CHEUVRONT: Yes, we have that, and let me make a list of things that we need to make sure that we get to everybody.

DR. TRAVIS: Yes, and, in fact, I'm pretty sure that I recall Kate actually talking to all of you folks when she was doing the review. She did some informal survey work back at the time, and does that ring a bell? I thought so.

DR. CHEUVRONT: One of the things that you need to recognize now is, at the time that that was done, there were no real guidelines telling people how to do a review of an ITQ. Those guidelines have since come out. It was last year that they officially came out with guidelines, and so staff has talked about it, and we have had NOAA General Counsel, and they're lawyers, discuss it. Right now, everybody seems to be in agreement that that is the initial review that we can go on. That actually makes it a little easier for us to do this review, because, now when we do the review, we only have to pick up where the data ended, which was 2008, and so we start with 2009 data, and we're probably going to go through 2016.

That is going to help speed that along, and we'll talk about that implication for data and confidentiality in a little bit, and so that's kind of where we are. We have to do one of these reviews now within seven years after the last review.

MR. CONKLIN: Just so it's clear that this is a mandatory review.

DR. CHEUVRONT: This is a mandatory review.

MR. CONKLIN: This is not just a casual -- We requested the meeting because we had to to meet a federal mandate, and I wanted to make sure that was on the record.

DR. CHEUVRONT: Yes, there is a federal mandate that we conduct this review at this point.

DR. TRAVIS: Yes, and that's a great question, Chris, because you're not the first one to ask that, because this is obviously one of the older programs in the country, and there are a number of programs that were created back in the 1990s. This requirement came in under the reauthorization of Magnuson in 2007. However, according to the attorneys, this is one of the provisions that, in their reading of the statute, is to be applied retroactively, and, thus, it applies to all catch share programs and not just those that have been put in place after Magnuson was reauthorized.

DR. CHEUVRONT: Correct.

MR. CONKLIN: Thank you.

DR. CHEUVRONT: Yes, we're not doing this because the council feels like that they want to do it or need to do it. They're doing it because they are told that it has to be done, and, actually, the guidelines say, for ITQ programs that started before the new guidelines came out, the review had to start by 2017.

DR. TRAVIS: Right.

DR. CHEUVRONT: It doesn't have to be finished this year, but it just has to start by then, which is what we have done. Is there any questions from anybody at this point about any of that, why we're here and why we're doing this?

MR. POLSTON: It's not really about why we're here, but, if that is the case, and I understand the review, how come wreckfish hasn't had an assessment done, other than the one that we did? It was put off for, God knows, ten years or whatever, and they just kept putting it on the back-burner, because there's just so few participants or whatever, and why was there no assessments being done? Why is that not mandated, versus the reviews? Aren't assessments more important than reviews?

DR. CHEUVRONT: Well, you've got a couple of questions there. One is that there is no specific mandate as to when an assessment has to occur. The problem, as I understand it, and I am not an assessment scientist, is that doing a wreckfish assessment is very difficult, because it's a stock that's an international stock.

MR. POLSTON: Transatlantic, right.

DR. CHEUVRONT: Right, and they tend to congregate in age groups, and so you tend not to find a lot of diversity within a single aggregation of wreckfish, in terms of age, and so that creates some problems, and, not being a stock assessment guy, and I am not involved in making those decisions as to when they get done, I think that the amount of effort, time, resources, everything that would have to go into that, and getting together an international group to do a stock assessment, would probably be rather difficult. I think the results that you would get from doing just a South Atlantic stock assessment of wreckfish would probably have limited benefit, because you're not looking at the entire stock.

MR. POLSTON: Understood, but my most important reason I'm asking this is because this crushed our industry, because there were no assessments done, and you're saying it's Transatlantic and they can't do a very good one on it, but yet the SSC and the council saw fit to take 90 percent of our quota away without even knowing what the hell they were doing, and so isn't that pretty drastic?

DR. CHEUVRONT: Yes, that was pretty drastic, and I think that was done because they really had nothing to go on but landings.

MR. POLSTON: Couldn't they have just as well left it alone because they didn't have anything to go on?

DR. CHEUVRONT: I am not in the position to be able to speak for the Scientific and Statistical Committee.

MR. POLSTON: I just wanted it to be on the record.

DR. CHEUVRONT: That's fine, but we can get -- We can actually get perhaps even into the review and discussion of stock assessments and lack thereof and the issues related to that, okay?

MR. POLSTON: If you check with John Carmichael, I think you will find that we came up several times for assessments, and they just kicked it to the back burner and kicked it to the back burner.

DR. CHEUVRONT: It probably was because of problems associated with trying to make it happen.

DR. TRAVIS: That would be, ultimately, a question that the Science Center would have to address, in terms of how they develop their priorities with respect to the assessments that they do and when they do them and how often they do them.

MR. M. FREEMAN: That's the same thing that is taking place right now. Wreckfish is dead last on the -- It's number thirty-five out of thirty-five, and so is this going to take place again? Is it just going to be kicked again and kicked again and kicked again?

DR. CHEUVRONT: Okay. I think what we're going to do now is we've talked a little bit about the regulations and requirement for having this, but what I would like to do now is I think Mike is going to -- We've got a PowerPoint.

DR. TRAVIS: Before I get into the actual PowerPoint, let me give you just a little bit of background as to how and why the guidance came about. We did a review of the Gulf red snapper ITQ program, and it's been about three or four years ago now, per the requirements of Magnuson. There were other regions who were also in a position where they needed to do reviews of a few of their programs, and what we found was, after you looked at the first three reviews that have been completed, they were kind of here and there, because there was no guidance, and so the call came from the regions to headquarters to say that we would appreciate a little bit of help, in terms of instructing us and providing some guidance, general guidance, in terms of how to do these reviews, and so that's what we set out to do.

I will start going through the PowerPoint, and I will go through it a slide at a time, but, since this is really informal, if you've got a question, I will stop at the end of each slide. If anybody has questions, please feel free to ask at that point. We don't need to wait until the end.

Goals and objectives of the guidance, the goals are to ensure, number one, that we meet the statutory requirements laid out in Magnuson for these reviews, and then, as I alluded to, we want them to be at least generally consistent from review to review, in part so that the idea is that, yes, you want to evaluate each particular catch share program, but you also want to evaluate catch share programs in general and see how they're performing across all the programs that we have in the country, and there are quite a few. I think we're up to seventeen now, seventeen or eighteen programs.

UNIDENTIFIED: Catch share programs?

DR. TRAVIS: Catch share programs, which ITQs are one form of catch share programs, and that's what we have with, obviously, wreckfish, and we have those in the Gulf, but, in other regions, you have sectors, in the Northeast, and you have cooperatives in Alaska. There are a variety of other kinds of catch share programs that exist in other countries that are possibilities, but, in this neck of the woods, we have gone with the ITQ approach. Consistent with what we're doing here today, we want these reviews to be carried out in a transparent, efficient, and effective manner.

UNIDENTIFIED: Correct me if I'm wrong, but is the wreckfish catch share program not the second oldest catch share program?

DR. TRAVIS: It is, after surf clam and ocean quahog. That's the oldest. It came in, I think, in 1991, and then wreckfish was approved in 1992, and so, yes, it is the second oldest.

UNIDENTIFIED: Okay.

DR. TRAVIS: Objectives of the guidance are to clarify what the process is that should be followed when the councils are doing these reviews and then to specify the critical elements that should be in each of the review documents and look at the program components that should be assessed or addressed when completing a review.

We put together a team at headquarters to work on drafting the guidance. I was the lead on the team, and so this is your best opportunity to ask any questions you have about the guidance, and, if I can't answer them, that's a problem, and so hopefully I will be able to. We underwent extensive

internal and external reviews of the draft guidance over a nearly three-year time period, and so it took us a while to get to this point.

We reached out to experts regarding catch share programs across the country, including in our Regional Offices, the Science Centers, and other offices at headquarters. Then, once we had what we felt was a good draft put together, then we sent it out to the councils for their review, and then guidance was discussed, at least at some of the council meetings, and then it was also discussed at the Council Coordination Committee meetings on at least two occasions. I should probably -- Do you folks know what the CCC is?

MR. CONKLIN: They probably don't.

DR. TRAVIS: Do you want to explain it?

MR. CONKLIN: No.

DR. TRAVIS: It's basically a compendium of the leadership on NMFS and the leadership of the councils, where they get together and discuss major policy issues and try to come to solutions on how to address them. They're way up here, in terms of the --

UNIDENTIFIED: A big overview.

DR. TRAVIS: Yes, exactly. That is exactly right. As I said, we provided it to the councils, and it was reviewed by the CCC twice. We got feedback on all of those rounds, quite a bit of feedback, very useful feedback, and then we continued to revise the guidance after we got those various rounds of feedback, and then we finalized it in May of 2016, after the CCC said, thumbs-up and we're good to go with this version. Questions? Okay.

Periodicity, we've already talked about this a little bit. The guidance says, consistent with what's in Magnuson, is, in general, five years after a program has been established, you need to initiate a review. It doesn't say that you have to have it done, but you have to at least start it, and that is for programs that were created after the reauthorization occurred in early 2007.

For the older programs, like we said for wreckfish and surf clam and ocean quahog and a few others, if you were in place before Magnuson was reauthorized, then you need to start your review by the end of 2017. Then, after your initial review, which, as we said, we're considering the review that Kate was the lead on to be our initial review, you need to do subsequent reviews at least every seven years after the initial review.

Now, we also recommend not to do reviews more frequently than every three years, because I think you guys would agree that, when you create a program and you make major changes to a program, it takes a while to get the data and determine what the effects of the program or the major changes of the program have been, and so give it some time to take effect and then look at it. Are there questions? Okay.

Not surprisingly, with regard to the review process, we say you should be using the best scientific information available, consistent with National Standard 2. The review team is actually determined by the councils, and the council, depending on the region and council relationships, is

a little different from region to region and council to council. The council is the lead on the review, or is a co-lead with the Fisheries Service.

In the Southeast, as we have done these reviews, and we're also currently reviewing the grouper-tilefish program in the Gulf, we consider this to be a co-lead situation, where we work very closely together on these reviews, and we think that's the best way to go about it. We also suggest that the review should be outlined as early as possible, to make sure that you've got all the necessary data in hand when you actually sit down to start writing a review.

The review outline should be converted to a review plan prior to initiating the review. In other words, lay out your path of what it is that you're going to do before you actually do it, and then, as we're starting to do here, solicit public input on the review. Brian, correct me if I'm wrong, but this is not going to be the only time that these folks are going to be able to weigh in on the review. This is just the beginning.

DR. CHEUVRONT: Right. They will be weighing in again next spring, when it's done or close to being done.

DR. TRAVIS: Whenever this comes up on the council meeting agendas, I assume that they will be able to provide input then as well.

DR. CHEUVRONT: Yes.

DR. TRAVIS: Okay. So, for example, when we did the red snapper review in the Gulf, the Gulf Council decided to create a specific AP for the review purposes, because the stakeholders in that program wanted to have -- They wanted to have a very direct voice on what was in the review and what was coming out of it, and, as we said, the South Atlantic Council is planning on seeking input from you folks.

Once we have a draft review plan, then the council would approve it. When we say NMFS concurs that the plan meets the requirements of MSA, that will occur just as part of the normal process, because, of course, the Regional Administrator, Roy in this case, will be in there, and so, as a group, the council and NMFS will say, yes, the plan is fit to go and please proceed.

Then, at the end of the review, it's the same thing, when we say that NMFS will concur. It, again, will happen at the council meeting, where the council and Roy will say, yes, this is a good review and it meets the requirements of the Act and it's consistent with the guidance and thumbs-up. Are there questions? Okay.

The primary objective of the review is to assess the progress in meeting the goals and objectives of the program, the FMP, and Magnuson. There are certain goals in Magnuson with regard to what Magnuson calls limited access privilege programs, of which ITQs are one, that are specific to those kinds of programs. Yes, you need to look at the goals and objectives of the program, but also pay attention to the ones laid out in Magnuson.

In terms of the analysis itself, what you need to do is describe and analyze the effects that have taken place since the baseline time period, and whether that's pre-implementation, implementation, or since the last review, and look at what has happened as a result of that program

being implemented or, in this case, significant changes to the program, and let me elaborate on that just a little bit, because it goes back to something that Brian brought up before.

Since we're saying that the review that Kate was the lead on counts as the initial review, we're not going to go all the way back to 1990 and look at all the changes that have occurred over almost four decades. Instead, what the plan is right now is -- She used data through 2008, and so our baseline, and it does recommend a baseline of at least three years, our baseline years are going to be 2009 to 2011, because, as you folks know, 2012 was when 20A came into place, and we made some pretty major changes to the program, and so those evaluation years are going to be 2012 to 2016. That's what we want to evaluate. In effect, what has happened since the council implemented 20A? Does that make sense?

UNIDENTIFIED: Are we referencing 2009 to 2011, or are we referencing 2011 through 2016?

DR. TRAVIS: We are referencing -- Basically, it's a comparison of the program in 2012 to 2016 and comparing that to the program in 2009 to 2011.

UNIDENTIFIED: Now I know that.

DR. TRAVIS: Does that make sense?

UNIDENTIFIED: Yes.

DR. TRAVIS: Okay.

UNIDENTIFIED: When you're saying "referencing", you're saying fish caught in accordance to the quota?

DR. TRAVIS: Everything. It's everything in terms of the fishery's performance, and we'll get into that a little bit later, and I think it's on the last slide, where we talk about specific elements or components of the program.

UNIDENTIFIED: Right, the CPUE and such?

DR. TRAVIS: Yes, exactly, and we can get into more of that when we get to that last slide. The results of guidance in the document saying to incorporate by reference, pull from the documents that exist now, the work that's already been done, and summarize the relevant findings, and that should help you get the review done.

It also suggests using standardizing indicators. Specifically, we have developed some standardized social and economic indicators of performance for our catch share programs, and so hopefully we'll be able to make use of those, and then it also says to use a holistic approach, and what I mean by that is -- To give an example, when we did our review of red snapper in the Gulf, what we found, and what we already strongly suspected, was that there is a lot of interaction between the red snapper program and the grouper-tilefish program, because I think now -- Jessica, correct me if I'm wrong, but nearly half of the participants in one program also participate in the other, and so you have to take into account that, when you change the management in one program, that's most likely going to have effects on the other program as well, because they're so tied in together.

In fact, maybe a question to you guys is do you think changes in the management of wreckfish would have implications for how other fisheries are performing or prosecuted?

UNIDENTIFIED: Absolutely.

DR. TRAVIS: Can you give an example? Which fisheries or which species do you think would be affected?

UNIDENTIFIED: Just like your situation, I mean tilefish and wreckfish -- I personally -- It doesn't apply to me, because I strictly wreckfish.

DR. TRAVIS: Right.

UNIDENTIFIED: I'm not sure how much it would interfere, because of the timeframe.

DR. CHEUVRONT: Okay.

UNIDENTIFIED: We've got the April 16 opening, and, in general, tilefish is all -- The quota is caught, the longline quota is caught, before then. It wasn't this last year, but, in general, it normally is always caught before that timeframe, and so we're there on both ends of it.

MR. M. FREEMAN: The only real effect it would have is that January 1 through 15.

UNIDENTIFIED: Yes, that would be one. Absolutely.

MR. M. FREEMAN: That's about all I could think of though.

UNIDENTIFIED: Yes, that would be about a three-week difference, because of when we have to quit and get ready to go do the other fisheries.

DR. CHEUVRONT: Okay.

DR. TRAVIS: The other fishery would be --

UNIDENTIFIED: Golden tilefish.

DR. TRAVIS: Golden tilefish. Okay. That's interesting, for a lot of reasons, and so okay. Then you think golden tilefish is really the only one?

UNIDENTIFIED: For the people that are involved here.

DR. TRAVIS: Exactly. Okay.

MR. M. FREEMAN: I mean, we would have to find some other fishery to try to participate in, in the absence of wreckfish.

DR. TRAVIS: I assume that, for Scott and Pete, it might be a little different for them, being down in the Keys.

UNIDENTIFIED: There you go. They're not here to give their opinion.

DR. TRAVIS: Right, and so that's something we probably want to talk to them about at some point. I know they participate in lobster, but that's all that I recall, off the top of my head.

DR. CHEUVRONT: Right now, I don't think either one of them is fishing their shares, although they are talking about doing that, but not fishing down in the Keys.

MR. M. FREEMAN: That's why I was -- That's the only other thing that I could really think of, because you have the grouper closure and everything else.

UNIDENTIFIED: Scott is on the research fishery.

DR. CHEUVRONT: Okay.

MR. M. FREEMAN: I can't speak on behalf of Pete, but as far as with Scott, we have leased all of Scott's quota for the last four years.

DR. TRAVIS: Of course, that's not managed by the council. That's managed by our Atlantic HMS folks, but I'm sure they would be interested if anything that we do with regard to wreckfish could affect what happens in shark. They would want to know that, and so thanks for pointing that out.

