

National Marine Fisheries Service  
Review of the Atlantic Surfclam and Ocean Quahog ITQ Program:  
Addressing Issues Raised by the GAO Report,  
“Individual Fishing Quotas:  
Better Information Could Improve Program Management”

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March 22, 2004

## Executive Summary

In response to the December 2002, report entitled, “Individual Fishing Quotas: Better Information Could Improve Program Management,” released by the General Accounting Office (GAO), the Northeast Regional Office (NERO) of the National Marine Fisheries Service (NOAA Fisheries) reviewed the Individual Transferrable Quota (ITQ) program of the Atlantic Surfclam and Ocean Quahog Fishery Management Plan (FMP). This report concludes that the degree of concentration in the ITQ program described by the GAO is due to the amount of information available.

Current data collection by NOAA Fisheries is insufficient to assess ownership concentration to the extent necessary to monitor excessive shares within the ITQ program. This is because limited information is collected on corporate structure or related business entities. NOAA Fisheries allocation ownership data were assessed by similarities in name or address to determine if available NOAA Fisheries data were able to show ownership concentration within the ITQ program. While this review did show some degree of ownership concentration, it did not reflect the degree of ownership concentration offered in the GAO Report. Attempts were made to collect publically available information that were used by the GAO. This information was used in conjunction with vessel permit information to determine if ownership concentration could be assessed in this manner. However, assessing ownership concentration in this manner is only effective for allocation owners that were associated with a particular vessel.

The economics of the surfclam and ocean quahog fisheries play a significant role in determining the level of allocation control that can be considered excessive with respect to being able to influence prices within the three markets operating in the surfclam and ocean quahog ITQ fisheries. However, insufficient information exists to conclusively determine the influence of excessive shares on these markets. Within these fisheries, both economic and social factors may play a role in determining the impact of excessive shares. Given the impact of the time-based management system that existed prior to implementation of the ITQ Program on the initial concentration of allocation ownership under the ITQ Program and the absence of any major shift in the concentration of allocation ownership over the last fourteen years, the impact of the ITQ Program on ownership concentration may not be as significant as reported by GAO.

This report recommends that further information be collected regarding allocation ownership within the ITQ program. This would likely require an amendment to the FMP as current regulations do not allow for the collection of additional information.

## 1.0 Introduction

The December 2002 report by the GAO entitled “Individual Fishing Quotas: Better Information Could Improve Program Management” assessed the status of the Nation’s individual fishing quota (IFQ) programs. Specific to the NER of the NOAA Fisheries, the report evaluated the ITQ program of the Atlantic Surfclam and Ocean Quahog FMP.

The report reviewed the ITQ program for its consistency with Federal regulations and provided recommendations to NOAA Fisheries and the Regional Fishery Management Councils (Councils) on how to better manage these programs according to the regulations. This report included three recommendations:

1. NOAA Fisheries should collect and analyze information on quota holders, including those for whom financial institutions hold quota, and information on who actually controls the use of the quota;
2. The Councils should define what constitutes an excessive share for each IFQ program; and
3. NOAA Fisheries should provide guidance to the Councils on factors to consider when determining what constitutes an excessive share.

The report concluded that ownership concentration in the surfclam and ocean quahog ITQ program is much greater than NOAA Fisheries data indicate, and that tracking of foreign ownership of vessels, quota allocation concentration, and prices paid for quota shared is not regularly conducted under this program.

In response to this report, on March 18, 2003, Secretary of Commerce Donald Evans wrote a letter to various Congressional parties concerned with the GAO Report, addressing the report’s recommendations and committing NOAA Fisheries to a series of actions to address the report’s recommendations. These actions include more accurately monitoring the trading of ITQ shares, the prices of these shares, and changes in ownership concentration for the surfclam and ocean quahog fisheries. In addition, NOAA Fisheries will identify participation of foreign-owned and controlled entities in all IFQ programs. These elements will then be incorporated into regular reports on the programs and distributed to the relevant Councils for their use in determining what constitutes an excessive share within the various IFQ programs. NOAA Fisheries will also develop requirements concerning excessive shares, “including detailed guidance on the factors to consider and the methodologies to use in determining what constitutes an excessive individual ownership share in an IFQ program.” Finally, Secretary Evans stated that NOAA Fisheries will urge the Mid-Atlantic Fishery Management Council (Council) to develop an amendment to the FMP that would limit the amount of quota an individual may own in the ITQ program, thereby preventing any one entity from controlling an excessive share of the fishery.

