

Limited Entry in the Alaska Weathervane Scallop Fishery

Introduction

In 2001, the National Marine Fisheries Service (NMFS) issued limited entry licenses for scallop fishing in federal waters under the Scallop License Limitation Program (SLLP). This was followed by a limited entry program for scallops in state waters in 2004, when the Commercial Fisheries Entry Commission (CFECC) issued vessel limited entry permits.

The state and federal programs differ in that state licenses were issued to qualifying *vessels*, whereas NMFS SLLP licenses were issued to *vessel owners*. The SLLP licenses may be fished on any federally-permitted boat, subject to the restrictions applied to the permit. Both the state and federal licenses established two fishery areas: the Cook Inlet area and a 'statewide area' encompassing waters in the Bering Sea and in the Gulf of Alaska outside of Cook Inlet.

Nine individual fishing operations qualified for state and federal permits. Each qualifying operation originally consisted of a vessel, a state permit, and a corresponding federal license. This structure allowed operations to fish seamlessly across scallop beds that are bisected by state and federal waters.

Between initial issuance and the present time, many changes have occurred with respect to permit and vessel ownership. The following sections describe the initial permit allocations and the subsequent changes.

Federal Moratorium and License Limitation Program

In February 1999, the North Pacific Fishery Management Council (NPFMC or Council) recommended replacing a federal moratorium program with a license limitation program. This action became Amendment 4 to the federal scallop Fishery Management Plan (FMP). The federal moratorium expired June 30, 2000, and was replaced by the Scallop License Limitation Program that became effective on January 16, 2001. Between June 30, 2000 and January 16, 2001 the fishery was in open access status, although no additional vessels entered the fishery. Initial issuance of SLLP licenses by National Marine Fisheries Service occurred in April, 2001.

Initially, eight entities received permanent licenses, while two entities received interim licenses, pending the respective adjudication of their license applications. Interim SLLP 002 belonging to Forum Star Inc. was later adjudicated to be eligible for a permanent, transferable SLLP license. The application for Interim SLLP 001 was eventually denied. The vessel owners associated with the initial issuance of SLLP licenses are shown in Table 1.

One SLLP license was issued with a single 6-foot dredge restriction (License 001 came with a similar restriction, but the application for this license was eventually denied). The fishing histories associated with these licenses consisted of harvests only from the Cook Inlet registration area. To prevent further increases in fishing capacity, the licenses were restricted to a dredge capacity no greater than what was used during the qualifying years. They could be used to fish outside of Cook Inlet, but only with a 6-foot dredge.

The Council established ownership caps on licenses. No person, corporation, or entity can hold or control more than two scallop licenses. The Council determined that ownership greater than two licenses would constitute an excessive share of harvest privileges in this fishery.¹ SLLP licenses were also issued with vessel length constraints, which correspond to the size of the harvesting boats used during the qualifying years.

¹ License Limitation Program for the Scallop Fishery; 50 CFR 679 (14 December, 2000); pp 78113.

**Table 1. Initial Issuance of Federal Scallop License Limitation Permits
By the National Marine Fisheries Service.**

License	License Holder	MLOA	Transferable	Gear Restrictions
002	Forum Star, Inc.	97'	No - Interim	None
003	Hogan, Thomas C.	75'	Yes	Single 6ft scallop dredge *
004	Hulse, Max et al.	79'	Yes	Single 6ft scallop dredge *
005	Ocean Fisheries LLC	100'	Yes	None
006	Oceanic Research Services, Inc.	70'	Yes	None
007	Pursuit, Inc.	101'	Yes	None
008	Provider, Inc.	124'	Yes	None
009	Carolina Boy, Inc.	95'	Yes	None
010	Carolina Girl II, Inc.	96'	Yes	None
001	Asp, Svend, Maxine (eventually denied)	98'	No - Interim	Single 6ft scallop dredge

** Gear restrictions were subsequently amended in 2005 (see Table 4)*

Transfers of Federal SLLP Licenses

There have been a total of twelve transfers of SLLP licenses since initial issuance. Table 2 provides the current holdings of SLLP licenses.²

