C2 Public T.

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North Pacific Fisheries Management Council
Dan Hull, Chair

RE: C2- Scallop SAFE

There has been some concern expressed around the Council of consolidation in the Alaska Scallop fishery. As a result the SPT was tasked with doing a more detailed economic analysis showing ownership trends.

Page 81 of the 2018 SAFE, Table 5-1, (and attached here) our catch has gone from a high of 1.2 million lbs to just over 200,000 lbs. With such a drastic reduction it is understandable that less vessels would pursue the fishery. Average catch per vessel over these 25 years was about 100,000 lbs per boat. About where we find ourselves today.

Page 103 Table 3 shows current holders of all nine LLP's. Note, three are not in the Alaska Scallop Association and could fish at any time, but have opted not to fish recently with such historically low quotas available. Six of these LLP's are held by Association members. In most recent years the association members fished 3 LLP's. The last two years one member has found Salmon tendering more viable and has opted to do that instead of Scallop, leaving 2 LLP's fishing.

Page 104 Table 5 drills down on who the individual owners are members of the Alaska Scallop Association and what percent of the LLP's they own. The Cumulative column shows no individual owns more 110% or the equivalent of 1.1 LLP. LLP ownership limitations allow up to 2 LLP's to be owned by one person.

We appreciate that this exercise has cleared up some misperceptions of ownership and shown that all Scallop LLP owners are clearly operating within the regulations. The historic Fishermen are simply participating or not each season as they assess the next season's quota and markets. Our problem currently is historic low quotas, we would love nothing more than to have higher quotas and return more scallop boats to the grounds. We ask that the Council not consider making any changes to ownership regulations and help the historic fishermen and their families survive this downturn.

Sincerely,

Jim Stone, ASA President.

pound of imported scallop products declined from $7.11 to $6.40 between 2015 and 2017. Please see Appendix 2 for further discussion of competing scallop markets.

Table 5- 1 Statewide Commercial Weathervane Scallop Real Wholesale Value, 1993/94–2017/18.

Year	Vessels	Catch (lb shucked meats)[a]	Nominal Average Price/lb	Inflation Factor[b]	Real Average Price/lb	Real Wholesale Value
1993/94	15	984,583	$5.15	1.52	$7.81	$7,690,580
1994/95	15	1,240,775	$5.79	1.50	$8.70	$10,800,614
1995/96	10	410,743	$6.05	1.45	$8.77	$3,603,243
1996/97	9	732,424	$6.30	1.34	$8.44	$6,183,123
1997/98	9	818,913	$6.50	1.27	$8.26	$6,760,127
1998/99	8	822,096	$6.40	1.09	$6.98	$5,734,942
1999/00	10	837,971	$6.25	0.97	$6.06	$5,080,199
2000/01	8	750,617	$5.50	1.11	$6.11	$4,582,517
2001/02	6	572,838	$5.25	1.12	$5.88	$3,368,287
2002/03	6	509,455	$5.25	1.10	$5.78	$2,942,103
2003/04	4	492,000	$5.25	1.01	$5.30	$2,608,830
2004/05	5	425,477	$5.50	1.10	$6.05	$2,574,136
2005/06	5	525,357	$7.58	1.34	$10.16	$5,336,156
2006/07	4	487,473	$7.86	1.24	$9.75	$4,751,107
2007/08	4	458,313	$5.94	1.24	$7.37	$3,375,750
2008/09	4	342,434	$6.34	1.33	$8.43	$2,887,472
2009/10	3	488,059	$6.48	1.16	$7.52	$3,668,642
2010/11	3	459,759	$8.35	1.05	$8.77	$4,030,937
2011/12	4	456,058	$10.39	1.16	$12.05	$5,496,593
2012/13	4	417,551	$10.63	0.97	$10.31	$4,305,410
2013/14	4	399,134	$12.25	0.98	$12.01	$4,791,604
2014/15	4	308,888	$12.39	1.02	$12.64	$3,903,665
2015/16	3	264,316	$12.22	0.94	$11.49	$3,036,145
2016/17	2	233,003	$12.53	1.00	$12.53	$2,919,528
2017/18[c]	2	238,710	$11.54	1.00	$11.54	$2,754,713
10 year av.	3	360,791	$10.31		$10.73	$3,779,471

[a] lb of shucked scallop meats are reported by the State Observer Program.
[b] uses the Bureau of Labor Statistics, Industry Index through 2017.
[c] preliminary

First wholesale revenue in this fishery has varied considerably over the period as both price and landings have varied. The peak value in the fishery, occurred in 1994/95 season when inflation adjusted $10.8 million was earned. Since that time, real total first wholesale revenue in the fishery has fluctuated with prices, and the reduction in landed pounds. Overall, the total value has trended downward as landings have fallen from more than 1.2 million lb down to a low in 2016/76 of 233,003 lb. The total real first wholesale revenue of a little more than $2.9 million in the 2016/17 season was among the lowest revenue total

Table 3: Federal Scallop LLP Holder History and Current Activity.