This report reviews the ITQ program in response to the major points raised and recommendations presented by both the GAO report and Secretary Evans’ letter. It outlines what steps the NER has taken to assess the status of the surfclam and ocean quahog ITQ

program, to address the recommendations made by the GAO report, and to undertake the actions specified by Secretary Evans. This report also recommends future actions necessary to correct deficiencies of the ITQ program as identified in the GAO report.

## **2.0 Assessing Ownership Concentration**

The GAO based its findings on a review of the NOAA Fisheries ITQ initial allocation data through the 2002 fishing year. The GAO report stated that, according to NOAA Fisheries data, several individuals possessed multiple allocations under their names or under corporate names controlled by them. The review indicated a greater degree of ownership concentration than was reflected by NOAA Fisheries data. The GAO stated that, for surfclams, “one entity controlled quota in 12 different names, accounting for 27 percent of the 2002 total surfclam quota allocated.” For ocean quahogs, the GAO report stated, “one entity controlled quota held in two different names, representing 22 percent of the 2002 total ocean quota allocated.”

The GAO, in the preparation of its report, utilized information sources not readily available to NOAA Fisheries at the current time. This information included records detailing corporate officers and company holdings, as well as interviews with allocation owners and industry experts. It was reported that during interviews, allocation holders would often reveal what other allocations they either owned or had some involvement in. This information was then used by the GAO to cross-reference other available information to verify all possible relationships among allocation owners. This information enabled the GAO to identify relationships between allocation owners that are not clearly evident when examining NOAA Fisheries data alone. Ownership concentrations identified in the GAO report differ from ownership concentrations derived from data collected by NOAA Fisheries. Based upon a further review of the data by NOAA Fisheries staff, outlined below, the discrepancies observed between the GAO assessment of ownership concentration and the NOAA Fisheries data itself are attributable to the access to information.

### **2.0.1 NOAA Fisheries Data**

NOAA Fisheries’ initial allocation data for the 2002 fishing year indicate that the total number of allocation owners was 99 for surfclams and 62 for ocean quahogs -- much greater than the GAO estimates of 42 and 29 entities, respectively (see Table 1 below). Preliminary data for the 2003 fishing year reveal some consolidation, but not enough to explain the difference between the GAO report and NOAA Fisheries data.

**Table 1: Number of Allocation Owners Listed in the GAO Report for the Fishing Year 2002 Compared to NOAA Fisheries Allocation Data for Fishing Years 2002 and 2003 (through September 22, 2003, for fishing**

year 2003).

Total Number of Allocation Owners	GAO Report (2002)	NOAA Fisheries Allocation Data (2002)	NOAA Fisheries Allocation Data (through 9/22/2003)
Surfclam	42	99	84*
Ocean Quahog	29	62	56*

\*Recent transfers by several allocation owners in each fishery to one bank contributed to the higher degree of consolidation observed in the 2003 data.

### Assessment of NOAA Fisheries Data By Name and Address

As illustrated in Table 1 above, NOAA Fisheries data, on the surface, does not reveal the amount of ownership concentration identified in the GAO report. An assessment was performed to determine if NOAA Fisheries allocation data were able to reveal the ownership concentrations described in the GAO report. This assessment involved combining entities with the same or closely related names, as well as by combining allocations for those allocation owners with the same address. For example, if one allocation was owned by John Doe, and another allocation was owned by John Doe, Inc., NOAA Fisheries, for the purpose of this assessment, considered these two allocation owners to be related entities, counting each group of related entities as one entity. The same principle was applied to allocation owners with similar addresses for the 2002 initial allocation data and the 2003 allocation data through September 22, 2003. For this review, each individual bank was considered as one entity, despite holding quota for multiple allocation owners. For example, fictional Ocean Bank may hold quota under “Ocean Bank” as well as under “Ocean Bank (surfclam)” for the fictional company “Surfclam.” For this review, Ocean Bank would be considered one entity. See Table 4 for more specific information on banks. Reviewing the data in this manner resulted in the information contained in Tables 2 and 3 below.