MR. POLSTON: It's a very important thing, because this is one of the reasons that our golden tile -- I know it's kind of -- Way back, when we got the reduction in the golden tile from a million pounds down, I preached the exact same thing of what you're saying, one thing affecting the other, and they told me, no, John. They said golden tile and shark fishing have nothing to do with each other, and I said, just look at your statistics. We caught 300 percent of our shark quota that year, but they said, no, there's no -- You guys have caught up all the golden tile because you didn't produce any golden tile, and so we were shark fishing, and they said one has got nothing to do with the other. They're married at the hip.

They're both longline programs, and I know that maybe people have got more education since then, because obviously you're bringing it up now, but I am just saying that I preached that at -- I went to every meeting trying to say that, and all they would go by is, no, there is no tilefish because you didn't produce any this year. I said, no, because we were all shark fishing, and we can prove that by the amount of shark that were caught, and so one thing -- We got whacked on the shark, because they closed it down because we caught 300 percent, approximately, of our quota in the timeframe they gave us, and then they took away our golden tile quota, because they said that we had caught them all up, and so we got whacked on both ends.

MR. M. FREEMAN: I would to bring that up a little bit later, but something similar happened with wreckfish in the early 2000s, back when the landings were extremely truly low, which just happened to coincide with the years that we decided to take an aggregate of the landings from. No one was really fishing wreckfish, and I've never really been able to get an answer as to --

DR. CHEUVRONT: Do you know what other people were fishing for?

MR. REISS: I was in the Gulf bottom longlining, and, of course, I catch the lion's share of wreckfish when I'm participating, and so it has a direct effect on the overall landings of the industry, because I was in the Gulf.

UNIDENTIFIED: Also, take into account that Paul is the top dog, but Dick and Donnie were right underneath him, and they both died within a year of each other.

MR. M. FREEMAN: Their lack of landings presents a major contribution to the reduction.

UNIDENTIFIED: All of our boats had switched over to shark fishing.

UNIDENTIFIED: As far as Sea Farmers and King's Seafood is concerned, we have always used wreck fishing in the past years, and I'm back since the start, and we've used wreckfish as an ace in the hole.

MR. M. FREEMAN: When tilefish slowed down.

UNIDENTIFIED: Yes, and, if things slowed down, we could always go wreck fishing, because we were explained to us that it was ours from now on, and so it was if we had bought into this program to where we had 600,000 pounds of quota, and it was there for us to catch if we chose to, but it turned around that we ended up getting spanked for the conservation of the fish, choosing not to fish it, and maybe not intentionally, but that's the way it turned out to be.

MR. M. FREEMAN: It's just real unfortunate that the market at the time made it nonsensical to actually fish for wreckfish. You would make more money doing just about anything else, and I have tried to get an answer, and I haven't been able to, as to whether or not it was actually taken into account when they took the landings aggregate to use as the new, basically, quota.

From what I have been able to find, that was all that went into the reduction. It was the initial assessment, or it may have not even been an assessment, but the initial two-million pounds was no longer suitable for management, and so they had to do something, and that something was, I believe, a ten-year period. They looked at what was landed and took an aggregate and set that to the new quota, and it just so happened that none of us were fishing wreckfish during that time period.

DR. CHEUVRONT: I think you're right, Mike. As I recall, and, Ben, you might have been there too, but the SSC was having that discussion about wreckfish.

MR. HARTIG: I don't remember anything about fishery performance.

DR. CHEUVRONT: A fishery performance discussion of like what's happening with high-liners or anything like that.

MR. HARTIG: No, there wasn't any talk about shifting fisheries. There was none of that with the way effort was going at the time. I mean, this would be important, to get this kind of information to the SSC the next time they evaluate wreckfish, in the context of -- Then we can

bring the data about you, the individual fishermen. Well, we would have to figure out a way. We couldn't do the individual fishermen, but we would have to figure out a way to --

UNIDENTIFIED: We could if we voluntarily gave it.

MR. HARTIG: No, that's true.

UNIDENTIFIED: If we voluntarily gave it, we could do it.

MR. HARTIG: How important these fishery performance reports are on a yearly basis -- I mean, we're just starting to do them now for a number of fisheries, but this -- For you guys, it was a critical timeframe where we should have known what was happening with your fisheries. Were you targeting the fish or were you in the Gulf or --

MR. POLSTON: There was no communication. I tried, Ben. I went to every time they met anywhere close to me, and I went to the council, and I talked. They go, no, John, you don't understand. These two don't have anything to do with each other, golden tile and shark. They don't have anything to do with each other, and I couldn't get through their minds that they're both a longline fishery. They are married at the hip. I know the fisheries aren't the same, but --

MR. REISS: Me personally, I am more than willing to provide landing data right current, including the --

DR. TRAVIS: We're going to talk about that.

UNIDENTIFIED: Everyone at the table is willing.

MR. REISS: Yes, and right up to present. I have no problem with that whatsoever.

DR. CHEUVRONT: I kind of figured that you guys were willing to do that. My concern is we then have Cherry Point involved, because you guys basically sell to yourselves. In essence, you're the dealers as well as the fishermen, right?

MR. POLSTON: No.

DR. CHEUVRONT: No? Who do you sell to, if you don't mind me --

MR. POLSTON: Our fish are caught by -- Each one of our boats is a separate corporation, and they sell to King's Seafood. Then King's Seafood sells the fish, and it's totally separate.

DR. CHEUVRONT: But you are King's Seafood though?

MR. POLSTON: Correct.

DR. CHEUVRONT: Okay, and so you can sign for yourself and for King's Seafood for confidentiality?

MR. POLSTON: Yes, and for the other corporation that catches them, too.

MR. M. FREEMAN: Would you need confirmation from Cherry Point? Paul has held the shares the entire timeframe.

DR. TRAVIS: The landings are reported by the dealer, predominantly.

MR. REISS: The landings are backed up by the dealer, but we provide landings data that duplicates what Cherry Point is providing. It's the same data.

MR. M. FREEMAN: We have to submit our coupons on every trip, and you must be able to see what we've submitted.

MR. PHILLIPS: Brian, one other thing. If they're going to do landings, they could provide something that could be translated into catch per unit effort, and that would probably also be useful.

MR. REISS: We have done that right up currently. I can provide -- I wish I had brought them now, but my wife and I put together CPUE graphs. When John did his assessment, I provided them to him, and it was showing fish size and CPUE and landings data and the whole gamut of a definition of what the fishery is doing, as far as my participation goes.

MR. PHILLIPS: My thought is, if you all can show that you didn't quit fishing because the CPUE went away, but the CPUE was the same, whether you were fishing or fishing at low levels or back at high levels, but that would help put that argument away, that the --

MR. REISS: I have data to support all of that, current as well.

MR. M. FREEMAN: This is to Ben. Do you recall CPUE being brought up during the initial or any of the SSC meetings before the reduction? From what I have been able to find, I haven't found any real mention of it, and I don't know if they didn't have access to landings to be able to calculate or what happened there.

MR. HARTIG: There was a lot of talk about the access to landings and the confidentiality and what they actually could see, and I'm not exactly sure what they ever were able to see in the end.

DR. TRAVIS: I remember. There was -- Charlie, you probably remember this, too. Some of the years, the landings data were deemed confidential, because there were either -- Back during that time period, there was the so-called rule of three. There were either less than three dealers or less than three boats, and, once you get under less than three, the standard position of the agency is that's confidential and we're not allowed to release it.

We may be in a similar situation for this review. I think most of the years -- I am waiting to hear back from the Center on that. Most of the years, 2009 through 2013 at least, I know we're good. It's 2014 to 2016 that I'm waiting to hear from the Center, in terms of whether we have a confidentiality issue, because there was maybe only two dealers reporting, but, even if that is the case -- We're kind of jumping the gun a little bit here on the agenda, but we may come back to you folks and say, would you be willing to sign off on a waiver form that allows us to release the data and put it in the review, so everyone, including the council members, and potentially the SSC, if you take this to the SSC, everyone can see those numbers. What we got stuck doing before was

-- We thought about it, but I don't think we actually carried through, and remember that back before 20A, we --

MR. POLSTON: When we went to Charleston one time, I think we signed off on something. I went up to Charleston, and that was back when John Carle was still in it.

DR. TRAVIS: One of the issues that I know that we encountered back then was -- Before we actually implemented 20A, we still had all these shareholders who hadn't been involved in the fishery for years, and we had a few who were deceased, and we couldn't get everyone who was a shareholder at the time to sign off, because they couldn't be reached, and so I think we kind of gave up on it then, but now, outside of Pete and Scott and you guys and whoever runs Cherry Point, if you get all of those folks to say yes, we're cool with this being released, and you sign off on the waiver forms, then that may be a way forward.

DR. CHEUVRONT: But if one person says no, then we're screwed.

DR. TRAVIS: Exactly. It needs to be consensus, which is good we have small numbers.

MR. REISS: You're not going to find a no.

DR. TRAVIS: We're not going to find a no. That's good to know.

DR. CHEUVRONT: That does make it easier for us.

UNIDENTIFIED: We can't really speak for Pete and Scott, but probably not.

DR. CHEUVRONT: Okay, because Pete and Scott were fishing it earlier years. Were they fishing in 2009, or had they stopped fishing their shares by then? Do you know?

UNIDENTIFIED: I am not sure.

DR. TRAVIS: They were fishing when we were working on 20A, and I know that.

DR. CHEUVRONT: Okay, and so they would need to be willing to sign it as well, and we can follow up with them.

UNIDENTIFIED: I think they would, but I can't speak for them.

DR. CHEUVRONT: I think they probably would, but that's their decision to make.

DR. TRAVIS: Right. Okay. Let me go through these last two slides. Just in terms of the document structure, we will start out by looking at the purpose and need for the review, which is going to discuss a lot of the things that I already covered, the goals and objectives, as mentioned before, and we'll go through the history of management, to see how it has changed over the years, and I would imagine that we would actually, in that case, just do an overview of things that occurred before 2009, just to provide that context.

DR. CHEUVRONT: I've already done that.

DR. TRAVIS: Have you? Okay. So Brian is ahead of the game. Then we'll go in through the description of the biological effects, the economic effects, the ecological effects, social, and administrative effects. Then we will evaluate those effects, including any unexpected effects, which we've already talked a little bit about here in this meeting, and so we'll need to address those, and then we'll identify some issues, if there are issues, with the program that may need to be addressed by the council.

That's one of the purposes of these reviews, is to evaluate and come to some conclusions and then say, okay, do we need to make any changes to this program or is everything hunky-dory and everybody is happy with how things are going?

Then, lastly, this sort of gets into the nuts-and-bolts, but I am not going to go into these in detail, but, to be more specific, we're going to analyze and evaluate the components of the program. Now, there are certain programs that were created that don't have all of these various components, in which case, if you don't have that component, there's not a lot that you can say, unless maybe you're going to conclude that, hey, we should have this as part of our program, or we've also told the council that, look, if you're already dealing with this particular issue -- I will give you an example.

We did not look at allocation in the red snapper program, when we reviewed it, because it was already subject to council action under Amendment 28 for the Gulf Reef Fish FMP, and we don't want to be engaging in redundant work. If you're doing it one place, just whatever is going on there, just bring it into the review or reference it.

In terms of the particular components, the council will need to look at the goals and objectives, and we'll need to look at allocation, and I know that's already an issue, the commercial -- That is not just commercial and recreational allocation. It's also allocation between the participants in the fishery, and we'll need to look at that.

Eligibility, and do you want to look at the eligibility criteria for who can actually participate in the program? Transferability, and we have full transferability in this fishery, I think outside of -- Jessica, all we have is the citizenship requirement in this program, correct?

DR. STEPHEN: I think so. You also need to, I guess, have the wreckfish permit. There's something kind of odd in the way that works with the permit and how you get it and the coupons, but, if you're in the program, there's full transferability.

DR. TRAVIS: Right. You have to have the snapper grouper permit.

UNIDENTIFIED: You have to have one before you get the other.

DR. TRAVIS: Exactly. Snapper grouper first and then wreckfish after. We may be wanting to look at the transferability provisions with regard to your shares, but also the coupons, and, with catch and sustainability, that's where we'll get into the quota issues. CPUE, is the quota being fully utilized? It's those kinds of questions. I know, in some of our other programs, they utilize almost the entire quota. In other programs, they're not. When you see that, you're like, okay,

well, we don't want you only harvesting half of the quota and what's going on here and why are you not utilizing the whole quota that we've given you.

Then we'll look at what we call accumulation limits or caps. In this case, the only cap that we have is the no one can own more than 49 percent of the shares. We don't have, in this program, an allocation cap or a landings cap that would limit how much someone can harvest or what percentage of coupons someone could actually hold at any point in time. Those things do exist in other programs, and not all programs, but, again, it's something to look at.

Cost recovery, we don't have it in this program. For those not aware, the cap for cost recovery is 3 percent. That comes right out of Magnuson. We have not done it in this program, for a variety of reasons, but that may be something else the council wants to look at.

MR. REISS: Are any of these catch share fisheries participating in cost recovery?

DR. TRAVIS: Yes.

DR. CHEUVRONT: The Alaska ones, I think.

DR. TRAVIS: It's about half. In the Gulf, we have it in both red snapper and grouper tilefish. Then, in other parts of the country, it's maybe more than half of them have cost recovery. It is more than half, and so I would say we're maybe -- It's definitely a majority of them do have cost recovery.

MR. REISS: But we're not mandated to do it, because we started before it started, correct?

DR. TRAVIS: Right. It's simply a consideration for the council. It's not mandatory.

DR. STEPHEN: I can add to that. If the cost of collecting cost recovery is more than what you collect, then it's probably not worth the effort, and waivers like that have been used before.

DR. TRAVIS: It would be very inefficient. If you go back to the quota that you guys were at and then the associated revenue from right after 20A, I think, Jessica, we determined at that point that the cost of doing cost recovery would exceed the revenue that would be brought in, and so that's pretty inefficient, and why would you want to do that? I don't know if that's still the case, now that the quota has been increased again, but that's something that we can look at.

MR. M. FREEMAN: I believe the -- It might have been the review that Kate did, but they had cost estimates for the program in it, and I want to say that it was only like \$3,000 or \$4,000 for the actual expenses to run the program. Then they tacked on twenty-some-odd-thousand dollars in law enforcement costs into the -- Which made up, I believe, close to 90 percent of the program costs.

DR. TRAVIS: Was it enforcement?

MR. M. FREEMAN: Yes, and have you ever been --

MR. REISS: That's ridiculous. It's not necessary. We police the fishery ourselves. Also, on top of that, if we could transfer to an electronic filing, that would eliminate the \$3,000 a year thing and get away from the paperwork and coupon necessity. We could streamline the cost quite a bit from where it is right now, whatever it is right now.

DR. STEPHEN: Even though you transfer to an online system, there is still a cost involved in that, and I don't know, Mike, if you want to kind of explain what the incremental cost is in cost recovery and how that works, so that they're clear that it's only for things that are different from how we would enforce if it wasn't in a catch share program.

DR. TRAVIS: Yes, and, in this case, this takes us back to an issue that we keep coming back to. In terms of determining what the agency's position is, in terms of their interpretation of the Act, it's that you can only assess cost recovery fees based on the incremental costs created by the program, because obviously -- You were managing this fishery before anyway, and there were costs associated with the program under the previous system, whatever that may be.

If the costs increase, as a result of the new program or major changes to the program, you're only allowed to assess the incremental costs created by that and not the entire costs of management, and we have not begun to look at that, as far as I know, and I think, Jessica, wouldn't you agree that that's going to be kind of a tough nut to crack, in this case, given the age of the program?

DR. STEPHEN: Given the age of the program and how long ago it was and the kind of difference in technology and how we use enforcement, it would probably be fairly hard to do it. We do probably -- If we move to an online system, there will be minimal costs for that, because it would most likely be a shared system that we use in the Gulf, and so some of that maintenance is covered by the Gulf program, but it would involve probably more staff time in the Regional Office, versus the Science Center, in having a customer support line for questions that you have with an online system and other things. Again, it's probably minimal, and we would have to do analysis as we get into how much time we spend working with that.

DR. TRAVIS: Yes, because our online program doesn't just cover the Gulf ITQ programs anymore. It now covers HMS's -- The bluefin program is under that, and, for a while, it also covered the Headboat Collaborative Program that we did under the EFP in the Gulf, and so we can -- It can be added onto, if necessary.

MR. POLSTON: You're saying that if this goes online that it would be added onto the -- Was it bluefin?

DR. TRAVIS: Administratively, in terms of --

MR. POLSTON: The same program setup?

DR. TRAVIS: The system that we maintain, it would just be added into it.

MR. POLSTON: But a different program, because that's a joke.

DR. STEPHEN: I can add to this a little bit, to clear it up.

MR. POLSTON: I am here as a non-computer guru guy, and that's a joke, and I've talked to people that are computer people, and they have looked at it and said that it's a joke, too.