LLP	Original Holder	MLOA	Current Holder	Restrictions	Alaska Corporate Ownership	Vessel Historically Used	Fished in 2015-2018
Independent Operators							
003	Hogan, Thomas C.	75	Atlantic Capes Fisheries LLC	2 dredges with 20' max. combined width	Atlantic Capes Fisheries Inc: Daniel Cohen (100%) in good standing	**Kilkenny**: Owned by Atlantic Cape Fisheries Inc, New Jersey	no
004	Hulse, Max G. et al.	79	Hulse, Max G. (Possibly Deceased)	2 dredges with 20' max. combined width	Alaska Dream Ventures LLC: Robert Hulse (100%) in good standing (transfer not yet applied for)	**La Brisa / Wayward Wind**: Vessels rebuilt (lengthened) and re-purposed	no
006	Oceanic Research Services	70	EWT LLC	none	EWT LLC: Eric Orman (66.67%) Warren Alexander (33.33%) Involuntarily Dissolved	**Artic Storm**: sold	no
Alaska Scallop Association Members							
002	Forum Star Inc.	97	American Seafoods Co., LLC	State Imposed AFA Sideboard	American Seafoods Group, LLC (100%), in turn owned by ASG Parent LLC (100%) home state Delaware	Forum Star (owned by Forum Star LLC, which is 100% owned by American Seafoods Company LLC)	no
005	Ocean Fisheries LLC	102	Arctic Hunter LLC	none	Egil Mikkelsen, Glenn Mikkelsen, James Stone, John Lemar, Stein Nyhammer (20% each)	Artic Hunter, Replaced by Polar Sea (owned by Arctic Hunter LLC)	yes
007	Pursuit, Inc.	101	Ocean Fisheries LLC	none	Festus Fisheries Inc (WA). (20%) Mikkelsen Fisheries Inc (WA). (40%) Stein Enterprises Inc. (WA) (20%), Stone Maritime Inc (WA). (20%)	Pursuit (no longer documented)	no
008	Provider, Inc.	124	Provider Fisheries LLC	none	Egil Mikkelsen (20%), Glenn Mikkelsen (20%), James Stone (25%), John Lemar (25%), Tom Minio (10%)	Provider (owned by Provider Fisheries LLC)	yes
009	Carolina Boy, Inc.	95	Ocean Fisheries, LLC	none	Festus Fisheries Inc(WA). (20%) Mikkelsen Fisheries Inc(WA). (40%) Stein Enterprises inc. (WA) (20%), Stone Maritime Inc(WA) (20%)	Ocean Hunter (owned by Ocean Fisheries LLC)	yes
010	Carolina Girl, Inc.	96	Alaska Scallop Fisheries , LLC	none	Egil Mikkelsen (20%), Glenn Mikkelsen (20%), James Stone (25%), John Lemar (25%), Tom Minio (10% each)	Carolina Girl (no longer documented)	no

Source: Public records at https://alaskafisheries.noaa.gov and https://www.commerce.alaska.gov/cbp/main/search/entities

Table 4: Ownership Interest of Washington Corporations

Washington Corporation	Governors	Ownership
Festus Fisheries, Inc.	John Lemar, Curtis Lemar	Assumed equal 50% shares
Mikkelsen Fisheries Inc.	Egil Mikkelsen, Glenn Mikkelsen	Assumed equal 50% shares
Stein Enterprises	Stein Nyhammer	100%
Stone Maritime	James Stone	100%

Source: Washington Corporate Records Search: https://www.sos.wa.gov/corps/

Table 5: Cooperative Member LLP Ownership Attribution

Owner	LLP Number						Cumulative Ownership
	002	005	007	008	009	010	
American Seafoods	100%						100%
John Lemar		20%	10%	25%	10%	25%	90%
Curtis Lemar			10%		10%		20%
Egil Mikkelsen		20%	20%	20%	20%	20%	100%
Glenn Mikkelsen		20%	20%	20%	20%	20%	100%
Tom Minio				10%		10%	20%
Stein Nyhammer		20%	20%		20%		60%
James Stone		20%	20%	25%	20%	25%	110%

Effects of Fleet Consolidation

The story of fleet consolidation in the Alaska Weathervane scallop fishery is not unlike that of any other fishery that has had overexploitation under open access, inefficiency caused by the race for fish, and marginally profitable operations due to overcapacity. Fleet consolidation likely results in access to a greater proportion of available harvest for each remaining participant, and reductions in cost are likely due to reduced crowding on available grounds and elimination of the inefficiencies of the race for fish that occurs in an overcapitalized fishery. However, consolidation has also likely occurred as the harvest levels have trended downwards to historically low levels in the most recent years.

Fleet consolidation undoubtedly has a direct effect on the number of crew and operator positions in the fishery. At the time of the vessel moratorium, 18 vessels qualified and likely employed at least 216 crew members (12, including operator, cooks, mechanics, etc. per vessel). However, crew earnings and data linking crew members to vessels do not exist. It is impossible to say, using presently available data, exactly how many crew were employed or the amount of their crew shares. Similarly, it is impossible to determine how many crew were locally (Alaska Residents) acquired or available. In any event, the Federal LLP effectively reduced the number