Tables 2 and 3 show the total number of allocation owners in the surfclam and ocean quahog fisheries, respectively, once related allocation owners are combined into one entity; the number of entities sharing either the same name or address (related entities); the percentage of the quota owned by these related entities; and the maximum amount of allocation owned by any single allocation owner (including related entities). A review of these data reveals that the unedited NOAA Fisheries data contained in Table 1 differ substantially from the data assessed by similar name and address in Tables 2 and 3. This assessment indicates that substantial portions of the surfclam and ocean quahog quota may be owned collectively by groups of related entities sharing either the same or closely related names or the same mailing addresses. However, not every individual group of related entities owns a substantial portion of the quota, although some individual groups of related entities do own large portions of each fisheries quota. Single allocation owners or individual groups of related entities that own the greatest amount of quota are specified in Tables 2 and 3 below.

Unedited data for the 2002 surfclam fishery list 99 allocation owners in Table 1. However, Table 2 shows that there are only 86 allocation owners, once entities with similar names are combined, listing a total of 11 groups of related entities (10 groups of two allocation owners, and

one group of four related allocation owners). These 11 groups collectively owned more than 25 percent of the 2002 quota, however, individually, no single group owned more than 5.6 percent of the quota. For the 2003 surfclam fishery, preliminary information indicates that over 43 percent of the quota was held by 11 groups of related allocation owners. These 11 groups are not entirely the same groups that were observed in the 2002 data, however. For 2003, one group accounted for 10.3 percent of the quota under two allocations, while another group accounted for 9.7 percent of the quota under three allocations.

When the 2002 and 2003 surfclam data are assessed for similarities in address, for the 2002 fishing year, allocation owners at 12 addresses owned two or more allocations, with allocation owners at one address accounting for 25.4 percent of the 2002 quota. This same address held a total of 26.8 percent of the quota under 12 allocations in 2003. These 12 allocations are likely the same entities referred to in the GAO report, which arrived at similar findings. Two other addresses accounted for over 12 percent and 16 percent of the 2003 quota for surfclams.

**Table 2: NOAA Fisheries Surfclam Allocation Data for Fishing Years 2002 and 2003 Specifying the Number of Allocation Owners in the Fishery Once Related Entities Are Combined Into One Entity, the Number of Related Groups of Entities, the Percentage of the Quota Owned by Related Entities, and the Maximum Allocation Owned by a Single Group or Entity.**

Surfclam Fishery	2002 Data Assessed by Name	2003 Data Assessed by Name	2002 Data Assessed by Address	2003* Data Assessed by Address
<b>Total Number of Allocation Owners</b>	86	71	53	51
<b>Number of Groups of Related Entities</b>	11	11	12	14
<b>% of Quota Owned by Related Entities</b>	25.2%	43.2%	62%	77.9%
<b>Maximum Allocation Owned by Single Entity</b>	5.6%	10.3%	25.4%	26.8%

\*Through September 22, 2003.

In Table 3, ocean quahog data revealed that seven groups of related entities owned more than one allocation under similar names in 2002 and in 2003. These groups controlled 53 and 33.9 percent of the quota in 2002 and 2003, respectively. In both 2002 and 2003, one group alone accounted for 21.8 percent of the quota, held in two allocations. This example is likely the same entity highlighted in the GAO report, where, again, similar results were found. For the 2002 fishing year, nine addresses were shared among two or more allocation owners. Allocation owners at one address alone accounted for two allocations and 22 percent of the 2002 ocean quahog quota. Allocation owners at another address owned 15.1 percent of the quota under three allocations, while a third address owned 16.5 percent of the quota under five allocations. For 2003, eight addresses were shared among two or more allocation owners. One address controlled 15.1 percent of the quota under three allocations (the same address listed for the 2002

fishing year) and another address controlled 17.4 percent of the quota under six allocations. Again, this is the same address as was listed for the 2002 fishing year with the addition of one more allocation.