DR. STEPHEN: The ITQ system?

MR. POLSTON: Yes, the way it's set up.

DR. CHEUVRONT: IBT.

DR. STEPHEN: The IBQ system has some different aspects to it that HMS required. The Gulf IFQ programs would be the structure that we would probably mimic fairly well, and that's been fairly successful. You have different kind of roles, like a shareholder account and vessel accounts and then dealer accounts, and that's where you do all of the -- The coupons would become an online item that you could transfer as individual pounds, and you do that directly online, between everyone, and what we would do at the Regional Office is just administer and make sure that no caps are exceeded in any transfers and to make sure that landings are done in a timely manner.

DR. TRAVIS: I think most of the Gulf folks would say it's a pretty seamless process, and it's very easy, once you get your accounts set up. When you need to move things around between boats and corporations and whatever else, it's not difficult.

MR. POLSTON: It's not like that with the bluefin quota.

DR. STEPHEN: Right. The bluefin quota has a lot of added complexity, because the dealer permits are not within the Southeast Regional Office, and they have other stipulations that they need to do that are interacting with the online system. I would judge more off of the Gulf system than the IBQ. We kind of tried to adapt the Gulf system to IBQ, and it wasn't the best fit.

DR. TRAVIS: That actually, in turn, leads to the next item, which is data collection and monitoring and enforcement, and so all of these things that we just discussed need to be discussed in the document. Duration, that just simply refers to the fact that, under Magnuson, in general, when you set up a program, the program is set up to be in place for ten years, and the program will continue unless the council decides to end it or modify it, and so they're generally viewed as ten years' worth of privileges before the council may need to do something.

Then new entrants. If you want to make provisions, and I know there are concerns in a lot of fisheries about the fisheries are getting older, in terms of the boats and in terms of the participants, and do you want to set up something? Like we've looked at loan programs in particular fisheries, to help people come into the fishery, and I'm not saying that's an issue here, but I'm just saying that it's something to look at. Then auctions and royalties, and those have not been put into place in any fishery yet, but there is some growing interest in that.

To give you a potential example of how it might be applied, let's say that you saw a big increase in your quota. You get a new stock assessment and the quota increases by 100 percent. People in the fishery are like, well, we're not going to be able to harvest all of that, and so why don't we pull some of that aside and auction it off, and then you bring the funds back. Then they get used for whatever purposes they are assigned to be used, but, in this case, that may be a trivial thing that we mention and don't really get into, depending on level of interest. That would be the last part

of it, and so I think I'm done. Does anyone have any other questions or issues they want to bring up?

MR. HUDSON: One question I have is the quarter-million-pounds that was originally focused on in Amendment 20A that was implemented in I think 2012, all that process started in 2009. Then they had to come along and do the stock assessment themselves, and I remember that that almost doubled the allocation, but then it incrementally dropped, and so now it, I think, stops right where it's at about right now or next year.

DR. CHEUVRONT: 2020 I think it stops.

MR. HUDSON: Okay. Whatever the timeline was, that's where it bottoms out, and so it's been reducing every year since that got implemented, and what year was the implementation of the increase in the quota, because that's an important feature. That falls right into this review period, because Amendment 20A is --

DR. TRAVIS: That was done under 22, right?

MR. MEHTA: Regulatory Amendment 22, and the final rule published on August 12, 2015, and it was implemented on August 12, 2015.

MR. HUDSON: They also gave 5 percent to the recreational that never got utilized.

MR. MEHTA: That was done before Amendment 20A.

MR. HUDSON: That was done in --

DR. CHEUVRONT: That was done in the Comprehensive ACL, and so that was 2011 or 2012.

MR. HUDSON: They were at 12,000 pounds under the quarter-million, and so it's a little bit more than that.

DR. TRAVIS: Correct, because what's our quota now? It's like four-hundred-and --

DR. CHEUVRONT: It's under 300,000 now.

MR. M. FREEMAN: He said the rule was August 2015, and it was the 2016 season.

DR. CHEUVRONT: 2016 was when the actual increase --

MR. M. FREEMAN: I doubt it would have gone into effect mid-season.

DR. TRAVIS: So we delayed the implementation of the --

MR. M. FREEMAN: I would assume so.

MR. MEHTA: The commercial ACL for this year is 393,490, and the recreational is 20,710.

MR. HUDSON: How much will next year be?

MR. MEHTA: For 2018, it's going to be 385,985 commercial and 23,150 recreational.

UNIDENTIFIED: It's incrementally decreasing.

MR. M. FREEMAN: Then it stops at 2019, correct?

MR. MEHTA: 2020.

DR. TRAVIS: I was thinking over 400,000, because, in 2015, when the rule came out, it was at about 411,000 pounds, and that was the number that was sticking in my head for commercial.

UNIDENTIFIED: Correct me if I'm wrong, but there still has not been one pound landed recreationally, and is that correct?

DR. CHEUVRONT: Let's say it hasn't shown up in MRIP if it did.

MR. HUDSON: There has been no intercepts.

UNIDENTIFIED: They're still sitting on 20,000 pounds.

UNIDENTIFIED: I actually know of a wreckfish that was caught recreationally.

MR. HUDSON: But there was no intercept.

UNIDENTIFIED: Correct.

MR. M. FREEMAN: It would be terrifying if there was one.

DR. CHEUVRONT: Yes, what would happen to it.

MR. M. FREEMAN: Imagine how that would have gone, if someone finds one fish and somehow we end at 100,000 pounds in a week.

DR. CHEUVRONT: Yes, it happens.

MR. M. FREEMAN: A few times now. It's real bad with hogfish.

DR. CHEUVRONT: Okay. Mike has given us the overview of how this whole process works. The council is going to see this presentation in September. They have not seen it yet, and the next item we have on our agenda is confidentiality of landings, and we've already had some discussion on that, and I think it's pretty clear that you all just want to give information and all, and so we're going to need to get with Pete and Scott and see how they feel about doing that.

MR. J. FREEMAN: I was talking to Scott, and he said to just present him what we -- Just show him what we need it for and that he would consider it.

DR. CHEUVRONT: Okay.

DR. TRAVIS: Yes, and I never finished my story about how we handled it back in 20A. Paul, I think you were actually at the meeting when we did this, if I recall correctly, but it was one of these situations where the council was like, we don't feel like we can make an informed decision without actually seeing the numbers, and so we put together a sheet with the landings estimates on it, and we handed out hard copies to all the council members, and we let them look at it while they were thinking about the decisions they were making. When they were done, we took the hard copies of sheets back, but that's not -- I don't think anyone was happy with that, but it was the only way that we could figure out how to handle it at the time, and so I think everyone would prefer to avoid that kind of approach this time, because it was only given to the council members. They were the only ones who saw it.

MR. M. FREEMAN: Do you know if they even had access to the total annual landings?

DR. TRAVIS: That's what it was.

MR. M. FREEMAN: It was just the total?

DR. TRAVIS: It was the total annual landings, yes. There were just -- Half of the time series that was used, they were confidential.

MR. M. FREEMAN: If us three were to sign off and give you access to our landings, you would still have access to the total landings for the year, and if there's a difference of 5,000 pounds, you could get --

UNIDENTIFIED: You could figure out who caught them.

DR. TRAVIS: Yes, and that is the problem, and that's why the rule of three is in there, is that you don't want to disclose anyone's private business, and you don't want to also allow people to easily deduce it. If they say, well, I know this and I know this, and I can figure out that. There is a balance, and we're trying to protect people's business information.

MR. BOWEN: We run into the same thing off of Georgia. We do the same thing for our headboats, because we don't have more than three, and so we're lumped with Florida, which is frustrating at times, but --

DR. TRAVIS: It is an ongoing issue that is not going to go away anytime soon. Our anthropologists in particular, they really get hamstrung by this, because they want to do stuff -- They want to look at effects at like a community level, and it's like, well, we can't, because everything is confidential at that level, and it happens in a number of fisheries.

DR. CHEUVRONT: We need to make sure we state your name when you speak, so that we know who is talking, for the transcript.

MR. J. FREEMAN: However, this confidentiality is affecting the best available science, and so how do we fix this? This is really hurting the program with this. It's just like when Dr. Butterworth

did this, and I believe he used twelve models. Eight of them were over 800,000 pounds, eight of the twelve models.

MR. HUDSON: The modeling runs.

MR. J. FREEMAN: The modeling runs, yes, and then I think we had one at 700,000 and one at 600,000. Then, naturally, the council selected the lowest amount they could give us, but, anyhow, we have already paid the way one time, and we're not about to pay again. Someone is going to need to, on the council level, step in and take care of their end of this.

DR. TRAVIS: We are going to be discussing this. We're getting our internal team together later this week, and we're going to be talking about it, but my initial thought is the best way to do it is to get the waivers out to -- There is going to be seven people that need to sign off, and, if we can get all seven to do it, my understanding is that we'll be good to go.

MR. J. FREEMAN: Okay.

MR. HUDSON: Are those waivers going to be available for the September 25 and 26 SEDAR Steering Committee meeting?

DR. TRAVIS: Thank you for raising that.

MR. HUDSON: Because therein lays part of the rub, because number thirty-one on the list is wreckfish, all the way at the bottom of the choices to do science for. This would only require a probable update, and possibly a little bit of tweaks, but then that would be like a standard, but then it could be done with what Butterworth worked up.

DR. TRAVIS: The September council meeting is which week?

DR. CHEUVRONT: September 11.

DR. TRAVIS: September 11. Jessica, would you think that we could come up with an answer before the next council meeting, if someone says that we've come up with a solution?

DR. STEPHEN: I think, when we meet on this Friday to talk about confidentiality a little bit better, we'll have a better handle on it. If everyone is willing to sign waivers, but we just need to be exact on what you are signing a waiver for. Are you signing just a waiver for this review, or do you want to also include any future stock assessments? Remember that all that data then becomes public, and so you're not just doing it for the review. Any public participant can see that at that point in time.

The alternative, of course, is things that we've discussed, like rolling three-year averages, to kind of hide that confidentiality, and I guess the other point that I wanted to make is keep in mind that NMFS always has access to all of it, but it's just people outside of NMFS that cannot see that confidential data, and so we could see the actual landings and make statements without referring to actual numbers, and that might help influence decisions.

MR. M. FREEMAN: I know that NMFS has access to all of the landings. NMFS has a major role in the assessments themselves, but I'm just curious how, despite having full access to the landings, somehow the best they could come up with was, well, let's take an average of your total annual landings. Is it because the stock assessment has to go to peer review or it has to be exposed to the public, so they couldn't incorporate those landings, the actual landings?

DR. STEPHEN: There's a lot of non-public people that are involved in the stock assessments, and it's a public document, and so that's where our hands start to get tied. If there was some kind of closed review of it, there might be a way that we could do it, but, then again, the document that we release can't include that information, but that might be an avenue that we would want to pursue with Bonnie and the Science Center of doing a different type of assessment on wreckfish that is solely within NMFS. Therefore, that confidentiality might not be as big of a concern. It does hurt when we get to the reviewers, but you could possibly sign waivers for the reviewers to see, but not have it be published data.

MR. M. FREEMAN: We're open to -- At least us seated at the table, I would assume that we're open to just about anything we can to try to get some actual data into this. I know that 2008 was the final year for the previous review, and I know that this was supposed to be 2009 through 2011, or contrast 2012 to 2016, but, if you look at the CPUEs for the years prior, and you look at who was participating and what they were landing, you will see that just taking an aggregate of the landings had no scientific basis at all.

You will see that, despite lower landings, CPUEs were, at the very least, still as high as they had been, as opposed to an 80 percent reduction in CPUE to warrant that kind of reduction, and so anything we can do to try to get some actual data to contrast against what they're used in the past, we're open to.

DR. TRAVIS: There is nothing in the guidance that says even though these years are going to be our primary focus that we can't look at -- For certain analyses, things that are important, we can go back, as needed, and pull in additional data, if that's desired.

MR. M. FREEMAN: I think that, due to how it initially went down, it would probably be a fairly high priority to do it here. There is a major disconnect between what was actually being landed and --

DR. TRAVIS: And why the landings were what they were.

MR. M. FREEMAN: Yes, why the landings are going down.

DR. CHEUVRONT: Okay. Is there anything else on confidentiality that we need to talk about? I think we pretty much have that covered for right now. The next thing that we had on our agenda is a discussion of topics that basically were derived from that last slide that Mike showed of the kinds of things that needed to be considered in the review.

We have edited that list a little bit, because there were some things that were unique to this program that warranted adding some things, and there was one or two that were taken off because they are not relevant to this program at all, but one of the first things that I did want to talk about, and I

know that's kind of hard for you guys to see there, is talking about some logistics of how the program is run.

Right now, we've got the coupon system, which was set up back in 1992, I guess, and I noticed that, in both Pete's and Scott's comments, and they responded to many of the topics that are on here, and Pete said that he thinks that the paper coupons work well. They are simplistic and easy, and he would like to continue using them, and this is in response to the statement that potentially we could just get rid of the paper coupons and go all electronic. Scott also said, again, at this time, there is only seven participants in the fishery, and so paper coupons work well and are the most efficient method for this fishery. Going all electronic would not be cost efficient in this particular fishery.

There is another issue that needs to be brought up regarding the coupon that I'm not sure that -- Maybe the council members don't know and all, but, if you land 1,201 pounds, you've got to use 1,300 pounds of coupons, and you don't get change, and so you lose ninety-nine pounds of fish, which is roughly about three fish, if that was to happen to you, correct?

MR. REISS: No, that is not correct. You average out. Up to forty-nine, you come back to 1,300. You do not have to use another hundred-pound coupon.

DR. CHEUVRONT: You could though -- Even still, if you went up to -- Say you landed 1,250 pounds, and you would have to use 1,300 pounds of coupons.

MR. REISS: That's correct.

DR. CHEUVRONT: Okay, and so you're losing fifty pounds of that, potentially.

UNIDENTIFIED: I think fifty is the mark.

UNIDENTIFIED: It's fifty-pound increments.

MR. M. FREEMAN: The coupons themselves are hundred and 500-pound increments. My understanding of it is that, up to forty-nine pounds, you round down, and, over forty-nine, you have to round up, and so, if you land 1,250 pounds of fish, you have to send in 1,300 pounds of coupons.

DR. CHEUVRONT: Okay.

MR. M. FREEMAN: That's the major aspect of the paper coupons that going electronic would alleviate. Beyond that, we're required to submit our dealer reports that obviously have to send in the wreckfish landings, and I have to send in the coupons themselves, signed and dated, and I have to send in a monthly paper report that has all of our wreckfish landings, in addition to the actual logbook, and so I don't agree that this is a simple and elegant solution. There is a lot of double or even triple entry.

DR. TRAVIS: Would you say that it's more burdensome for those who are buying coupons, as opposed to selling them?

MR. M. FREEMAN: We have never been able to even think about selling our coupons. We land all that we can. For those that we are leasing them from, I'm sure they do enjoy the system. They send them to us, and that's it, and so I don't know that they have a good grasp on the actual reporting requirements.

MR. J. FREEMAN: I'm not really sure if you've ever had to -- Obviously you have never filled one out, but, if you have a 10,000-pound trip, you're going to have to have surgery on your wrist, because of all the little coloring you have to do on these things. You've got to fill in your boat number, and then you've got to fill in the poundage, and then you've got to fill in the month, and it's horrible, absolutely horrible.

MR. M. FREEMAN: That's a good point. If you have a 10,000-pound trip, and God forbid is all you have is hundred-pound coupons. You would have to fill out a hundred of them.

MR. J. FREEMAN: Because you made a mistake and used up your 500 at a different time, and now you're stuck with all your 100.

DR. TRAVIS: This is what economists call high transactions costs.

DR. CHEUVRONT: Yes. Okay. The four of you all are definitely in favor of going to electronic and having it -- To some degree, I am assuming that, once you log into your account, it's going to fill in certain things for you.

MR. REISS: Yes, but, as for what we discussed earlier, you have the cost of a paper trail, and now you're talking about, if you applied the cost recovery, you're saying that the electronic filing incremental increase of cost would be applied to cost recovery, the way I see it.

DR. CHEUVRONT: Not necessarily.

MR. REISS: Can we just compare the cost of electronic filing as opposed to the paper trail and go from there?

DR. CHEUVRONT: Yes, sure. I don't know about the cost recovery thing, but the comparison, I believe, is to be made between having the catch share program and not having a catch share program and not variations on how the data were collected. Isn't that correct?

DR. STEPHEN: That's correct. Just moving from one mechanism of reporting, through paper, to another one of an online is not an incremental increase between those two. It would be incremental increases of what was the cost of doing the paper versus everything else you have to do, like a regular logbook. Again, we have a structure we can adapt fairly quickly and easily to it, and so, to me, the cost of creating that structure itself would be fairly minimal.

DR. TRAVIS: That is something that we would be evaluating here regardless of cost recovery itself, is, if you're going to look at that, you want to look at what the different costs are from shifting from the current system to an electronic system, and that would be required of the review anyway.