- SLLP 002 from Forum Star, Inc. to American Seafoods Co. LLC; November 5, 2005.
- SLLP 003 from Thomas C. Hogan to William J. Harrington; December 10, 2009.
- SLLP 005 from Ocean Fisheries LLC to Arctic Hunter LLC; October 31, 2008.
- SLLP 006 from Oceanic Research Services, Inc. to Thomas J. Gilmartin; April 18, 2001.
SLLP 006 subsequently transferred from Gilmartin to EWT LLC; January 9, 2012.
SLLP 006 subsequently transferred from EWT LLC (Mass.) to EWT LLC (Alaska); July 12, 2012.
- SLLP 007 from Pursuit, Inc. to Arctic Hunter LLC; June 16, 2008.
SLLP 007 subsequently transferred from Arctic Hunter LLC to Ocean Fisheries LLC; October 31, 2008.
- SLLP 008 from Provider, Inc. to Provider Fisheries LLC; June 16, 2008.
- SLLP 009 from Carolina Boy, Inc. to Ocean Fisheries, LLC; August 21, 2003.
- SLLP 010 from Carolina Girl II, Inc. to Alaska Scallop LLC; December 23, 2002.
SLLP010 subsequently transferred from Alaska Scallop LLC to Alaska Scallop Fisheries; June 18, 2008.

Table 2. Federal Scallop License Limitation Permits as of December 2012.

License	License Holder	MLOA	Transferable	Gear Restrictions
002	American Seafoods Co, LLC	97'	Yes	None
003	Harrington, William J.	75'	Yes	2 dredges; combined width no more than 20 feet (6.1m)
004	Hulse, Max	79'	Yes	2 dredges; combined width no more than 20 feet (6.1m)
005	Arctic Hunter LLC	100'	Yes	None
006	EWT LLC	70'	Yes	None
007	Ocean Fisheries LLC	101'	Yes	None
008	Provider Fisheries, Inc.	124'	Yes	None
009	Ocean Fisheries LLC	95'	Yes	None
010	Alaska Scallop Fisheries, LLC	96'	Yes	None

² Source: National Marine Fisheries Service, Restricted Access Division.

State Moratorium and Vessel Limited Entry Permit Program

In 1997, the Alaska Legislature enacted a four-year vessel moratorium for scallop fishing in state waters.³ Ten vessels originally qualified for the moratorium. The moratorium was originally set to expire June 30, 2001; however, in 2001 the legislature extended the date to June 30, 2004.

In 2002, the legislature passed a bill that authorized the creation of a vessel-based limited entry program in the state's weathervane scallop and hair crab fisheries.⁴ The law included a sunset provision, which called for an end to the program in 2008.⁵ In 2008, the legislature extended the sunset date. Unless reauthorized or changed by the legislature, the vessel permit law will expire at the end of 2013.

On May 6, 2004, using the new authority implemented in 2002, the Commercial Fisheries Entry Commission adopted regulations 20 AAC 05.1425 – 20 AAC 05.1444 which established a vessel permit system for the statewide weathervane scallop fishery. To qualify for a vessel entry permit, a vessel must have legally participated in the Alaska weathervane scallop fishery and commercially harvested at least 1,000 pounds (shucked meat) of scallops:

- 1) in at least one calendar year during the time period 1991 through 1996, and in at least three calendar years during the time period 1997 through 2003; or,
- 2) in at least four calendar years during the time period 1997 through 2003.

For a vessel to qualify as having legally participated, that vessel must have satisfied all of the criteria listed below under (1) or (2) for each year used to qualify for a permit:

- 1) In internal waters of the state and territorial sea:
 - Had scallops lawfully harvested from a vessel with a scallop dredge as described in 5 AAC 38.055, 5 AAC 38.076(f) and 5 AAC 38.322 during a fishing period established by the Department of Fish and Game under 5 AAC 38.076(h);
 - Had a person on board the vessel who held an interim-use permit for the fishery from CFEC under AS 16.43.210;
 - Had a vessel license from CFEC under AS 16.05.490;
 - Had a vessel registration from the Department of Fish and Game under 5 AAC 38.076(c); and
 - Been permitted under AS 16.43.906 (CFEC vessel moratorium permit) from July 1, 1997 through 2003, if fished during that time:
- 2) In the Exclusive Economic Zone (EEZ):
 - Had scallops lawfully harvested from a vessel with a scallop dredge as described in 5 AAC 38.055, 5 AAC 38.076(f) and 5 AAC 38.322 during a fishing period established by the Department of Fish and Game under 5 AAC 38.076(h);
 - Had a person on board the vessel who held an interim-use permit for the fishery from CFEC under AS 16.43.210;
 - Had a vessel license from CFEC under AS 16.05.490;
 - Had a vessel registration from the Department of Fish and Game under 5 AAC 38.076(c); and,
 - Had a valid federal permit or license from April 11, 1997 through 2003.