**Table 3: NOAA Fisheries Ocean Quahog Allocation Data For Fishing Years 2002 and 2003 Specifying the Number of Allocation Owners Once Related Entities are Combined Into One Entity, the Number of Groups of Related Entities, the Percentage of the Quota Owned by Related Entities, and the Maximum Allocation Owned by a Single Group or Entity.**

Ocean Quahog Fishery	2002 Data Assessed by Name	2003 Data Assessed by Name	2002 Data Assessed by Address	2003* Data Assessed by Address
Total Number of Groups Allocation Owners	52	49	36	37
Number of Groups of Related Entities	7	7	9	8
% of Quota Owned by Related Entities	53%	33.9%	72.7%	52%
Maximum Allocation Owned by Single Entity	21.8%	21.8%	22%	17.4%

\*Through September 22, 2003.

Combining allocation owners with similar address information with those that shared the same name produced variable results. This was because some allocation owners shared a name with another allocation holder, but did not share the same address. Most often, each allocation holder under a common address was held under a different corporate name.

According to industry experts, ownership concentrations revealed by combining allocation owners with the same address do not necessarily signify common ownership or control of allocations. Instead, this may illustrate the use of commonly held administrative offices utilized by several entities to enhance efficient business operations.

Further assessment of the data revealed potential relationships among individual entities stemming from similarities in telephone number. Combining entities with the same telephone number produced inconclusive results. Uncertainties concerning the validity of using telephone numbers to assess owner concentration prevented further consideration. These uncertainties include the fact that the same telephone number did not always correspond to the same addresses for each allocation holder, as well as concerns that telephone numbers have not always been updated over time.

While this review was not intended to replicate the work performed by the GAO, this review assessed whether NOAA Fisheries data, in unedited form, are capable of monitoring ownership concentration. This review demonstrates that the data alone will not provide a sufficient estimate of ownership concentration within the ITQ program. Using less restrictive review

procedures than described at the beginning of this section could have resulted in ownership concentrations that more closely resembled those offered by the GAO. However, in order to avoid speculation, this review documented only those relationships that were clearly evident. Unless NOAA Fisheries ITQ allocation data are periodically reviewed for similarities in allocation holder name and address, ownership concentration cannot be monitored with a high degree of accuracy until a systematic method of gathering the necessary corporate ownership information is developed through future action (see the section on Current and Future Actions, below).

## **2.0.2 Information from States**

Attempts were made to collect corporate information in the same manner in which the GAO performed its work. According to a GAO representative, their report utilized public information on corporate structure obtained from state revenue agencies, state registrations of business owners, and other online sources. A majority of the surfclam and ocean quahog fishing industry is based in New Jersey, Maryland, and Virginia. NOAA Fisheries staff attempted to obtain corporate information from the state revenue agencies, state clerk's and records offices, and other state resources. New Jersey's revenue agency charges fees for copying such documentation, requiring up to 2 weeks to obtain the information. Virginia, on the other hand, offers free searches of corporate paperwork, including lists of corporate officers, through the website of the Clerk's Office. A search for such information in Maryland was unsuccessful.

For this review, information was not obtained from New Jersey due to agency fees and the time required to gather this information. Virginia's database provided the necessary information, but was labor-intensive to use. Although available, gathering corporate information through these sources is not considered an efficient or effective method of collecting the above information, given the limitations of time and resources to manage the ITQ program. In addition, the fact that the information is not readily available in every state limits the utility of these sources for practical management purposes. This information could be used to supplement corporate information that is not available within the NOAA Fisheries vessel permit files, but can only be used for corporate allocation owners associated with a permitted vessel whose corporate offices are also based in Virginia.