MR. M. FREEMAN: I hate to jump the gun and kind of skip ahead to cost recovery, but it just crossed my mind. The more I think about it, the enforcement costs are associated with the previous review, the twenty-however-many-thousand dollars, I would assume that it's tied into the fact that we are not actually allowed to unload wreckfish after 5:00 p.m. That's the only enforcement aspect that there is to the program itself, and, to my knowledge, an officer has never even been present for any unloading.

MR. REISS: Also, you're not allowed to unload at a facility that's not a permitted unloading facility, but I would personally -- I would like a definition of enforcement. I mean, applying to this fishery, what is the enforcement cost, specifically?

MR. M. FREEMAN: Whatever value they had it, whether it be \$21,000 or \$22,000, that would have already been an incremental cost, and so they would have attributed that value to an additional expense that would not have been present in the absence of the ITQ program. I am just having a hard time seeing why an enforcement cost is somehow unique to it being a catch share program and why that was brought up, and I believe they were actually discussing cost recovery in the previous review. I agree with Paul of what exactly is that money being spent on.

DR. STEPHEN: I can add a little bit to this enforcement discussion as well. We do use enforcement in the Gulf, and they have kind of similar criteria that you do. They need to have an approved location, and they can't unload after a certain timeframe in the evening. One of the benefits of the online system is that we can have something like a hail-in notification, and that does not mean that it has to be VMS.

You could create something different, and that would inform law enforcement when you're offloading, and that might relieve some of the burden, because they would have prior notification of where you will be, and that could possibly reduce your enforcement costs, because they wouldn't have to just be randomly out there trying to know when you would be offloading, and they would have designated times.

MR. REISS: Just to make a point, I know there is some comparison between remaining in a catch share fishery as opposed to a derby fishery aspect, and I can guarantee you that enforcement would go through the roof with a derby fishery as opposed to what it is now with a catch share fishery.

DR. STEPHEN: Since you guys have kind of really two locations that you mostly land at these days, I can't imagine the enforcement costs being overly high.

MR. J. FREEMAN: I was just going to say that as far as with -- I know with King's and with Two Jerks, it's -- 90 percent of the time, we have a federal port sampler there. Claudia Dennis is already at the facility weighing in all of our fish and everything else, and I know Paul has a --

MR. REISS: Likewise, at Cherry Point, we have DNR onsite, the Department of Natural Resources of South Carolina, just about every single time we unload.

MR. BOWEN: They're just samplers, and they're not enforcement.

MR. REISS: They are not enforcement, no, but, were we to be doing something illegal, I'm sure the fact of it would trickle down, so to speak, if you would.

MR. BOWEN: I would agree.

DR. CHEUVRONT: Okay. Just to make sure then, we've got consensus among the four of you that electronic reporting would probably be an improvement, a preferred improvement, over what you're doing now with coupons.

MR. REISS: Yes, correct.

DR. CHEUVRONT: Okay.

MR. CONKLIN: We have an electronic reporting pilot type of thing going on in the snapper grouper fishery already, and so I don't think that it would be much of a problem to incorporate wreckfish into that as well, where you wouldn't have to opt into a cost recovery type of program. Correct me if I'm mistaken, where Bonnie was giving out these laptops for us to fill out our logbooks and stuff like that.

MR. BOWEN: That's definitely going on in the for-hire fleet, but I'm not sure it is in the snapper grouper fishery.

DR. CHEUVRONT: Right.

DR. STEPHEN: I can speak to that a little bit as well. These pilot studies, one of our goals, in the long run, is to get kind of a one-stop shop for transmission of data. Currently, we don't have that. What the catch share system does is, by being online, it allows you to manage it to whatever pounds you want, and then the other benefit, what we use with the landings, is that you have both the dealer and the fisherman verifying that that landing is correct, and law enforcement has found that very helpful, and so has the Science Center.

We have noticed, sometimes, discrepancies between that and logbooks or that and trip tickets, and it has helped the Science Center, in general, start to explain variances that we might see between different sources, but, right now, they are not interchangeable. It is one of our kind of five-year goals to make those systems work together, but we're not quite there yet.

DR. CHEUVRONT: All right. Getting to some of the things that the review requirements have in there, one of the things to look at is eligibility to participate in the wreckfish ITQ, and so one of the things that we considered is modifying eligibility to participate, and both Scott and Pete think that there doesn't need to be any modification to who can participate in the fishery or how you have to go about participating in the fishery.

MR. M. FREEMAN: I am not sure that I see the need to have a snapper grouper permit in order to get a wreckfish permit. The depths they're at, we're not really running into any snapper grouper species on a wreckfish trip.

DR. TRAVIS: Just to make sure that I heard you correctly, when you go out for wreckfish, you typically do not have incidental catch of other snapper grouper species on those trips?

MR. REISS: Correct.

UNIDENTIFIED: That are managed under the snapper grouper.

DR. TRAVIS: That are managed under the FMP. Thanks.

DR. CHEUVRONT: Then, of course, if you were to do some other fishing on the same trip, or do you actually ever do any other kind of fishing? If you're going for wreckfish, that's all you're going to do, is wreckfish, and you're not going to fish something else on the way out or the way back?

MR. M. FREEMAN: Our guys will usually stop on the way in. If snowy grouper is open, they get their 200 pounds, but that's not something that is specific to the wreckfish fishery. If somebody wants to do that, and they happen to have a snapper grouper permit, that's great, but we definitely don't have any incidental catch of managed species targeting wreckfish.

MR. CONKLIN: Can you elaborate on why you don't see the need for someone to have a snapper grouper permit to participate in the wreckfish fishery, other than the depth that they're fishing, for the record?

MR. M. FREEMAN: If someone were to want to get into the wreckfish fishery, you already have to either lease or purchase coupons, and I don't know that someone that doesn't have a snapper grouper permit that you need to add any additional -- Really encumber them any further with a requirement that has no real effect on a wreckfish trip. I don't know that it's so much a justification for why I think they don't need one as I have never heard an actual justification for why you do.

DR. TRAVIS: I don't want to go too far out on a limb, but, if I recall, it's a legal issue associated with the fact that wreckfish is part of the snapper grouper complex.

MR. REISS: You're absolutely right, because I ran into a situation where my snapper grouper permit lapsed, because I didn't update it within the -- At the time, it was thirty days or something. It was totally different than all the other fisheries. Anyway, it went away, and I was informed by NMFS that, by the way, you have to have a snapper grouper permit, legally, to be able to wreckfish, and so I had to actively go out and buy a snapper grouper permit.

MR. HARTIG: Mike, do you see this as a barrier to new entrants in the fishery? I mean, you're talking about if someone wanted to get in now that they would have to buy these coupons, or buy quota, but then, additionally, they would have to purchase a snapper grouper permit, and so that would be a pretty steep barrier to getting into this fishery.

MR. M. FREEMAN: That is correct.

MR. HARTIG: Okay.

MR. REISS: I kind of disagree, because anybody that would show a desire to get into the wreckfish fishery would probably already have a snapper grouper fishery permit. I don't see anybody going from A to Z here.

MR. CONKLIN: How eager are you guys to allow people into leasing your shares or selling your shares out to other people, or do you all want to keep it to the seven or however many of you all there are?

MR. M. FREEMAN: It's not that we're inherently opposed to leasing our shares out. In our situation, we already have to lease shares from other people. We don't have enough to be able to fish this fishery throughout the year. I would say that, before we go out of the way to try to create some new avenue for people to get into the fishery, we address the existing issues with the assessments.

If, all of a sudden, we go back and we look at the CPUEs over the years and we see that, okay, maybe that reduction was not scientifically sound and we get some quota back, it would be very easy to lease or buy quota, but it's just that we don't have enough right now to be able to lease it out.

MR. CONKLIN: So the fishery, in your perspective, is at maximum capacity for participants right now with the fish that you're given?

MR. M. FREEMAN: I can only speak to our landings, but yes.

MR. POLSTON: I think anybody that is in this fishery right now would happily agree to have new participants if the quota could be taken back to where it was at one time, and that's how the program was originally set up, was for all the people to be able to get in that wanted to get into it, and there was plenty of coupons to lease out and the whole nine yards.

Another problem with where the quota is right now is you can't get a real assessment on what people are catching. For example, last year, I think we caught somewhere around 70,000 pounds. We could have caught a lot more than that, but guess what? There was no more coupons available to be leased, and so, with that being said, they're going to look at me and say, well, you could catch 70,000 pounds, and, no, that's not correct. That's all the availability I had to catch, and so there is a problem, and I don't have a problem with new participants. I think growth is good in industry, but not with the quota being as pitiful as it is right now. We don't have enough quota to suffice everybody right now, with the way things are, to be able to fish.

MR. CONKLIN: To that point, can you enlighten me on how the coupons work? Are they issued out or leased for a year or something and then you're done and you guys can't transfer in between? I know that, like in the Gulf, if you came in and needed 10,000 pounds, they're right online, like we were talking about earlier, and you can transfer it right over from one shareholder to another, and it would be that easy.

MR. M. FREEMAN: This really comes back to being a paper coupon system. We basically just slide it over.

UNIDENTIFIED: The process is simple.

MR. M. FREEMAN: As to some kind of system where you can go online and access it, nothing like that exists.

MR. REISS: Of all the shareholders in this fishery, the only one that has enough is me, and, what I have extra, I am willing to lease and/or -- I mean, from what I understand, if a new entrant wanted to get into the fishery, the way I understand it, they would obviously have to have a snapper grouper permit, and then I would have to sell them some percentage of shares. They would have to become a share owner in order for them to be able to lease shares from me, and so there would be a process of how they would have to get into the fishery. Am I not correct in that?

UNIDENTIFIED: That's correct.

DR. TRAVIS: I think that is correct, and I'm glad you brought that up. I think this is a distinction between the wreckfish ITQ and our ITQs in the Gulf, because, in the Gulf, you can lease annual allocation, or annual pounds, without being a shareholder. It happens all the time, but, in this program, my recollection is that Paul is correct that you cannot -- Only people who are shareholders can lease or buy coupons.

MR. M. FREEMAN: I am glad that Paul brought that up. That actually slipped my mind. I believe the requirement is you cannot get a wreckfish permit without holding shares. If you don't have a permit, and if lease shares, you still -- At least that was my understanding.

MR. CONKLIN: Is there not a token or something that you guys can issue out to people, is what I've heard?

MR. M. FREEMAN: Not to my knowledge. There is no mechanism for that.

UNIDENTIFIED: A what now?

MR. CONKLIN: A token I've heard about.

MR. M. FREEMAN: You mean something that you can give when you lease it to authorize them to harvest wreckfish? There is no mechanism like that. At the time, there were quite a few shareholders, and that has dwindled over the years, from where the program was set up, and there was no need for anything like that.

MR. PHILLIPS: Brian, what is the smallest share you could sell? Is it like one-tenth of 1 percent or something?

MR. REISS: Yes, that's correct. Any nominal amount. I mean, historically, there were shareholders that owned a quarter of a share.

MR. PHILLIPS: Then I guess the question is, that I am trying to hear, is do you all want to leave it like that, or do you want to be able to just lease to whoever might have a snapper grouper permit and then they just get a wreckfish share, so that they're showing that they're catching wreckfish, and do you really want to leave it that way?

MR. REISS: I would prefer to leave it that way, because it goes to accountability. If they're owning a share of the fishery, then, like we do, and we have a vested interest, and I want that person to have that same interest.

DR. TRAVIS: Let me read from the regulations, and I'm pretty sure that I'm interpreting this correctly, but this is exactly what the regulations say: An ITQ coupon may be transferred from one wreckfish shareholder to another by completing the sale endorsement thereon (that is, the signature and shareholder certificate number of the buyer). An ITQ coupon may be possessed only by the shareholder to whom it has been issued or by the shareholder's employee, contractor, or agent, unless the ITQ coupon has been transferred to another shareholder.

MR. J. FREEMAN: Just so we have a perfectly clear picture of this, I have two boats that fish wreckfish, and I lease all of Scott's coupons, and it comes -- Generally towards September or October, we're running like one trip a month, just so my guys can have some kind of income coming in for that month, and we try to stretch it out as much as we can, especially with the holidays.

I'm not speaking for John, but John has leased Pete's, and they were able to catch all of that, and they were done. They had to rig out the boat to go shrimping, because you still have families that you're concerned about. That's your crew, and so I mean, like I said, it's not that we're opposed to people coming in, but it's just we're doing whatever we can do right now to have an income for our employees the best we can year-round.

DR. CHEUVRONT: Just maybe as a way to sum it up is that it's not that you all are against new entrants, but the problem is that, currently, there's not enough ACL for the current participants. If the ACL is significantly raised, then the possibility of having a provision for new entrants is something that you would not be against.

MR. REISS: Correct.

MR. J. FREEMAN: At the same time, to be fair for an entry trying to get into it, get ready to spend \$300,000 to \$400,000 to have a vessel that's capable of doing it and being out there and being safe. They need to have permits and all, and you can't expect somebody to take that kind of risk, that kind of money going out, for 10,000 pounds. It's just not feasible. It doesn't make any sense.

MR. CONKLIN: At the next council meeting, could we make a recommendation to the SSC to revisit some of these CPUEs and stuff like that, where they overlook or not consider the years of low landings during the last assessment, when the reduction came in?

DR. CHEUVRONT: The SSC works for you, and so you can direct them if you want to.

MR. CONKLIN: Okay. So we need to get these gentlemen to ask us to do that, which I think they already have, and we can make a motion on that behalf. I know their plate is very full, as far as the SSC, but --

DR. CHEUVRONT: If you want some help, Paul is in the Charleston area. He's in Mount Pleasant, and so maybe, if you all want to talk about -- He can come and give public comment during the public comment period, if you want to work it that way, and he could ask that the council reconsider asking their SSC to do that. I don't know if you heard this, Paul, and I don't know if you're going to be available. I'm not trying to commit you to something, but it's sounding like what Chris is saying is that perhaps they might like it if somebody could come to the council meeting in September, which is in Charleston, at the public comment, and ask the council to

reconsider some of the ACL issues for wreckfish and see if they could direct the SSC, the Scientific and Statistical Committee, to consider some of these issues that you guys have brought up. Chris, is that what you're saying?

MR. CONKLIN: Yes, and I don't think that it would require running a whole new assessment or anything, or an update or anything like that.

DR. CHEUVRONT: I don't know.

MR. CONKLIN: Or would it, Ben?

MR. HARTIG: I think it would. I think these considerations -- Are you guys really looking at the Butterworth template for the next go-round of the assessment?

MR. REISS: Why not?

MR. HARTIG: I don't know. I am really asking you that question.

MR. POLSTON: It's the only one that accomplished anything as getting more quota, and so I would have to say yes. The council or SSC or whoever never went that step to actually do an assessment, and so, yes, we would have to go with that, because that's definitely the best available science at this point in time.

MR. HARTIG: So we're using that assessment now for your catch level recommendations?

MR. M. FREEMAN: That's the current system. That's what you have based the current quota off of. I would imagine that it's going to be a fairly involved issue for the SSC to look at. I don't know that we should say to use Dr. Butterworth's model right off the bat. If they look at it and they go, oh, when we reduced the quota to a quarter-of-a-million pounds, obviously we didn't have access to the CPUE and we didn't have access to who was fishing and any of that, and I would probably leave that up to the SSC to see how they would recommend you to proceed, and it could very easily even invalidate Butterworth's work, I would imagine.

MR. CONKLIN: I guess it could be a double-edged sword though. If they're forced to use like the BAM Model or something and there's a lot of data gaps, then it could potentially reduce the ACL even more, if I'm not correct.

MR. POLSTON: I am pretty sure when Dr. Butterworth did his assessment that also his hands were tied as far as all the figures that he could use and stuff also, because of confidentiality and stuff like that, which could have -- We had to lean, from what I understand, the way it came back, he had to definitely lean towards conservation to the maximum, versus where it could be, versus why they chose the lowest -- I believe the lowest one that he came up with, versus mid-range or the highest numbers that he came up with.

DR. CHEUVRONT: If I'm not mistaken, what would happen, I think, here is that, if you all make a recommendation for the SSC to -- If you get the council to direct the SSC to relook at this, then the SSC can be provided with this additional information, but it's up to the SSC to deliberate how

they will to decide how to deal with the issue, and the council doesn't prescribe to the SSC how to look at scientific matters.

Then they can look at it and give a recommendation back of we think it should be changed or we should do another assessment, and we could do it based on the Butterworth model or we can change the ACL. I can't predict how that discussion would go, but I think, if it came from the council directing the SSC to look at this again, then they would have to look at it, but we can't predict how that turnout would be.

MR. J. FREEMAN: Going back to presenting this at the council or whatnot, you just mentioned Paul.

DR. CHEUVRONT: Yes, because he will be local.