Ownership caps stipulated that a person may not hold an interest in more than one scallop vessel entry permit, unless the person's ownership interest existed at the time of limitation on January 23, 2004.

³ AS 16.43.906 (repealed).

⁴ AS 16.43.450–520.

⁵ CSHB206 (RLS) am S.

Based on these regulations, the nine vessels listed in Table 3 were eligible for a state limited entry vessel permit. The application period for permits was May 15, 2004 through September 1, 2004. Each of the initial vessel permits was associated with a corresponding federal scallop SLLP, which is also shown.

CFEC regulations established two length categories for vessel permits, based on the maximum length overall (LOA) of the vessel initially used to qualify for the permit. Five permits (type W 2ABV) were issued to vessels greater than 80 feet. These include the fishing vessels Carolina Boy, Forum Star, Ocean Hunter, Provider and Pursuit. For vessels 80 feet or less, three permits (type W 2BBV) were issued. These included the fishing vessels Arctic Storm, Kilkenny and La Brisa.

On December 23, 2002, Carolina Girl II, Inc. transferred its federal SLLP license 010 to Alaska Scallop, LLC. The parties to this sale executed a *Request for Termination of State Moratorium Qualification* with the State of Alaska in January, 2003. Although the F/V Carolina Girl II would have qualified for a permanent vessel permit, Alaska Scallop, LLC thereby relinquished all eligibility rights to the vessel's state scallop moratorium and vessel limited entry permits. Owners of the eight remaining eligible vessels applied for and received CFEC vessel permits. Of the eight, only seven now remain, as the permit associated with the F/V Pursuit was relinquished on August 17, 2007 (the federal fishing rights formerly associated with the Pursuit are now used on the F/V Arctic Hunter).

Table 3. Vessels Initially Eligible for a CFEC Limited Entry Vessel Permit.

Vessel Name	ADFG Number	State Waters Vessel Limited Entry Permit	Corresponding Federal Scallop LLP License
F/V Carolina Girl II	64111	Relinquished limited entry eligibility rights on 1/2003	Initial Issue of SLLP license 010
F/V Ocean Hunter	40924	Initial Issue of state LEP W 2ABV 85007 on 6/17/2004	Initial Issue of SLLP license 005
F/V Provider	58200	Initial Issue of state LEP W 2ABV 85008 on 6/28/2004	Initial Issue of SLLP license 008
F/V La Brisa	23574	Initial Issue of state LEP W 2BBV 85012 on 9/23/2004 (substituted to F/V Wayward Wind)	Initial Issue of SLLP license 004
F/V Carolina Boy	64110	Initial Issue of state LEP W 2ABV 85013 on 12/3/2004	Initial Issue of SLLP license 009
F/V Forum Star	59687	Initial Issue of state LEP W 2ABV 85014 on 12/6/2004	Initial Issue of SLLP license 002
F/V Kilkenny	54966	Initial Issue of state LEP W 2BBV 85015 on 12/6/2004	Initial Issue of SLLP license 003
F/V Pursuit	40312	Initial Issue of state LEP W 2ABV 85016 on 12/6/2004 (relinquished W2ABV85016Z on 8/17/2007)	Initial Issue of SLLP license 007
F/V Arctic Storm	66700	Initial Issue of state LEP W 2BBV 85018 on 1/6/2005	Owners purchased SLLP license 006 on 4/18/01

Transfers and Changes

When CFEC vessel permits were issued in 2004 and 2005, each permit was associated with a federal SLLP license. Over time, many of the initial associations have changed. Permits have been transferred, vessels have been substituted, two permits have been relinquished, and owner name changes and/or corporate restructuring have occurred.

CFEC regulations prohibit the ownership of more than one vessel permit, whereas the ownership cap in the federal program is two SLLP licenses. Also note that state permits were issued to qualifying vessels, whereas the SLLP licenses were issued to vessel owners. SLLP licenses may be fished on any federally-permitted boat, subject to the restrictions applied to the permit.