## **2.0.3 Information from Vessel Permit Files**

In order to harvest and land surfclams and/or ocean quahogs from the Exclusive Economic Zone (EEZ), vessels must possess an open access surfclam and/or an ocean quahog permit. According to the NOAA Fisheries permit database, over 1,700 vessels currently possess an open access surfclam and/or an ocean quahog permit. The regulations at 50 CFR 648.4(c)(2) require all federally permitted vessels to submit information documenting corporate structure as a condition of permit issuance.

When the ITQ program was first established in 1990, vessel owners were allocated a percentage of the yearly surfclam and ocean quahog quota based, in part, on the landings history of their



fishing vessel. As a result, these initial allocation owners all had vessels associated with their allocations. However, current regulations governing the surfclam and ocean quahog fishery do not require allocation owners to own a vessel to harvest their allocation. Accordingly, new allocation owners (i.e., those who were not issued their allocation when the ITQ program was first implemented in 1990) may chose to associate a vessel with their allocation by specifying their vessel name on the ITQ tag transfer application. Therefore, allocation owners who do not own a vessel are not required to comply with § 648.4(c)(2). Further, there is no other regulatory provision that requires allocation owners to report business structure information to NOAA Fisheries.

The regulations at 50 CFR 648.70(a) and 648.75(b) state that the Regional Administrator shall determine the allocation of, and issue tags to, each individual *vessel owner* issued an allocation for the preceding year. Although this language appears to require that each allocation holder be a permitted vessel owner, it is simply a vestige of the initial regulations implementing Amendment 8 to the FMP, which distributed the quota among the vessel owners in the Atlantic surfclam and ocean quahog fisheries. Amendment 8 states, “There are no restrictions on the permissible use of the quota,” adding, “An owner may obtain a permitted vessel to harvest his or her allocation or he or she may contract for the allocation to be caught by any permitted vessel.” Accordingly, there is no indication that the intent of the Council was to require individuals owning allocation, after the initial year that allocations were distributed, to also own permitted vessels. Council staff confirmed that the intent of the Council was to establish the initial allocation based on vessel fishing history, thereafter allowing the industry to function in an economically efficient manner by not linking allocation ownership with vessel ownership. Using this rationale, banks may own allocation within the ITQ program.

Although all of the initial allocation owners did own vessels prior to the establishment of the ITQ program, not all of these entities still do. Currently, over 80 percent of 2003 allocation owners in both the surfclam and ocean quahog fisheries do not own a permitted vessel. In fact, a majority of the current allocation owners have never owned a federally permitted vessel. Additionally, of the allocation owners that do specify a vessel on their allocation, a number of them no longer own that vessel, many having sold the vessel over 10 years ago. Consequently, collection of corporate ownership information for a significant number of allocation owners is not possible.

Nevertheless, the vessel permit files of eight allocation owners that specified a vessel on their allocation permit were searched for any available corporate information. This information, combined with the information obtained from the Virginia’s online database, was used to perform eight case studies to determine if tracking ownership concentration in this manner is effective. Four allocation numbers were chosen from each fishery, representing both limited liability corporations and incorporated entities. Allocation owners who were not part of a corporation were not investigated, but were compared to the lists of corporate officers and stakeowners in order to identify corporate linkages with other allocations under their individual names.

Assessing ownership concentration in this manner is only effective for allocation owners that were associated with a particular vessel. Vessel permit information is easily accessible within NOAA Fisheries and includes information on other corporate entities related to that particular allocation and vessel owner. These relationships were then used to attempt to describe ownership concentration over a broader sampling field, specifically, for those allocation owners that did not possess a federally permitted vessel.