MR. J. FREEMAN: Paul still has a business to run. He's an owner/operator himself, and he's already taken a lot of time out just to be at the last meeting and at this meeting. If he is out fishing, we will be there. We will make sure that that is --

MR. HUDSON: Did the SSC do the final blessing on the Butterworth work? They had also done the previous work to that, where they used catch levels that set that lower thing, and then -- The protocol is there. It's a matter of having to update it, but doing an update is not as good as a standard, because I think these people need to be involved, because of confidentiality and everything else, the waivers, and then, that way, it can be done a lot faster, instead of doing a full benchmark.

DR. CHEUVRONT: You're mixing two things here, Rusty. You're talking SEDAR now and SSC. The SSC reviews SEDAR only. They don't direct when SEDAR assessments are going to occur.

MR. HUDSON: That's correct, and this was done in a SEDAR-like fashion.

DR. CHEUVRONT: I understand, but what I'm saying is that, if another assessment is going to be done and it will be directed, it will be directed by SEDAR and not by the SSC. The SSC could say that we need to have another assessment, and then that would go to SEDAR to decide then what to do, and so we can't -- We've got to make sure that those are two separate entities that we're talking about here.

MR. HUDSON: Then that gets us back to the SEDAR Steering Committee meeting. There's one in September, and then there will be one early next year some time.

DR. CHEUVRONT: Yes, and we'll have a couple more comments, and then we need to take a break.

MR. J. FREEMAN: Just real quick, going back to the webinar that was held between Butterworth and the SSC, Butterworth had ran all of this -- This was getting towards the end of the process, and he had ran a bunch of models and all. They were sitting there and they go -- One of the SSC members, and I can't remember his name, said, I'm just not real comfortable with the numbers that you ran. They're the numbers you gave us, and so it just -- With every -- It just seems like on

every turn, with every species, everything is being done, and it's the same thing over and over again.

You give us the numbers that we ran it, and we came back with eight models over this on your numbers, and now you're saying, well, you're not comfortable with those numbers. When are you going to be comfortable with something, besides taking a reduction, reduction, reduction, reduction on everything that we do on every species across the board? That's not for this discussion, but I'm just saying that it's very frustrating on our end.

MR. REISS: I just wanted to say that, if I'm available, I will be happy to make the request at the public comment at that September meeting.

DR. CHEUVRONT: Yes, and we'll make sure you get the agendas and all that, and you all can figure out if somebody would like to come and talk about it.

MR. HARTIG: I mean, you guys are here. You have made these requests already. We have you all here. This is going to the council, and so we're going to know that. I don't know that we need to take more time out of your schedule. It always helps for someone to come.

MR. REISS: To show up.

MR. HARTIG: To show up and say, you know, here is what we decided to be how we would like this to move forward, and that always helps, but, believe me, it's loud and clear, from what you guys have said today, of how you want to proceed.

MR. BOWEN: That's the reason for sitting right here today.

DR. CHEUVRONT: Okay. Let's take a break. It's ten minutes to eleven now. Let's come back about five minutes after.

(Whereupon, a recess was taken.)

DR. CHEUVRONT: All right. It's 11:05. Let's get going. We're all back in the room here. Our plan, at this point, is we're just going to drive on. We're going to go straight on through, probably. What we have is the rest of this to get through on our agenda, and then we have to talk about the proposed timing. The proposed timing will just take a couple of minutes. It's on the agenda, and it's going to be largely informational, just to let you know what's happening and when to expect things to happen. I'm guessing that we ought to be done by about one o'clock or so today, but, again, there is no restrictions. If you want to go longer, we can go longer, but that just gives you a heads-up.

We have already talked about the logistics of how the program is run and the idea of getting rid of the paper coupons and going electronic, and then we also talked about eligibility to participate in the wreckfish ITQ, and you know, some of the time, we were kind of jumping from one area to another, and it's all fine. It's all part of the conversation, and I think we're having some really good conversation that's going to help folks as the review is being developed, and we have identified other issues that need to be developed for this fishery, and so I think we're doing great.

The next thing that we would like to talk about is the notion of redistribution of shares. Now, again, all of these topics are not things that have to be done, but they're just things that are considered as part of the review. Nothing has to change in any of this, but we're trying to give you ideas and things that you can think about as prompts to maybe get you to think about things that you would like to see changed in the program or not at all.

First off, what I would like to do is look at what Scott and Pete said about redistribution of shares, and there are -- We will go through the redistribution of shares comments that they have. The first is placing an allocation cap or landings restrictions would go against the principle of a catch share program.

The two main objectives of a catch share program that relate to harvest include improving economic efficiency and safety at sea. As a way to address these objectives, the catch share programs allow fishermen to make harvest decisions based on market conditions and weather conditions. Placing a cap or landing restrictions limits the fishermen's freedom to make those decisions, and it undermines the objectives of the program.

If you remember some of the early management of this fishery, early on, there was a 10,000-pound cap that was put on, but, when the catch share went into effect, that cap was removed, and so that addresses, I think, what Scott is saying there.

There were examples of considering redistributing a percentage of each shareholder's shares, according to landings, and it would -- The idea is adaptive catch share management, and so, for example, X percent of each shareholder's quota could be taken every Y years and redistributed among all the shareholders proportionately, according to the percentage of total landings each had in the past year.

Something like that would be done as a way to try to achieve optimum yield. If all the ACL was not being caught, and you're leaving fish out there, this might be a way to improve efficiency in the fishery and get more of the fish caught by redistributing shares based on how people are landings, as an indication of maybe the other people can land more and these people are not landing all that they potentially could.

Scott's comment on that is this fishery is an ITQ fishery. The emphasis is on the "T" for transferable. An ITQ grants shareholders the right to transfer their quota. Taking a shareholder's quota and giving it to another deprives the shareholder of the right to transfer quota, and it undercuts the purpose of the ITQ.

Then there was also an example given of the notion of a use-it-or-lose-it provision that would require that a certain amount of poundage from the shares be harvested by the shareholders every so many years, and, here, Scott said that he was confused by actually harvested by the shareholder, because I believe there is currently one vessel fishing two quotas, which should be permitted. As long as the shares are being used, either fished or leased, they should stay in the shareholder's name. This is a small fishery, and, if every X percent of each shareholder's quota could be taken every Y years and redistributed, there is a chance that there would be a dominant shareholder. One shareholder already owns the 49 percent cap, and he could not participate in the redistribution. It would also infringe on the right of shareholders to transfer their quota.

Pete says that, in regards to whether restrictions should be placed on harvest, he says the whole idea of an IFQ is to reduce waste and harvest efficiently. A cap or restriction would go against the original principle and make it inefficient, and then the idea of the adaptive management scenario that I mentioned, he says, if a shareholder is leasing a portion of his shares, then he would get landing credit for those shares, and therefore receive them in this redistribution scenario. I support fair price leasing, and I have leased quota for fifty-cents a pound to keep this system running, and I don't support redistribution based on landings.

Then, in regards to require the use-it-or-lose-it type of provision, as long as the shares are being used, either fished or leased, they should stay in the shareholder's name, and that was all the comments that the two of them had on that topic. At this point, is there anything that you guys would like to say about the potential redistribution of shares?

MR. REISS: My attitude about the whole thing is status quo, to just leave it the way it is.

DR. CHEUVRONT: Okay. Does anybody else have anything to say about that? Leaving it as it is, that's working fine for you all?

MR. POLSTON: Not for me it's not. Jim can speak for himself, but, once again, like last year, we came to a point, and we happened to be the people that leased Pete's shares, and we leased all he would give us, up to -- He kept 5,000 pounds or something like that, because he said he thought that he might catch that, and, of course, obviously that's his choice to make or whatever.

At that time, we were out of shares, and, at that point in time, we were leasing for fifty-cents a pound, and I approached Paul. Paul was leasing his, and he said he would be willing to lease his for a dollar a pound. I, by my opinion, didn't think that was a fair price, but that's Paul's decision to make, because they're his shares, and so the point being there wasn't -- At what I consider a fair market price, there wasn't any coupons to be leased, and so I have an issue with that.

DR. CHEUVRONT: Okay.

MR. POLSTON: I mean, how to go about getting it to where it's there, I mean I am not a scientist or anything like that, but I'm just saying that -- I think the answer to all of it, like I said before, is we wouldn't have to be worrying about any of this if the quota was where it actually was originally set up in the ITQ program at two-million pounds. We had all the quota we needed, and he had all the quota he needed, and everybody had all the quota they needed, but that's not the case right now, and so now we have to address the situation at hand. That's why -- I mean, I don't want to hurt anybody, but, at the same time, I don't want to hurt myself neither.

MR. REISS: Once again, to be clear, like last year, I only wound up with, give or take, 20,000 pounds of quota left that I didn't catch myself, and so it wasn't like I was hoarding a mess of quota. Basically, I just about maxed out what I was allotted.

MR. POLSTON: That's great, because there's no question that Paul is the best in the wreckfish fishery. He catches more fish than anyone, if he caught that many, and that's phenomenal, according to the shares that he has or whatever, but, for example, going by the numbers that he just issued and said, 20,000 pounds is considerable in a -- You're talking about over \$100,000. That's considerable in landings for some other vessel, whichever it may have been.

DR. CHEUVRONT: Okay. Jim or Mike, anything you want to say?

MR. J. FREEMAN: I'm kind of in the same boat with John. We don't have enough to fish on to begin with, and I don't want to hurt anybody. I don't want to take nothing away from anybody. Everybody is running their own business, and they have their own business model, and that's theirs. I would rather, if I had to vote on something right now, possibly leave it status quo, for the time being, and let's see if we can fix the actual problem, which is the ACL.

If that doesn't get fixed, then I would be open to let's start reviewing something else here and trying to come up with a -- I don't want to try to take something away from somebody when that's -- I don't think that's what any of our intentions are, but, at the same time, we've had it taken and taken and taken from us, and we're just barely hanging on throughout the year. We can't even do it.

MR. M. FREEMAN: I guess my perspective on it is that so much of this review is kind of tied to the quota issue, the assessment issue, and so it's difficult to really go about even talking about any type of redistribution when we're as limited as we are. I guess the only issue that I really see with it is kind of a situation similar to what happened in the Gulf. I've got no problem if you want to lease your shares. That's great, but, if you want to sit on your shares and only lease them and never use them, I guess I would have an issue with that.

DR. TRAVIS: It's not specifically listed on here, but it is something we discussed during the presentation, and I know at least one of you brought this up, but we should be talking about allocations within the program as well as across sectors, and so any views on the 95 and 5 percent split between the two sectors?

MR. POLSTON: Absolutely. The 5 percent should be given to the commercial. There have been zero landings, and it's not going to be a huge increase to us, but at least it will be somewhat of an increase, because they are taken away from us every year, in the way the model is set up, and it's not going to hurt Joe Recreational, because he's not catching them anyhow.

DR. TRAVIS: What made me think about it is, Paul, you said you had about 20,000 pounds leftover last year, and that's about what the 5 percent is as well for the recreational guys, is about 20,000 pounds, and so that kind of triggered it in my head.

MR. POLSTON: With the 20,000 being taken from Paul, it is -- Well, it could hurt Paul, let's say, but it's not going to hurt the recreational whatsoever, because they haven't shown any landings, and so it's not going to -- There is zero hurt there if we take it away, and so at least we could get that back into the game, and then, at this point in time, I would say we definitely need a higher quota, and then that would eliminate everybody's problems. Everybody would have plenty of quota to fish, and then we could possibly even consider new participants, but, at the same time, that's all got to take place, and it sounds like, from what everybody was saying, that's a long time away. We've really got to address the big issue at hand right now.

DR. TRAVIS: If I can ask another sort of leading question. Regardless of the manner, if more pounds were available to the commercial sector, for whatever reasons, how would you advise that

additional poundage to be distributed? Would it be based on your current ownership of the shares or divided equally or set it aside for new entrants? Any thoughts on that?

MR. HUDSON: With the existing percentages, and if Paul is capped out at 49 percent, 22,000 pounds, he would be getting a roughly 10,000-pound increase, which next year that drop -- This would actually make up for that drop, if they could get it implemented for next year. I don't know how fast you can pull from the recreational and give to the commercial.

MR. M. FREEMAN: It wouldn't push Paul over the quota cap though or anything. He still owns 49 percent.

MR. REISS: The 49 is 49. The folks that don't have enough shares are going to -- Obviously they want to have equal distribution. Myself, being the majority shareholder, I want to have status quo redistribution, but it's to bear in mind that I -- When this was all transpiring, I spent a small fortune to put myself in the position that I'm in, and so obviously you're going to get a different answer from the different participants, depending upon their specific situation.

MR. HUDSON: One of the problems of the wreckfish recreational was, back in the day, before they gave that allocation, there was people that wanted to deep-drop them, and some people had claimed that they had caught one or whatever, and so the other idea was like 1 percent versus the 5 percent, because the 5 percent was an overreach. It was really arbitrary when it was put into place. They really didn't have the debate and didn't have the data to back it up for the recreational.

MR. J. FREEMAN: That's what I was going to say. Even if you have to leave something for the recreational sector, and I understand that you just can't take everything away from them, but even if we dropped it down to a half of a percent or 1 percent, something like that, and gave the rest back to the commercial sector of it, and I don't think that that would really be opposed. I mean, they still have something. They are still showing no landings. Whether someone had landed it or not, there has not been any intercepts with it.

As far as the -- The only thing, as far as that goes, with redistribution or if an increase happened or something like that, like Paul said, everybody is going to have a different opinion on it, but the only thing that I would like to see is hopefully let's learn something from what some of the Gulf issues are. Let's not let people just sit back and have a bunch of quota and don't even own a boat, because all they do is just lease everything out, or they have boats that are barely able to float at the dock and say that they own a boat, but they're just leasing. Maybe we could try to -- I don't have an answer for the right way to do it yet.

MR. HARTIG: I think, from my perspective, personally, I would like to see at least the distribution go to the fishermen who are actually fishing for the quota, and maybe have an option for that, and maybe have an option for a percentage step-down, based on your participation. I think that makes more sense to me than anything. At least give it to the fishermen who are actually fishing the quota. I don't really care to give additional quota to people who are just leasing. That is not very appealing to me, and so I think we can set it up with some options.

MR. REISS: I think that's already kind of been addressed. When this whole thing was reconfigured, it took all the non-participants out of it. Whoever is the shareholders are participating. Once again, to me, it falls back to status quo.

MR. CONKLIN: I just want to put on the record that some bandit boats are fishing farther and farther out. Every year, we're fishing farther away and farther away, and we're having some interaction with this species as well, and we're having to discard them, from Morehead City all the way to Charleston, and so some of the recreational stuff might could be used to let those guys bring in that one or whatever they're catching there.

MR. POLSTON: What about as far as a redistribution, if you did anything like that, because I feel the same about people who aren't using them at all, but like, for example, Paul is using his, and we're using ours, and these guys are using theirs, and what about a redistribution according to the percentage of your allocation that you have that you caught?

Obviously, if you caught 100 percent of your allocation, then you need more allocation. If you did not catch 100 percent of your allocation, then you don't need any more allocation, because you can't even catch what you've got. At least it's another proposal or whatever.

DR. TRAVIS: Jessica, what John just described sounds very much like your cyclical redistribution idea that you talked to the Gulf Council about. Does it sound like that to you?

DR. STEPHEN: Yes, and so let me kind of explain one of the concepts that the Gulf Council is considering for their possible for-hire catch share program. You would have a set cycle, and, just for the sake of a quick description of it, let's say, every two years, you would take back from all the shareholders a certain percentage of their shares.

Then you would look at who had landings during that time and proportionately redistribute those shares back to the people who had landings, and so, therefore, the guy who didn't use all of his allocation, most likely, wouldn't get all of that back, but, as the person who not only used all of their allocation, but might have also gotten some from another person, they might get more shares back than what they started with, and there are a variety of different variations, I guess, that we can use on it.

You can change your length of time, and you can change how much you take back or how you distribute it, and, in the Gulf, we are considering it based on landings, but, if you want to try and consider something based on the amount of allocation you had, I'm sure that we could look into how to do that as well.

DR. CHEUVRONT: Jessica, let me ask a clarifying question. When you talk about used shares, are you talking about just shares that were fished, or does that include shares that you also leased to somebody else?

DR. STEPHEN: That's actually a great question, and that's come up a lot in the Gulf on different areas, and I think my preference would be for those that you fished and harvested yourself in an adaptive type of program, but, if the group and the council so chose to taking use as also meaning to lease, then that would be fine. We do run into a little bit of a problem if those coupons, or if you go an electronic system, but, either way you go, if that allocation gets transferred more than one time, it gets really muddy in trying to figure out whose it originally was. It's slightly easier with the coupons, but that would just a consideration that we would need to think about.

DR. TRAVIS: To just reiterate what she said, because people are pondering it in the room, when it comes to transfers and movements of allocation -- Jessica always gets hit with this question on the Gulf side, where the amount of allocation that gets transferred during the year actually exceeds the total poundage that they were able to harvest, because allocation gets transferred and transferred and transferred and transferred.