In addition to the previously noted relinquishment of permit eligibility for the F/V Carolina Girl II, the transfers, ownership changes, and relinquishments that have occurred on state vessel limited entry permits since initial issuance are:

- W2ABV 85008 (F/V Provider) vessel divested from permit; permit transferred from Provider Inc. to Tom Minio, January 30, 2009. No substitute vessel named; permit currently in suspension.
- W2BBV 85012 (F/V LaBrisa) substitution of vessel to F/V Billy D, Sept 23, 2004
Billy D subsequently re-named to Wayward Wind, April 11, 2005
- W2ABV 85014 (F/V Forum Star) transferred from Forum Star, Inc. to Forum Star LCC; March 16, 2006.
- W2BBV 85015 (F/V Kilkenny) transferred from Thomas C. Hogan to William J. Harrington, December, 9 2009.
- W2ABV85016 (F/V Pursuit) vessel divested from permit, June 8, 2005
Permit subsequently relinquished by Future Fisheries, August 17, 2007.
- W2BBV 85018 (F/V Arctic Storm) vessel divested from permit; permit transferred from Thomas Gilmartin to EWT LLC, January 12, 2012. No substitute vessel named; permit currently in suspension.

Table 4 compiles the information shown in the previous sections of this report to provide a timeline of changes that have occurred on permits and associated vessels. The table begins with 2004 when CFEC permits were first issued. The vessels that were originally named to the CFEC permits are shown, as are the associated federal SLLPs at the time. Each change that has occurred to the respective vessels and/or licenses is noted under the appropriate year. The table also indicates, with an asterisk, which state and federal licenses are currently associated with the Alaska Scallop Association cooperative.

Table 5 details the ownership of CFEC vessel permits and federal SLLPs as they exist at the time of this writing. To portray ownership in a meaningful manner, the table continues the ownership associations between the CFEC vessel permit and the SLLP license as they existed at initial issuance in Table 6, but updates each to their current status. For example, at initial issuance the fishing vessel Pursuit was associated with permits W2ABV85016 and SLLP007. Although the state permit was relinquished by Future Fisheries, Inc. on August 17, 2007, the associated federal license continues to be valid; the license has new owners, which are shown in the table, and is currently used on the fishing vessel Arctic Hunter.

Note again that two CFEC permits have been relinquished in apparent actions to consolidate fishing rights. Two other CFEC permits are currently held in suspension; although the permits remain valid (not relinquished) the owners have not named vessels to the permits. Of the five active CFEC permits, one is named to the F/V Carolina Boy, which was last licensed in Alaska in 2003 and is listed with a home port of Seaford, Virginia.⁶ The other four vessels associated with active CFEC permits are located and licensed in Alaska.

As in Table 4, an asterisk next to the permit number indicates a permit that is associated with the Alaska Scallop Association cooperative. There are ten permits and nine member-groups associated with the cooperative.

To enforce CFEC's prohibition on owning more than one vessel permit, corporations are required to declare all the shareholders who hold more than five percent of the entity's stock. Information on the principal shareholders for federal SLLP permits in Table 4 comes from online government databases.

⁶ NOAA Fisheries; Vessel Documentation Search by ID: www.st.nmfs.noaa.gov/st1/CoastGuard/VesselByID.html.

Table 4. Timeline of Ownership Changes to CFEC Vessel Entry Permits and Associated Licenses from the Federal Limited License Program For the Alaska Weathervane Scallop Fishery, 2004 – 2012.