The results of this work cannot be generalized, as it is based on the permit files and corporate records of only eight allocation owners. Of those examined, however, at least five allocation owners were related to one another by having the same corporate officers or owners, accounting for 18.2 percent of the surfclam allocation. These same five allocation owners held 9.7 and 8.4 percent of the surfclam allocation in groups of three and two allocations, respectively, when assessed only by name as described above. Investigating another allocation holder's corporate structure revealed relations among five allocation owners. Two of these allocation owners were included in the five allocation owners mentioned previously. This second group of five allocation owners accounted for 13.4 percent of the surfclam quota. However, when assessed only by name, these latter five allocation owners were not related. For the ocean quahog fishery, three allocation owners were related through the same corporate owners or officers, accounting for 15.1 percent of the quota. Once again, when analyzing these allocation owners simply by name, these three allocation owners showed no obvious relationships. Thus, analyzing allocation owners by this method can confirm relationships that are not apparent when assessing the allocation data alone.

However, not all participants in the ITQ program are corporate entities. Many allocation owners are individuals, who may be in partnership with another individual or allocation holder. Information on these partnerships is not currently collected and is not available through state revenue agencies. However, this information is required to be collected as part of the vessel permit process defined at 50 CFR 648.4(c)(2). As a result, unless an individual allocation holder who is involved in a partnership with another individual owns a permitted vessel, NOAA Fisheries would have no knowledge of such private financial relationships, unless documentation is specifically provided by the allocation holder.

## **2.1 Full Assessment of Ownership Concentration**

A complete audit of any available corporate structure information for every participant in the ITQ program, including allocation owners and non-allocation owners, is likely to result in a comprehensive, though not complete, assessment of ownership concentration without the further collection of information from allocation owners. The reason to include all participants is due to the dynamic nature of the ITQ fishery whereby any person, subject to certain restrictions, may be an allocation owner at any time. This audit would not completely describe allocation ownership in the ITQ fishery, however, because of the absence of corporate information for corporate allocation owners that do not own a permitted vessel on their allocation as described above. Also, due to the dynamic nature of the ITQ fishery, any audit of ownership concentration would only remain valid for a short period. Unless corporate information is submitted on a yearly basis

for allocation owners, or prior to a permanent allocation transfer for non-allocation owners, NOAA Fisheries would have a difficult time accurately monitoring ownership concentration for each entity participating in the ITQ program. Therefore, NOAA Fisheries would need to collect additional information in order to establish linkages between corporate entities and effectively monitor ownership concentration.

Once personal, corporate, or other business and individual linkages between allocation owners are established, programs that already exist to monitor individual allocation ownership could be used to assess overall ownership concentration accurately. NOAA Fisheries NER staff are currently attempting to identify the necessary information that would facilitate identification of business relationships among allocation owners in order to monitor allocation ownership concentration more accurately.

## **2.2 Current Data Collection**

Current data collection for the ITQ program itself is not sufficient to assess allocation ownership concentrations beyond individual entities. This information is limited to basic contact information. No information is collected on corporate partnerships, vested interests, or the individual holdings of an allocation owner within the program. However, as stated above, some of this information may be collected indirectly through the vessel permitting process.

Although a vessel's permit file contains information on corporate ownership of the vessel, this information is not consistently documented in a standard way, and may not be completely representative of allocation ownership within the ITQ program. The regulations at 50 CFR 648.4(c)(2) do not specify what form this information must be in, only requiring that specific information be included with the permit application. As a result, five types of corporate information were found in the eight permit files investigated for the case studies mentioned previously. This documentation included the minutes from annual corporate meetings specifying corporate officers, shareholder letters, lists of corporate officers/directors, annual corporate reports, and state certificates of incorporation. Although this information may describe the corporate structure of that entity, it is not required to contain information on other related corporate entities. Additionally, under the ITQ allocation program, allocation owners are not required to specify the vessel that will harvest the allocation, although they may associate a vessel with their allocation, as discussed previously. This illustrates that despite the availability of information that could assist in the monitoring of ownership concentration within the ITQ program, the information is not collected in a consistent or uniform manner. Without uniform information collection practices, such as those required in the halibut and sablefish IFQ programs, reliably assessing ownership concentration in the surfclam and ocean quahog fisheries is not possible at this time.