It is very difficult, under our current system, to track what someone got at the beginning of the year and then track that allocation as it gets transferred multiple times, and so, in that respect, coupons are much easier to actually track than annual allocation is in an electronic system.

DR. STEPHEN: If we did move the wreckfish system to an electronic one, if we want to move more quickly towards that, we would probably base it off the existing Gulf structure. If we want to go a little bit slower, we could try to devise something where we do something similar to a coupon system in the electronic system, but there will probably be some kind of negatives to kind of using the online and coupon combination together that we would want to consider fully before going down that avenue, and it would take significantly longer to make an online system, because we can't use our existing structure.

MR. REISS: Reflecting this possibility of uncaught shares being redistributed, I am getting kind of long in the tooth, as far as my personal involvement in going offshore, and, if that premise were to be implemented -- I mean, I am looking at slowing down, whereby I more rely on the leasing shares, as opposed to landing shares, and, if that sort of redistribution premise were to be adopted, I wouldn't stand for it. I would put another vessel in play. I mean, I'm not going to -- Going through what I've gone through and who I am, I am not going to allow what I have to be diluted whatsoever, and I have been a chameleon with this fishery for thirty years, and I'm going to continue to be.

DR. CHEUVRONT: Okay. Anything else?

MR. POLSTON: On what she was talking about and you guys were talking about, as far as following it, let's not lose sight of we're talking about seven people here in this fishery and not however many there are in the Gulf participants, and, like Paul just said, that would -- That's a thought too, of putting another boat into the fishery and whatnot, but that would be a decision that obviously you would have to make, but, anyway, something has got to be done, somehow. Like I said, I think the answer is more allocation of quota, but, that way, nobody is hurt financially, but somehow we've got to address the problem at hand right now.

MR. PHILLIPS: None of us are going to live forever, and we're all getting long in the tooth, and so I'm guessing that, win, lose, or draw, we're going to get new entrants in the fishery. Even if Paul was to have another boat and have somebody run it, at the end of his time, his estate is going to end up with his permits and sell it to somebody, and so you're going to end up with some new entrants at some point in time no matter what.

We tend to think in our window, where we're at, but the window goes past us, and so we are going to get new entrants, and, if we get more allocation, then Paul may want to sell some half-percents, or somebody else may want to sell some half-percents, which allows more flexibility, but, again, I agree with you that you need some more fish to have the flexibility, and so it's going to keep changing, whether we want it to or not.

MR. POLSTON: I agree 100 percent with what you're saying, but that's kind of what these reviews and stuff are about. Times change, people change, and we all get older, and we may not all have the same opinions five years from now or seven years or whenever that you guys want to have your next review, but, right now, we're talking about the problems at hand right this moment, and the problem at hand right at this moment is not enough quota, and so that can all change, like you said, down the road, but we'll have to discuss it as we go.

MR. HARTIG: The wreckfish permits themselves, if someone wants to buy a share in this fishery, would they be issued a wreckfish permit?

DR. TRAVIS: As long as they apply for it, yes.

MR. REISS: That's if they had a snapper grouper permit.

DR. TRAVIS: And the snapper grouper.

MR. HARTIG: So that's not a barrier, and that's what I needed to know. As long as that's not another barrier to getting into the fishery.

DR. CHEUVRONT: Okay. Let's move on to transferability of shares or quota. Looking first at what Pete has here, one of the things that the review can look at is specifying who can receive the transferred shares, and, right now, it's currently only to other people who have shares or wreckfish permit holders, and so Pete is saying, yes, only wreckfish permit holders should be able to receive transferred shares, as opposed to being just any U.S. citizen or permanent resident, and I believe that's Magnuson language, the U.S. citizen or permanent resident.

Specifying who can receive transferred quota pounds, or coupons, at this point, is only wreckfish permit holders could be allowed to transfer quota, and should there be any restrictions on the amount of shares or pounds or coupons that could be transferred, and Pete says that, no, there shouldn't be any restrictions on the amount of shares or pounds that can be transferred.

Scott has -- In talking about transferability, he says that one objective is to harvest efficiently. By making quota transferable, the most productive harvesters can purchase or lease quota from other shareholders, making the fishery run more efficiently, and so he believes that only wreckfish permit holders should be allowed to receive transferred shares and not open it up to just any U.S. citizen or permanent resident. In terms of specifying who can receive transferred quota or coupons or shares, he says that only wreckfish permit holders should be allowed to receive quota and no restrictions should be placed on the amount of shares that could be transferred.

MR. REISS: I agree.

DR. CHEUVRONT: That's really kind of the way that -- That's the status quo, basically, for the way the fishery is running now.

MR. HUDSON: If Rusty had a snapper grouper permit and went to Paul and got a half a percent, but, if I have to first go to NMFS and get a wreckfish permit --

DR. CHEUVRONT: It works the other way around.

MR. REISS: It's the other way around.

MR. HUDSON: Okay. When you get that share, then you all issue a permit?

MR. REISS: No, you have to apply for it.

MR. HUDSON: You have to apply for it, but there is no like minimum amount or maximum amount and you can just do that after that little deal is made? Okay.

DR. CHEUVRONT: Yes. Okay. Do you guys want to consider any discussion or potential changes to transferability from what currently exists now?

MR. REISS: I vote status quo, just keep it the way it is.

DR. CHEUVRONT: Okay. Does anybody else have any comments on that?

MR. POLSTON: I don't see, with our transferability, where there is any problems with what we're doing or whatnot. Not to beat a dead horse, but we just don't have enough to transfer.

DR. CHEUVRONT: Okay. The next topic is accumulation limits, or caps. Right now, there is a 49 percent share cap, which actually means less than 50 percent, and so I believe it's at 49.99 percent.

MR. REISS: No, it's 49.00.

DR. CHEUVRONT: How do you know that?

MR. REISS: Andy Strelcheck made that point very clear.

DR. CHEUVRONT: I was looking at the spreadsheet that I got from you all, and I thought it showed that you had 49.99, but it's 49 exactly?

MR. REISS: It's 49.00 is my max.

DR. CHEUVRONT: Okay. You know, I'm sure.

MR. REISS: Yes, I know.

DR. TRAVIS: That is in the record. That is what the council voted on.

DR. CHEUVRONT: Okay, and so it was in there specifically, and it can't be 49.01, and not less than 50, and it's exactly 49.

DR. TRAVIS: There may be some rounding out to the thousandth or something, but --

MR. REISS: Rounding back.

DR. CHEUVRONT: Rounding down? Okay. We got it. We should fix that. The other thing is that the program consider looking at different ways of attaching the cap to the program right now. It is 49 percent. Does anybody want to entertain anything else? Both Scott and Pete are happy with where it is and that a quota pound cap or a vessel landings cap, any of that, they don't want to -- They don't support either of those sorts of things. Basically, it's an efficiency matter for both of them. If you've got it, you should be able to fish it and do what works for you.

MR. REISS: Agreed.

MR. M. FREEMAN: I agree. I don't think it's really an efficiency issue, but it's got -- Paul has got 49 percent, and what happens if there's a reduction to the quota again and, all of a sudden, he's got half of the pounds he did? Share caps, there are just too many issues that can come up.

MR. HUDSON: I've got a question on unused allocation. We're not overfished, and overfishing is not occurring. In some fisheries, you can actually carry some or all of that forward to the following season, but we don't have that arrangement right now and it just goes away, what didn't get caught?

MR. REISS: Correct.

DR. TRAVIS: That is correct. That is a provision, as I'm sure you know, in the revised National Standard 1 Guidelines. The Gulf Council has just recently started considering the potential for carryover in some of their fisheries. I don't think that topic has come up yet in the South Atlantic, but I will defer to the council members.

MR. HUDSON: In my mind, what I heard John say is that 20,000 pounds is \$100,000, five-dollars a pound. That's a lot of money.

DR. TRAVIS: It's non-trivial.

DR. CHEUVRONT: I believe the South Atlantic Council has discussed carrying over unused quota, but there is no actions to do that yet.

MR. HUDSON: We have that with our sharks, when it's not overfished and overfishing is not occurring.

MR. POLSTON: Without question, I know there's takeaway with our different fisheries that we have, and so absolutely, since -- I am very glad that Rusty brought that up. I didn't even think about that, but, if we could get something on the front burner on that, I mean, that could be something that nobody actually could argue with. You wouldn't have to have the assessments or anything. Unused quota, bringing it forward to the next year, and then, of course, the percentages, at this point in time, would be according to the way it is or however you all decide to start doing it, but that could get the quota up substantially faster.

DR. TRAVIS: Let me make you aware of one little snag in that. It's not a free-for-all of just carry over as you so wish. When you carry over, the ACL for that year that you're carrying over cannot

exceed the ABC that has been specified for that stock. That is not allowed under the National Standard 1 Guidelines.

MR. HUDSON: Is the ABC higher than the ACL?

DR. CHEUVRONT: I think they're the same.

DR. TRAVIS: I thought they were as well.

MR. HUDSON: I thought it was if OFL was exceeded.

DR. TRAVIS: No, it cannot exceed the ABC, and so, if ACL equals ABC in this fishery, which I'm having a recollection now that it does -- ABC equals ACL. It was a good idea, but there is no buffer, in this case, between the ABC and the ACL. We're getting the ABC.

MR. HUDSON: Actually, we're not getting the collective ABC with the recreational 5 percent.

DR. CHEUVRONT: That's true.

DR. TRAVIS: That is true. Then there may be a possibility to carry over because of what's not used on the recreational side.

MR. HUDSON: We have that discussion going on in the South Atlantic Council with yellowtail and some other stuff, don't we?

DR. TRAVIS: We can dig into that a little bit more. I don't want to provide a definitive answer off the top of my head.

MR. M. FREEMAN: Even if it did work out, your carryover is 5 percent of the ABC, basically. It's not --

DR. CHEUVRONT: It's better than zero percent.

MR. M. FREEMAN: It's better than zero.

DR. TRAVIS: Like we've been saying, it's another 20,000 pounds. Well, it depends, because the other thing is the ABCs are going down as the ACL is going down. They're all going down.

MR. HUDSON: That's why we need an update, to get the science.

MR. POLSTON: Possibly maybe one of the council members could make a motion, at the next council meeting or whatever, to move some of the -- I guess you have to make motions and proposals and all of that kind of stuff, but maybe to take 4 percent or four-and-a-half percent of the recreational quota, since none has been landed, and issue it to the commercial sector. I wouldn't think there would be a whole lot of --

DR. TRAVIS: A clarification. Are you asking for a reallocation, or is this within the context of potential carryovers?

MR. POLSTON: Reallocation.

DR. TRAVIS: Okay.

MR. POLSTON: You have already said that the carryover is not possible, because of the ABC and the ACL.

MR. M. FREEMAN: It may be possible, because the ABC is slightly higher than our ACL, because the recreational sector hasn't --

MR. POLSTON: You're still doing the same thing, one way or another. The four-and-a-half percent, if you get it -- Because you're picking up 5 percent one way and four-and-a-half the other.

MR. M. FREEMAN: Carryover would probably be an easier sell, as opposed to taking recreational quota, I would imagine.

DR. TRAVIS: Because it's not a permanent reallocation. It's something that you do every year, from year to year, and it can be stopped at any point as well.

MR. HARTIG: You can get around some of this by going through your specifications of the quota, and the council wants to look at this. If we do that, at least for a couple of years, you could have some carryovers. Then, at the third year, something else would happen, but at least you could plan for it. You could plan for a couple of years of carryover. You could say that I don't want to make this last trip for --

MR. HUDSON: If the weather is too bad.

MR. HARTIG: For whatever reason. They could carry that over into your next year, because you set a block of quota for three years, and so you don't get into this going over the ABC in the three-year period.

MR. HUDSON: But we have a five-year projection that worked its way down, and I believe you have those numbers in front of you over there, and it bottoms out in 2020 or --

DR. CHEUVRONT: Yes, 2020, and remains at that level.

MR. HUDSON: What would be the commercial allocation in 2020?

MR. MEHTA: It's 95 percent of the ABC, and so it's 369,645. That will be the commercial ACL in 2020.

MR. M. FREEMAN: It's not going to be any different. It's still 95 percent.

MR. HUDSON: But what did we start out with in the first year?

MR. MEHTA: In 2015, we started out with 411,350, commercial only.

MR. HUDSON: So we'll have lost 40,000 pounds or something?

MR. MEHTA: 411,300 to 369,600.

MR. POLSTON: If they were to do something to that effect, the carryover, per se, would that go on the top?

DR. CHEUVRONT: I have no idea.

DR. TRAVIS: It depends on how you set it up, but that is a possibility, is to do it at the top.

MR. MEHTA: That could be one of the alternatives, but you would have to look at multiple alternatives. It would not just be one direction that we would look at.

MR. HARTIG: I would just add that you've got to be careful. We're also looking at ways to get an index-based -- In between assessments, since our assessments have slipped so far apart, we're going to start looking at more of an index-based -- We could look at CPUE for wreckfish, or we could look at size in between the assessment for individual years, so the council would have some confidence that the fishery is not in any trouble to be able to do these transfers, and so we want to look at a couple of different things to make sure the transfers are not going to have impacts on the stock.

MR. J. FREEMAN: Would it be possible to, after today, can you question the SSC and see what kind of a timeframe for us -- If you guys were to -- Would you be able to run something here on this and what kind of timeframe would it be in?

DR. CHEUVRONT: The SSC doesn't run it. It would be the --

MR. M. FREEMAN: It would have to be the Science Center.

MR. J. FREEMAN: That's why I'm saying, can we go ahead and recommend this?

DR. CHEUVRONT: It's not going to happen real quick. I will tell you that. I can almost guarantee you that it's not going to happen real quickly, but it could come through the -- Your recommendations are coming here, and you've got council members here, and they're going to see what it is, and the council members can decide what they want the SSC to do.

MR. J. FREEMAN: So, for the most part, we're looking at 2020 or 2021? We're going to be sitting somewhere in the timeframe of where we're at right now, as far as the reduction keeps going?

DR. CHEUVRONT: I can't tell you one way or the other, but that's a possibility.

MR. M. FREEMAN: I think Ben brought up a good point though that a multiyear block could be a good way to kind of get carryover to work for us. If we take three years, and we take the total of those three years of ABC and have the block, so every calendar year you can do a carryover based on that year's worth of ABC.

DR. CHEUVRONT: Or your fishing year.

MR. M. FREEMAN: That could be a good solution there.

DR. CHEUVRONT: Okay.

MR. HUDSON: Ben, on that idea, would it require a fresh assessment or not, or would this pretty much work with what you've got?

MR. HARTIG: No, you work with what you've got, and, like I said, the Center is working on this index approach, where we -- It's called a rumble-strip approach, and they use a block of information to give you some indication of what the stock is doing. Hopefully that will be done within the next couple of years and we'll have some way to do that, so we can make those transfers.

Now, we've talked about percentage of transfers and not transferring the entire amount in any given year, and we've talked about different scenarios on how to move forward, but, like I said, it's something that we want to look at and want to do, at least from my perspective.

MR. M. FREEMAN: For rumble strips, are you talking about some drastic change in CPUE or something?

MR. HARTIG: Yes, any indication that you can use for the fishery. Each fishery will be different. Some fisheries have fishery-independent information you use and others don't, and so we use any information we can use from a fishery.

MR. HUDSON: Aren't we getting ready to do that with king mackerel? Didn't we make that arrangement for two or three years out after the SEDAR with the SSC?

DR. CHEUVRONT: Let's get back to this. Do we have anything else on this topic for right now, for accumulation of -- Really, what we were getting to is accumulation of limits and caps. That's what got us here. We did talk about cost recovery, and we talked about that earlier, and some issues that can affect it. Remember that cost recovery would have to be based on the cost of managing the ITQ as opposed to managing the fishery without an ITQ and the difference between the two, if that's what they were going to base a cost recovery on.

Pete's comments on this were the program has been running fine with paper coupons and keep it simple. Fishermen don't need administrative fees. Our taxes already cover NMFS's salaries. Scott said the program has been managed very well, and there are only seven participants to manage, and so the actual cost directly related to administering the program is probably minimal, and so they're not in favor of any kind of a cost recovery. Is there anything else that we need to say about cost recovery?

MR. REISS: It seems, like I mentioned before, and I will say it again, that it appears kind of obvious to me that a catch-share fishery is a lot cheaper to manage than an open-access fishery, and so we're saving the government money by having a catch-share fishery.

DR. CHEUVRONT: Probably so. Okay. Is there any other comments on cost recovery that we need to do at this point?

MR. M. FREEMAN: If cost recovery is a direction the council decides to go in, I would recommend that they make sure that the reported costs are actual costs. That enforcement keeps popping up for me, and I can't find any rationalization for an additional enforcement cost when they need to be on the water less than they are in an open-access fishery.

MR. POLSTON: I think they've already said that, with our fishery so small, it would cost them more to do a cost recovery than it would what they would recover.