Permits	Original Holder	Holder on Record									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	
W2ABV85007 *	Vessel F/V Ocean Hunter Owner Ocean Fisheries LLC										
SLLP005 *	Owner Ocean Fisheries LLC					Arctic Hunter LLC					
W2ABV85008 *	Vessel F/V Provider Owner Provider, Inc									F/V Provider divested from CFEC permit Tom Minio	
SLLP008 *	Owner Provider, Inc					Provider Fisheries LLC					
W2BBV85012	Vessel F/V La Brisa Owner La Brisa, Inc	F/V Billy D	F/V Wayward Wind (vessel renamed)							Alaskan Dream Ventures (name change)	
SLLP004	Owner Hulse et al. (La Brisa Inc)										
W2ABV85013 *	Vessel F/V Carolina Boy Owner Carolina Boy, Inc										
SLLP009 *	Owner Ocean Fisheries LLC										
W2ABV85014 *	Vessel F/V Forum Star Owner Forum Star, Inc				Forum Star LLC						
SLLP002 *	Owner Forum Star, Inc		American Seafoods LLC								
W2BBV85015	Vessel F/V Kilkenny Owner Thomas Hogan								William Harrington		
SLLP003	Owner Thomas Hogan								William Harrington		
W2BBV85018	Vessel F/V Arctic Storm Owner Tom Gilmartin										Vessel sold w/o pmt EWT LLC
SLLP006	Owner Tom Gilmartin										EWT LLC EWT LLC
W2ABV85016	Vessel F/V Pursuit Owner Future Fisheries		Vessel sold w/o CFEC permit			CFEC permit relinquished					
SLLP007 *	Owner Pursuit, Inc						Arctic Hunter	Ocean Fisheries LLC			
(permit not issued)	Vessel Carolina Girl II Owner Alaska Scallop LLC		CFEC permit rights relinquished								
SLLP010 *	Owner Alaska Scallop LLC						Alaska Scallop Fisheries LLC				

* Indicates a permit that is currently associated with the Alaska Scallop Association cooperative.

Table 5. Ownership of State (W2ABV And W2BBV) and Federal (SLLP) Scallop Limited Entry Permits, Including Relinquished Permits or Eligibility, as of December 2012.

	Permit	Named Vessel	Listed Owner	Principal Shareholders
Active CFEC Vessel Permits	W2ABV85007 *	Ocean Hunter	Ocean Fisheries LLC	Jim Stone Glenn Mikkelsen Egil Mikkelsen John Lemar Stein Nyhammer
	SLLP005 *		Arctic Hunter LLC	James H. Stone
	W2BBV85012	Wayward Wind	Alaskan Dream Ventures, Inc.	Max Hulse Robert Hulse Mary Hulse Denise Hulse
	SLLP004		Max G. Hulse	n/a
	W2ABV85013 *	Carolina Boy	Carolina Boy, Inc.	William Wells, Jr.
	SLLP009 *		Ocean Fisheries LLC	Jim Stone Glenn Mikkelsen Egil Mikkelsen John Lemar Stein Nyhammer
	W2ABV85014 *	Forum Star	Forum Star LLC	Bernt Bodal Jeff Davis Coastal Bering Sea Fish Assoc Management
	SLLP002 *		American Seafoods Co. LLC	(unavailable)
	W2BBV85015	Kilkenny	William J. Harrington	n/a
	SLLP003		William J. Harrington	n/a
Suspended CFEC Vessel Permits	W2ABV85008 *	(formerly Provider)	Thomas Minio	n/a
	SLLP008 *	(currently fished on F/V Provider)	Provider Fisheries LLC	Jim Stone Glenn Mikkelsen Egil Mikkelsen John Lemar Tom Minio Stone Management
	W2BBV85018	(formerly Arctic Storm)	EWT LLC	Erik Orman Warren J Alexander
	SLLP006		EWT LLC	Erik Orman Warren J Alexander
Relinquished CFEC Permits or Relinquished Eligibility for a Permit	W2ABV85016	Pursuit	Future Fisheries, Inc (permit relinquished in 2007)	Roy Enoksen Ronald Enoksen Peter Anthony Francis O'Hara
	SLLP007 *	(currently fished on F/V Arctic Hunter)	Ocean Fisheries LLC	Jim Stone Glenn Mikkelsen Egil Mikkelsen John Lemar Stein Nyhammer
	W2ABV85xxx SLLP010 *	Carolina Girl II	Alaska Scallop LLC Alaskan Scallop Fisheries	Jim Stone Glenn Mikkelsen Egil Mikkelsen John Lemar Tom Minio
	(relinquished eligibility rights for a CFEC permit associated with F/V Carolina Girl II)			

Notes: 1) An asterisk (*) indicates permits that are associated with the Alaska Scallop Association cooperative.

2) Sources: CFEC vessel limited entry permit files; NMFS SLLP files; the Alaska Division of Corporations, Business & Professional Licensing, online database at www.commerce.alaska.gov/OCC/Home_corporations.html; and the Washington Secretary of State, Corporations and Charities Division online database at www.sos.wa.gov/corps