The GAO report uses the halibut and sablefish IFQ programs as examples of effective data collection for an IFQ program. The report implies that NOAA Fisheries should collect the same information for the surfclam and ocean quahog ITQ program as well. According to the regulations governing the halibut and sablefish fisheries, at 50 CFR 679.40 and 679.42,

participants must submit vessel documentation along with corporate paperwork or notarized statements specifying ownership interest to participate in the IFQ program. Currently, this is not a requirement to participate in the ITQ program for surfclams and ocean quahogs. Making this information a requirement to participate in the ITQ program would facilitate tracking allocation ownership concentration in the ITQ program.

Information on vessel documentation and corporate ownership could be used to determine if an allocation owner has an “excessive share” of the fishery, once this concept is defined for this ITQ program. Monitoring excessive shares could be accomplished in the same manner in which the halibut and sablefish IFQ programs are implemented. During a quota transfer, a computer check could verify if a particular transfer would result in an allocation holder, accounting for established relationships with other allocation owners, possessing more than the allocation amount determined to be excessive. If the computer check indicates that the transfer would result in an excessive share, the request to transfer could be denied.

One of the recommendations made by the GAO report was for NOAA Fisheries to collect, analyze, and distribute information on the amount of quota held and controlled by an individual entity. Secretary Evans agreed, stating that NOAA Fisheries will inform the Councils of changes in ownership concentration within the IFQ programs. Since the fall of 2002, the NER has, on a quarterly basis, produced a report describing how much quota is owned by the top 10 percent of the allocation owners in each fishery. In addition, the allocation is broken down into specific percentages of allocation owned by the allocation owners in that fishery. For example, the 2<sup>nd</sup> quarter report for 2003 revealed that 30 percent of surfclam allocation owners own 67 percent of the 2003 quota (See Attachment 1 for the Fourth Quarter 2003 report. Note: This report includes data that was not assessed for this report). These reports are distributed to NOAA Fisheries and Council staff.

Given the difficulties regarding the identification of corporate or other business linkages between individual allocation owners, these quarterly reports do not detail the full extent of concentration in the fishery. However, once business ownership information for each allocation owner is collected in each fishery, these same reports would be able to fully describe ownership concentration in the ITQ program. These reports will continue to be distributed to the Council, including information on foreign ownership and prices paid for tags, once this information becomes available.

### **2.3 Assessing Control Within the ITQ Program**

The GAO report states that the quota holder of record (the allocation holder named) “is often not the entity that controls the use of the quota.” The report vaguely defines what is meant by control of the quota; however, GAO staff specified that control was defined as the person or entity who decides how to use the quota. The GAO utilized interviews with allocation owners and records of corporate officers to determine control, including who possessed a controlling interest in the corporation. Secretary Evans pointed out that collecting information on who actually controls the use of the quota may be difficult. He states, “we [NOAA Fisheries] may be

unable in some instances to determine whether various forms of participation in IFQ programs constitute ‘controlling the use of’ the quotas.”

While all allocations are eventually used to harvest surfclams and ocean quahogs, in some instances, allocations are also used as collateral to secure a loan from a bank. In general, banks do not seem to exercise any control over the use of allocation transferred to them. Instead, as the report states, they allow the allocation holder of record to make such decisions. Information regarding the nature of allocation ownership by banks is not collected. Therefore, formal agreements between allocation owners and banks would need to be collected to confirm this.

Section 303(b)(7) of the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) requires fish processors to submit data that are necessary for the conservation and management of the fishery. Although some allocation owners are processors of surfclams and ocean quahogs, this provision would not allow NOAA Fisheries to collect the necessary information, including some forms of financial information, that would facilitate management for all allocation owners.

Despite the fact that some allocation owners also own vessels that harvest their allocations, some allocation owners, even processors who also own vessels, choose to allow others to harvest their quota. According to industry experts, these allocation owners contract specific vessels to harvest their quotas. This is done to maximize the economic efficiency of the allocation. These contracts are often long-term agreements with the same vessel/owners and may last up to 10 years. In these contracts, allocation owners temporarily lease their tags to a vessel owner to harvest specific amounts of surfclams and/or ocean quahogs. Contract prices paid for the tags are set at the beginning of the fishing year and are often reflective of market prices. As a result of the above, determining who controls the use of the quota may depend upon the specific circumstances of the allocation holder and currently cannot be generalized or tracked with any degree of certainty.