MR. M. FREEMAN: That's the thing. If you take away the over-inflated enforcement costs, then, all of a sudden, it's more expensive to collect the money than it is to operate the fishery.

MR. REISS: One final thing. If Magnuson requires it, in order to maintain the catch-share fishery, then I'm for it, as long as it's equitable.

DR. CHEUVRONT: Right. There is a 3 percent cap, and that's based on ex-vessel values of the catch, and so --

MR. HUDSON: That's the maximum percent.

DR. CHEUVRONT: That's the maximum value that it can be. It can be less than that even, but I don't think that there is any proposal that this become a required part of a catch share program.

MR. HUDSON: A question about that. Is there a VMS requirement for them?

MR. REISS: No.

MR. HUDSON: So then they don't have a hail-in requirement either?

DR. CHEUVRONT: The next topic that we're going to talk about is data collection, monitoring, and enforcement.

MR. HUDSON: But they do have a wreckfish dealer that they have to go to?

DR. CHEUVRONT: Yes, there is a wreckfish dealer, which is a requirement, but there is no VMS and no hail-in and no hail-out, nothing like that. Talking about this, one of the things that the council could consider adding is hail-in and hail-out provisions or VMS as part of the wreckfish ITQ, if it thinks that it will help manage, monitor, or enforce the requirements of the ITQ.

To that, Pete says that the VMS isn't the problem for him. He already has a VMS, but it is cost prohibitive and a burden to hail-in and hail-out. Trips in the Keys aren't always directed wreckfish trips. You can catch a handful of wreckfish as bycatch while grouper fishing, and so electronic monitoring on these trips would only be for a few fish and an additional burden.

The council could require mandatory price reporting for share and quota pound transfers, and Pete said that he would support doing that, and the council does have preapproved landing locations for wreckfish. Pete does not support preapproved landing locations. Many times, wreckfish are a bycatch when he is grouper fishing, and he has to truck his fish to a licensed wreckfish dealer.

Scott says that hail-in and hail-out is unnecessary and burdensome in this particular fishery. Again, there is only seven participants to manage and monitor. He would support mandatory price reporting for shares and transfers, and he doesn't support pre-approved landing locations. They are unnecessary at this time. There is currently only seven participants, and there are only a handful of landing locations that they are using anyway. They should be able to sell to any wreckfish dealer. This seems like an added management burden for this small fishery.

MR. HUDSON: Is the wreckfish dealer permit an open access permit?

DR. CHEUVRONT: Yes, I believe it is.

MR. M. FREEMAN: Is that information accessible of how many wreckfish dealers there even are?

DR. CHEUVRONT: I'm sure it is.

MR. M. FREEMAN: I am not aware of one down in the Keys.

MR. REISS: When you get your packet at the beginning of the season, there's a -- There always used to be, and I don't know if there still is, but there was always a list of certified wreckfish dealers.

MR. M. FREEMAN: I haven't seen that.

MR. REISS: You haven't seen it?

MR. HUDSON: It would be on the website at SERO.

MR. POLSTON: I have a question. If I understood what you said right that Scott said, somewhere he was saying that he was separating wreckfish dealer and approved wreckfish dealer or approved site? Didn't he mention that like it was two different things?

MR. CONKLIN: I think in the Gulf of Mexico, maybe --

MR. POLSTON: We're talking about wreckfish now.

MR. CONKLIN: I understand.

MR. POLSTON: That's what I'm saying. That was the question. We're talking about wreckfish and not the Gulf of Mexico. What he just read, I believe he said an approved wreckfish site to unload and then a wreckfish dealer, and we all know you've got have a wreckfish dealer permit to unload, and that would be an approved site, and I don't understand what his difference is there, unless he's confused, or maybe I heard it wrong.

DR. CHEUVRONT: Let me read it again what Scott has about requiring preapproved landing locations. He doesn't support preapproved landing locations. They are unnecessary at this time. With the current seven participants, there are only a handful of landing locations that they are using

anyway. They should be able to sell to any wreckfish dealer, and I think that's where -- He's using the term "wreckfish dealer", but I'm wondering if he is really saying that anybody who wants to buy wreckfish, because a wreckfish dealer is going to be permitted.

MR. POLSTON: Right. That's what I am saying. That would be approved, and so maybe he's confused.

DR. CHEUVRONT: I think it's a terminology issue there.

MR. M. FREEMAN: I am having an issue seeing the distinction between a preapproved landing location and the dealer that already holds a wreckfish permit.

MR. POLSTON: That's what I was just bringing up.

DR. CHEUVRONT: I think it's the same thing.

MR. M. FREEMAN: It's an open-access dealer permit. Any dealer can apply for it and get one.

MR. CONKLIN: What my reference was to is, in the Gulf of Mexico, you have to have a preapproved landing location to where you can offload, so that enforcement knows where you are, so that, when you hail-in and hail-out, and I'm sure that Pete participants in both fisheries, and so I could see where -- It is confusing down there, and that's all I wanted to say.

DR. TRAVIS: A couple of things that I wanted to raise is that, yes, historically, there was a wreckfish dealer permit, but wreckfish, like most of the fisheries, were all brought under now the generic dealer permit for the Gulf and South Atlantic, and so there is no separate wreckfish dealer permit anymore. That's why, when you said that -- Because I remember someone asked about how many wreckfish dealers there were, and I went out onto our page, and I'm like, we don't have a wreckfish dealer permit anymore. They've been brought in under the generic permit.

MR. POLSTON: The Greater Atlantic.

DR. TRAVIS: We are not the Greater Atlantic. That is a different region.

DR. CHEUVRONT: We're the lesser Atlantic.

DR. TRAVIS: That's an ongoing joke. The other thing in here that I don't know if he's getting to this, but the regulations say that if you land -- If you want to offload at a location other than a fixed facility of a dealer who holds a Gulf and South Atlantic dealer permit, the wreckfish shareholder or the vessel operator must advise law enforcement by telephone of that location. It's like if you want to land somewhere and say you're going to throw it on a truck and then take it the dealer, you have to notify enforcement.

MR. REISS: You can do it, but they have to be notified.

DR. TRAVIS: Right. You can do it, but you have to -- Yes.

DR. CHEUVRONT: Okay.

DR. TRAVIS: There is still the -- I think, Paul, you mentioned this before, but there is still the must offload between 8:00 a.m. and 5:00 p.m. That is still on the books.

MR. REISS: Yes, that is technically on the books, yes.

DR. CHEUVRONT: Yes, it is. Is there anything in all of that that you would like to have looked at or considered specifically?

MR. REISS: I feel that VMS and hail-in and hail-out is unnecessary. We're not working around sanctuaries. Because of the unloading requirements, I just feel it's unnecessary, and it's financially burdensome.

DR. TRAVIS: Can I ask you guys a question? One of the reasons that we have that in the Gulf is for enforcement purposes, because there have been incidents of particularly red snapper being landed and bought illegally. I have never heard of those kinds of issues with respect to wreckfish. Is there any concern there at all that people are landing wreckfish that shouldn't be landing wreckfish?

MR. POLSTON: No, and, furthermore, we actually were cited on that over twenty years ago, probably, or twenty-five years ago, but it was a long time ago. With it being -- You're saying now it's not an approved wreckfish dealer, but, if you're an approved site or however the terminology is that they want it to be, I don't see why there is any time on there anyhow, because, in other words, for example, my boat can't make it to the dock before 5:30, and I need to fish as a dealer. Not an owner, but as a dealer, and I need that to be on that truck that night, to be on the market two days later.

I don't have to have enforcement there to unload, and so why do they still have the timeframe on there or whatever? I just don't see a purpose. I mean, we have gotten around it. We have dealt with it for this long, but there is -- I mean, I don't know why we have to be that troubled with the timeframe when it doesn't -- I don't see any purpose for it.

MR. REISS: I agree with John. I think that was implemented when the whole ITQ fishery was established, because there were so many participants, and it was just making management and enforcement a lot easier to monitor, but, at this point in time, that restriction is unnecessary.

MR. POLSTON: And burdensome, too, at times. It could be financially burdensome.

MR. REISS: Yes.

DR. CHEUVRONT: Okay. Anything else? Then the next one is duration, and, with duration, we're talking about awarded shares aren't necessarily considered to be in perpetuity. The council may consider time limits on the duration of share ownership. I think, in ITQs that have been set up in recent years, I think it's a ten-year maximum that there is to consider the duration of the ownership. That doesn't mean that it can't stay the same for the future, but the award is made for ten years, but it is renewable, and so they will automatically be renewed unless revoked, limited, or modified. This ITQ is not bound by that requirement, because it precedes the date of the guidelines.

DR. TRAVIS: A clarification. Not the guidelines, but the reauthorization of Magnuson.

DR. CHEUVRONT: Okay. The reauthorization of Magnuson.

DR. TRAVIS: Because there is a ten-year time gap in there, and so that's --

DR. CHEUVRONT: Okay. Scott says that he doesn't support a time limit for the duration of share ownership. What incentive is there to invest in the fishery and your business if it could be taken away? I invested in this fishery for the future, and I definitely do not support this.

Pete says that he doesn't support a time limit on the duration of share ownership. What incentive is there if it could be taken away? Folks who were initially awarded shares fished those shares, and there would be no fishery without them. They need the shares to continue to make a living. I invested in this fishery for our future, and I definitely do not support this.

MR. J. FREEMAN: As far as I'm concerned, that shouldn't even -- We shouldn't even have a discussion on this. It was the early 1980s when we developed all of this, and it was ours for our lifetime and our children's lifetime, and why now are you talking about taking it?

MR. REISS: When we came up with this catch-share fishery, I don't know that it was specifically addressed, but it was a mutual assumption that this was into perpetuity.

DR. CHEUVRONT: Okay. Well, I think the Magnuson Act gives the council the right to reconsider that. I mean, I don't know of anything that the council has any plans or desires to take anybody's shares away. I see nothing that indicates that, but that is part of the program, is talking about the length of the ownership, but, again, your catch share program started before this was codified as ten years, and so you are exempted from that requirement.

MR. REISS: Right. I agree with Jim. It's kind of a moot point. Just leave it the way it is.

MR. M. FREEMAN: The initial setup of the program aside, it seems like a limit on duration that you can own a catch share is kind of a stop-gap measure. If there's an issue with someone holding shares, address it in another way. That's when you have maybe some kind of a cap. If they're not catching it for ten years in a row, then maybe talk about reallocation, but don't say, just because you've had this for this long, we're going to take it from you and give it to someone else. I think it would be better addressed in other ways.

MR. HUDSON: Mike, you used the ten-year reference, and what did they use in Amendment 20? It was something with regards to not having been used. It was inactive permits that got reallocated in Amendment 20.

MR. M. FREEMAN: Yes, and there's a difference between complete inactivity and people that pass away that their quota was just left, and I'm not saying that, but I'm saying someone that still participates in the fishery. It just seems arbitrary to set a duration that you can hold it for.

MR. HUDSON: All seven of you look pretty active on paper.

DR. CHEUVRONT: Okay. Anything else on duration? I think that's pretty clear. Moving right along. We have talked some about new entrants as well and how we can try to get new entrants into the fishery, and we've talked about basically having a snapper grouper permit and then purchasing shares from somebody who is willing to sell them.

There are other ways that they could go about it. I don't remember if we completely addressed the notion of setting aside a percentage of ACL increases for new entrants and if we wanted to do that or consider something like that.

MR. M. FREEMAN: This is one of those other things where I'm going to kind of go back to we need to address the data issue first. It's difficult to say, okay, we're going to set aside X amount of an increase in ACL for new entrants when we're already struggling to get enough quota to continue on. If the SSC looks at it and they recommend an update to the assessment or another assessment, whatever it may be, I would recommend waiting for that to happen first before you jump the gun and look at changing how the system works.

MR. HUDSON: Years ago, you all had to sit down with Kate Quigley, when she was still with the council, and the talk was two-million pounds being rolled down to one-million pounds, and how would that have fit with the active boats back then? I mean, it didn't happen, but it was being proposed at that time.

MR. POLSTON: To answer Rusty's question, when Mr. Freeman and myself originally set up our business plan, we figured, somewhere down the road, there would be a quota cut. It normally always happens, but, to answer your question, Rusty, we thought ahead as much as a 50 percent cut. At that point in time, we owned, between the two of us, we owned 600,000 pounds of quota, which was enough to probably run at least four to six boats, and, at that point, in time, we had three or four boats fishing or whatever it was, and so we had enough to cut 50 percent and still be able to fish year-round or whatnot. Paul was not always the big-dog shareholder. We were. We were the big-dog shareholder at one time, and I just said that because he's mentioned that several times.

MR. REISS: No, I was just the big-dog producer.

MR. POLSTON: No question. You're the man, but anyhow. We had already made, and I said this back at the meeting, but we had already made plans for a 50 percent cut, but then we got hit by 90 percent, and I don't think nobody can figure in a business plan a 90 percent cut and then again with no assessment being done. At a million pounds, I think everybody had plenty of quota that they could catch at that point, at a 50 percent cut, at that point in time with the participants that were participating.

MR. HUDSON: With that said, Jim Freeman had brought up earlier about some of the runs that Butterworth had done and then had allocations that were resembling that business plan they were talking about.

MR. J. FREEMAN: That's beyond what we're talking about now.

DR. CHEUVRONT: Right. Exactly. Getting back to new entrants -- Ben, is your comment related to that?

MR. HARTIG: Yes, it is. As far as someone wanting -- Chris has mentioned it, the fishermen having a bycatch of wreckfish in some fisheries. If someone wanted to buy a small portion of quota -- I mean, you all don't have enough now to support your operations, or I guess Paul does, but most of you don't. Is there a willingness to -- I mean, can someone get in? Is there any willingness from any of you all to sell a small portion to cover bycatch?

MR. REISS: Yes, I am willing. As a matter of a fact, I had a call from -- Last year, I had a call from some guy down in Miami, and he said that he and a couple other guys were interested. They are catching some wreckfish, and they can't legally land them, and he had an interest in becoming legal, and I told him that I would be receptive to doing a negotiation to get him hooked up to where he could become legal.

MR. HARTIG: Okay.

MR. REISS: I'm still in that vein.

DR. TRAVIS: In order to make that situation work, I believe the regulations would have to be revisited, based on what I said before, because let's say, Chris, in your case, because you're not a shareholder right now, even if Paul wanted to sell you some of his coupons to cover your incidental catch, I don't think that would --

MR. REISS: No, you can't. He has to buy shares from me.

DR. TRAVIS: Right.

MR. REISS: He has to become a shareholder.

DR. TRAVIS: Unless the council was to revisit the regulations and allow like what we allow in the Gulf, which is you can buy the coupons and harvest the fish without being a shareholder.

MR. REISS: But then that's like I said before. I don't like that, because I want everybody that is landing wreckfish to have a vested interest in this fishery.

MR. CONKLIN: Yes, and you open the door to people who aren't commercial fishermen targeting them and selling catch and --

MR. REISS: Yes, and it opens a Pandora's Box of potential illegalities.

MR. HUDSON: You used the word earlier of "accountability". That's what you all have.

MR. REISS: That's right.

MR. CONKLIN: You want to keep the fishery as professional as possible.

MR. M. FREEMAN: I have to agree with Paul on this. If you don't have to own any shares at all to be able to lease the coupons, the only way I see that going is you're opening the door to people. If they lease a few coupons from you, they're going to go catch their wreckfish, and they're going to come back to the dock and not use those coupons and do it the way that ended up happening up

north with how they had their -- I believe it was fluke, where people would have enough coupons on the boat to cover what they had on the boat, but they would not submit them.

MR. REISS: That's right.

MR. M. FREEMAN: If you don't have a vested interest in the fishery, if you're not a shareholder, I have to agree with Paul on that opening accountability issues. There's nothing to lose.

DR. CHEUVRONT: Okay. I think that's a really good point, in talking about why we need to have shares as well as coupons.

MR. CONKLIN: Is there an interest in like a minimum amount that someone should have to purchase to become a lessee?

MR. REISS: Technically, it could be a tenth of a share.

MR. CONKLIN: It could be, but would you guys -- As the seven shareholders in the fishery, would you want to see somebody have to buy like --

MR. REISS: It would have to come to a commonality of interest between you and me, because, if I'm going to sell you a piece of a share, you're going to own that share, and you can land that every single year. You don't have to spend any more money on it, if you will, where you have to keep repetitively, annually, spending money on a lease share.

If I were you, I would want to. If I could afford to, I would want to purchase as much as I figured I would land every year, that I could guarantee myself a landing every year, and then that gives you the opportunity, if you land more, to lease, but, from your standpoint, like I said, if you can afford it, I would want to buy as much as I wanted to land. Then again, that would be up to me if I wanted to sell that much, and so it's a checks-and-balances kind of a thing.

MR. M. FREEMAN: For Chris, were you going that way, or are you talking more of a minimum amount that you need to be buy to be able to lease?

MR. CONKLIN: Like if you guys -- This is your fishery, and so do you see -- Would you want to only be able to sell a little bit to lease it out and open up to a lot more boats, or would you rather have like the council or somebody say that -- If somebody wants to get in that they have to own 1 percent or more than one-tenth of 1 percent, something higher than that, to be a little bit more vested, so that they're more accountable and it keeps it professional and not just a minimum investment to then be able to lease and then not participate and report, like you were saying.

MR. M. FREEMAN: I don't know what that number would be. I mean, if somebody was to buy a tenth of a percent, a hundred pounds, of shares, just so that they're able to lease, I don't know that you have really alleviated the accountability issue at all. That being said, I don't know what you would set a minimum at.

DR. CHEUVRONT: Okay. Anything else on new entrants at this point? All right. We're now to the last item, which is auctions, royalties, and lotteries.

MR. REISS: We're done.

DR. CHEUVRONT: I think I already know the answer to this. Nobody really wants to have to participate in that as a way to get new shares, but those are mechanisms that can be used if a greater amount of ACL comes into fishery or as a way to bring in new entrants into the fishery, but they can be auctioned off to the highest bidder.

Quota pounds could be an annual auction, while shares would be a one-time auction. Then, if shares are distributed without cost to current shareholders, royalties can be charged as a way to reimburse the resource owners, which basically is the American people, which would be paid to the government on behalf of the people.

People sort of laugh at that, and I think one of the guys made a comment about it, about why do that, and it actually is done in other resources, like mineral rights and timber and oil and things like that, and so it is done, and so, if you use that same economic model, you could apply it to fisheries too, but I'm not aware of any fisheries that charge royalties.

DR. TRAVIS: Not in the U.S. Maybe internationally, and one point I wanted to make about this, because it came up with the Gulf Council too, is the way that Magnuson reads is, if you were to do this, we cannot guarantee that the royalty funds that were collected would come back to the fishery from which it was collected, and so, unless Magnuson is changed -- I mean, it could happen, but, just because it's subject to appropriations each year, we can't guarantee that it would happen, and I know that's a concern of other -- That's why some other councils have looked at it, and then, when they were told that, they were like, well, maybe not.

MR. M. FREEMAN: If all the money is going back into the program and the fishery itself and we're going to use the money to be able to do a third-party assessment and do this, but, for it to be taken and then just kind of disappear is difficult to swallow.

DR. CHEUVRONT: Right, which is probably more likely what would happen, to be honest with you, and so --

DR. TRAVIS: Can I actually go back to something that we missed that you had listed up there?

DR. CHEUVRONT: What was that?

DR. TRAVIS: It had to do with the mandatory price reporting for transfers, because I really wanted to touch on that, and I'm going to fess up and say that I have not looked at this data recently, because we went years without any coupon transfers, and so there wasn't any price data to actually look at, but, since coupons now seem to be transferring on a more regular basis in recent years, have you folks been providing the price information? I think it's on the back of the coupon that says how much they were sold for.

MR. POLSTON: It's on your trip report.

DR. TRAVIS: It's not on the back of the -- Okay. That is shares. I'm sorry. I am thinking of the share certificate. When you sell shares, the --

MR. REISS: It's in your logbook.

MR. BOWEN: It doesn't sound like any shares have been sold.

MR. M. FREEMAN: It's been leasing.

DR. TRAVIS: They were back in 20A, when we were working on 20A. There were a lot of shares that were being transferred then.

MR. BOWEN: But none in recent years.

MR. REISS: But they ask you about leased also.

DR. TRAVIS: Right.

MR. M. FREEMAN: It's all been leased recently.

DR. TRAVIS: Yes, it's all been leased recently.

MR. M. FREEMAN: Sales kind of died off.

DR. TRAVIS: Okay, which makes sense. I just haven't had a chance to look at that stuff recently.

MR. REISS: There haven't been any share sales since --

DR. TRAVIS: Okay, and so, with regard to the leases, are you guys reporting that information on your logbooks?

MR. POLSTON: Yes, if you -- I mean, for example, all I can say is about me and my boat, but we haven't had to up to this point. We haven't caught our 40,000 yet, and so that part hasn't been reached. Now, once we have, yes. Once you go into that point, then you -- If there is going to be some to lease or if you choose to, but whether we do or not this year or not I'm not sure.

MR. J. FREEMAN: On the logbook, it asks you. It will say total value of coupons, if leased. If you leased it, yes or no, and then how many 100 coupons and how many 500 coupons and so on.

DR. TRAVIS: Okay. So, if it's on the logbook form, and this may not be an appropriate question with regard to the coupons, because, if it's on the logbook form, and if everything on the logbook form is already mandatory, that renders that question moot. The question comes up because, in the Gulf, and not just in the Gulf, but across the country, we've had some real issues with people not wanting to report those prices, and that is really critical data with respect to evaluating the economic performance of the program.

If people don't report, that kind of hampers us when we're giving our analyses to the council. We have to say, well, we can't really tell you, because we don't have that data, but it sounds like it's probably not an issue in this case, because it's on the logbook form.

MR. REISS: Yes.

DR. TRAVIS: Okay, because that's not the case in the Gulf. It's not on the logbook form. They report at the time of the transfer in the online system.

MR. M. FREEMAN: It alleviates the leasing issue. You're still not getting reports for sold shares.

DR. TRAVIS: Paul, I thought that when those transfers were going on, prior to 20A going into place, I thought you guys were reporting the sales prices of the shares that were bought and sold back then.

MR. REISS: I don't think so.

DR. TRAVIS: No? Okay.

MR. REISS: We just endorsed the back of the permit and --

DR. TRAVIS: I thought there was something on the back of the certificate.

MR. REISS: All you would do is designate how much share you're selling.

DR. TRAVIS: But I thought there was a line that said the value.

MR. J. FREEMAN: On the back of the actual certificate, there is.

DR. TRAVIS: There is a spot for it? I thought that you guys were providing that, but I haven't looked at it in five years, and so I don't want to trust my memory.

DR. CHEUVRONT: Okay. Let's finish up this last topic here for this, and that is Pete says that, if the ACL rises, why wouldn't shares be distributed to shareholders? If the permit is open and accessible, fishermen can buy shares or quota and become part of the fishery, and there shouldn't be any auctions or lotteries. He also says that he doesn't support the idea of royalties. The American people don't get royalties from oil and coal and minerals, and that's actually not true. They do.

MR. M. FREEMAN: That is definitely not true.

DR. CHEUVRONT: The lotteries, he believes if you want to further invest in the fishery then do so and it is your responsibility to grow your business and not wait on a lottery or a handout. Scott says that, if the ACL rises, shares should just be redistributed to shareholders. He doesn't support royalties, and he doesn't support the idea of an auction. It probably -- It sounds like, from Paul's initial statement when we got to this, there is not a whole lot of support for any of these things anyway, but let's make sure that we get everybody's opinion.

MR. REISS: I concur.

DR. CHEUVRONT: You concur with yourself? That's good. Does anybody else want to say something?

MR. POLSTON: I can't see where there is any need for any of that.

MR. M. FREEMAN: This, once again, circles back to there are better ways to regulate shares or an auction or a lottery.

MR. HUDSON: Brian, I have a request. Can you get Mike to send me the recording of the webinar?

DR. CHEUVRONT: The recording is going to be available, and it's going to be transcribed. It probably won't be as a download on the website, but maybe the recording will be available within a couple of days, and so, if you want to send Mike an email to remind him, because he will be the one that is keeping it.

I do want to talk about the draft timing here. Here is what we're thinking about how this could play out. This is the best-case scenario at this point. If there's a hiccup along the way, who knows what can happen, but this is the way we're thinking that things are going to go now. This past June, the council told staff that they wanted us to begin this review. At their September council meeting, they're going to receive an outline of the review document. They are not going to receive any text or anything about it. They're going to see what we think needs to go into this document. Then they're going to receive Mike's presentation, so that they're all up to speed on this as well.

In October, the Snapper Grouper Advisory Panel and the SSC are going to look at it. We're going to try to get the SSC to concentrate not on content of what's in the review, but on the methods of the analyses that are going to be used, because we don't want to get too much invested into this process and then have the SSC tell us next spring that we don't like that. We want this to go through and get done, and so we want to get them to comment on the process more than anything else.

Then we will have a first draft of the document for the council at December. I can't say what kind of shape it would be in, but that's what we're thinking about. In March, we will get the council's comments, and they will all be incorporated, and the document will be more fleshed out, and then we'll get them another version of it in March.

Again, the council will give us more direction on how they think it's going and what they like and don't like about it. Then we'll incorporate all of that. Then both the Snapper Grouper AP and the SSC will get their final review in the spring of 2018. I would really like for those two groups to weigh in before we bring it back to you, so that there wouldn't, hopefully, be any substantive changes when you guys come back, and I would like to schedule that right after. I may not have a report for you on those things yet, but we can at least discuss it, discuss whatever those two groups tell us. Then we can get you guys to comment on this is what the report is basically going to look like and get your final impressions on what you think is being proposed in the report.

In June, basically, the council will say, yes, we like this and we're good with this, and they think that, yes, it's basically done at that point. The Science Center, and that's the SEFSC, the Southeast Fisheries Science Center, would review the document in the summer. They have to review all of our documents for scientific accuracy and things. We would get that review done and get any things that they have to incorporate and bring it back to the council in September. The council will say that we concur that this is fine and this is a good document and we're done. That's the

best-case scenario. We're looking at a year from now, in the best-case scenario, that we'll be wrapping this baby up.

MR. M. FREEMAN: In October, the draft document goes to the Snapper Grouper AP and the SSC?

DR. CHEUVRONT: Correct.

MR. M. FREEMAN: Roughly how long until you get the report from the SSC?

DR. CHEUVRONT: It usually takes a couple of weeks. The SSC works differently than all of our other advisory panels and the council. They work on consensus, and so they write consensus statements, and they have to be sent out to all of the SSC members to make sure that what is written is what they all agreed to in consensus, and so their reports take a little bit longer, usually, to get out.

MR. M. FREEMAN: As part of the draft document going to them, could the council tack on the data issues that we brought up?

DR. CHEUVRONT: Sure. That can all --

MR. M. FREEMAN: If we could get feedback from them prior to the December draft document going to the council, I could see it being very beneficial in knowing which way to go with the review. If they come back and they say that, okay, there are issues with the current wreckfish assessment that's going to need to be addressed, I don't know that you want to go and implement things that may get overturned two or three years from now and maybe push that off until the -- I am going to use seven years from the completion.

DR. CHEUVRONT: One of the things that we have to remember here is -- I think I said this in the beginning, but it bears repeating. There will be no actions as part of this review. This review will not change how the program runs. If the council looks at going through this review process and looks at it and says, you know, we think that there are some things that need to be changed and we need to get rid of this required preapproved landing or timing thing, okay, that has to come up in another amendment to the Snapper Grouper Management Plan, which would occur after the review is done.

There will be no actions and there will be no changes to the wreckfish ITQ as a result of this review specifically. It can recommend changes, which is part of what you guys may be doing, is recommending changes you would like to see in the program, but those changes will not occur as part of the review. It comes as a separate document.

MR. POLSTON: Today was personal public comment, basically.

DR. CHEUVRONT: Yes, in a sense. What the council has decided is that they need your input as early into the process as possible to help guide them into how they think this review ought to go. None of these guys are wreckfish shareholders that are on the council, and so they're coming to you as the experts in the fishery and saying, give us your recommendations of what you think

is working and what's not working and what do you want to see changed and what can be improved and what can we get rid of. That's why we had you all here today.

MR. POLSTON: Another quick question. Why was the original Wreckfish Advisory Panel -- Why was that done away with? I know I was a member at one time.

DR. CHEUVRONT: Sure. I will tell you exactly why we decided not to do that at this time. It's because of a bureaucratic process that we would have to go through to advertise that there were seats available and that we're reconstituting the Wreckfish AP, and it was going to take time to get applications in. The council would have to appoint people, and it would have been -- We would have been at least three months behind.

MR. CONKLIN: There is term limits on APs now, too.

MR. M. FREEMAN: I think John's question was more why was the original panel done away with.

DR. CHEUVRONT: Because they didn't think that they needed it at that point. It was not meeting.

MR. POLSTON: For me, this is good enough for a Wreckfish Advisory Panel. I mean, and if Scott and Pete could have made it, but I'm just saying that I think today's input from us was very beneficial and informative, because you actually heard from people that know what's going on in the fishery itself.

MR. BOWEN: I think it was for me, as a voting member.

MR. POLSTON: So that's more or less -- I could care less about as far as it being necessarily a Wreckfish Advisory Panel, but at least something like this, because this has got to be informative for you guys that don't know what's going on in the fishery.

DR. CHEUVRONT: That's why the council wanted to do this in the beginning, instead of waiting until the end and saying, okay, here's our review and what do you think. I think this was pretty enlightening to everybody who has been a part of this today. We have learned a lot more about the fishery that we didn't know and your specific issues over time and things, and so I think this is really very, very helpful to us, and we really appreciate you all doing this.

MR. CONKLIN: Maybe at the AP meeting coming up -- I think, Jim, you're on the Snapper Grouper AP, and so there's going to be a lot of people in that room that will be reviewing this stuff too, and it will be up to you to make sure that they know what you guys conveyed, and so be prepared to speak on everyone's behalf, because people aren't real fond of these kinds of programs, and many of them don't even know that this one exists.

DR. CHEUVRONT: Jim, I will be the one from council staff talking at the AP meeting, and probably at the SSC meeting, about what we're doing with this review, and so maybe, before the AP meeting, you and I ought to talk, and we can sort of coordinate stuff, to make sure that we're presenting everything clearly, based on what you guys have said today.

MR. J. FREEMAN: Okay.

MR. HUDSON: As a member of the Snapper Grouper AP along with Jim, Jim will be the only person on the AP with that knowledge, going down that same alley, but there's been a lot of times that Paul and others have come into meetings, and they can somehow then be brought up to the table, like I had been back before I was on the AP, and that would be very useful at both of those AP meetings, and perhaps the SSC meetings, to have Paul and Jim and whoever else might want to join.

DR. CHEUVRONT: Generally, both of those meetings occur in the Charleston area. Okay. Is there anything else that you all think that we need to discuss related to this review or aspects of the program that we have not brought up that you think are important that get considered as we're going through this review? Even if you think of something later, it doesn't matter. There is no time limit on this. You can either contact me, or you can send in a comment, or you can do whatever you want to do, and so this is an open process and ongoing. This isn't a one-time thing.

MR. M. FREEMAN: I guess more just a recommendation for the draft document that's going to the SSC. Find out from them, apart from the obvious confidentiality issues, what are the data shortcomings for wreckfish. We have had port samplers at basically every unload for the last I don't even know how many years. They take lengths and otoliths, all of it, and we haven't really seen any benefit from that.

MR. POLSTON: The Science Center has put a hold-up on that, just like with the red snapper and like everything else.

MR. CONKLIN: I have more question about the timing. When will the next review be scheduled for after this one? When are we mandated to have another one? Is it ten years?

DR. CHEUVRONT: We have to start another one -- If we finish this in 2018, we have to start another one by 2025, at the latest. It could occur as early as 2021, but it has to be started by 2025.

MR. HUDSON: It has to be started, but not finished.

DR. CHEUVRONT: Not finished. Just started.

MR. REISS: Brian, I would like, moving forward, I would just like there to be a definition of enforcement and the costs associated thereof.

DR. CHEUVRONT: Yes, I've got that in the notes.

MR. REISS: Okay.

DR. CHEUVRONT: All right. Is there anything that anybody else has? Okay. Then I guess we will call this meeting adjourned, and I want to thank you all very much. Again, I'm really sorry that we couldn't work it out that Pete and Scott could be here, and I understand their concerns, because they're the two who are leasing. They're not actively fishing right now, and they have real concerns that somehow somebody is trying to do an end-run around them, and I wanted to assure them, and I did.

I have talked with both of them on the phone, as well as numerous emails and things going back, and I think they understand that, but what we're going to do is, when we do the review next spring, and there could be an intermediate meeting too, if that's warranted and the council calls for it, but we'll make sure that they will be able to be at the table representing their own points of view. We know that's coming, and so, when we set up my calendar for the spring, I will make sure we work around all of that for everybody and give you even more notice than we were able to give you this time for the meeting. Thank you, everybody. I really appreciate it.

(Whereupon, the meeting was adjourned on August 2, 2017.)

Certified By: _____ Date: _____

Transcribed By:
Amanda Thomas
August 9, 2017

Wreckfish Shareholders Meeting
August 2, 2017

In-person Attendance

SAFMC

Brian Chevront

SERO

Mike Travis

Nikhil Mehta

Wreckfish Shareholders

Jim Freeman

Mike Freeman

John Polston

Paul Reiss

Council Members

Charlie Phillips

Zack Bowen

Ben Hartig

Chris Conklin

Public

Rusty Hudson

WRECKFISH MTA 2 AUG 2017

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