### **3.0 Implications of Excessive Shares in the ITQ Program**

The GAO’s report indicates that market factors, in addition to other factors specific to a particular fishery, should be considered when addressing the issue of excessive shares. While the report did not specify the potential implications of excessive shares in any individual IFQ fishery, the report expressed concern that excessive shares may lead to price control capability, reduced wages, and affected working conditions of the fishing industry.

Concern over the control of quota allocations, whether through direct ownership, leasing or other contractual arrangements, and, in turn, who might control an excessive share of allocations in a fishery managed under and IFQ program, has traditionally centered around the issue of whether an entity is able to control or manipulate prices in the fishery concerned. Within the surfclam and ocean quahog ITQ fishery, the issue of “price fixing” may relate to the ability of an individual entity to control prices within three markets: (1) The raw material market (i.e., ex-vessel prices paid for harvested shellfish), (2) the product market (i.e., the price paid for

processed shellfish), and (3) the quota market (i.e., the price paid for either the purchase or lease of quota allocation).

According to a 1996 report<sup>1</sup> that assessed the ITQ fishery through 1992, declines in ex-vessel price of surfclams may be attributable to high buyer concentration in the ex-vessel market. However, the National Research Council<sup>2</sup> indicates that between 1988 - 1994, market share did not affect ex-vessel price, suggesting that monopoly power does not exist in this market. Another unpublished report by NERO staff indicated that unsubstantiated information indicates that the ability to affect prices within the produce market may be limited due to a number of substitute products. Therefore, there is currently insufficient information to conclusively determine whether an individual who owns an excessive share within the ITQ program would be able to manipulate the price in any of these three markets.

While it is conceivable that an individual could control the price of allocation within the quota market, there is uncertainty whether possessing an excessive share, even by vertically integrated processors who own both quota allocation and vessels, could affect price in either the raw material market or the product market. In addition, vessels are often governed by contracts with allocation owners in which the price of the harvested shellfish has already been established and agreed upon, as described above. The existence of contracts frustrate an allocation owner's ability to influence the price paid for a bushel of product. Nevertheless, vessels may have some control over when they are able to land their product, especially if vessel owners also possess allocation. However, dealers still exert a measure of control over fishing operations even if they do not own an allocation because they are being driven by their contracts to supply fresh product to other business entities. Vessel owners with allocation have a limited number of processors to which they can sell their product. Thus, there is some incentive to negotiate terms with a processor.

In general, no apparent social impacts have manifested themselves relative to amount of surfclam and ocean quahog allocation controlled by any one entity. However, given the nature of the ITQ fishery and the relatively small scale of this sector of the fishing industry, it is conceivable that ownership of an excessive share of the quota could preclude others from actively participating in the fishery. It is unclear whether this differs significantly from the situation of other limited access fisheries. No one is required to sell an allocation or a vessel to enable someone else to participate in a limited access fishery. Until the price offered for a vessel or allocation is acceptable to the owner, new entrants may not be able to get in the fishery. There is no inalienable right for anyone to be able to participate in a limited access fishery.

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<sup>1</sup>NMFS. 1996. Our Living Oceans. The Economic Status of U.S. Fisheries, 1996. U.S. Dep. Commer., NOAA Tech. Memo. NMFS F/SPO-22.

<sup>2</sup>National Research Council. 1999. Sharing the Fish: Toward a National Policy on Individual Fishing Quotas. Committee to Review Individual Fishing Quotas, Ocean Studies, Board, Commission on Geosciences, Environment, and Resources.

## **Origins of Industry Consolidation in the Surfclam and Ocean Quahog Fishery**

While the 1996 report cited above describes industry consolidation attributable to the first two years of the ITQ program, the report also indicates that consolidation had occurred under the previous management regime. Under this regime, the number of vessels participating in the surfclam fishery decreased from 162 in 1979, to a low of 113 in 1983, before rising to 133 in 1987. During this time, the major surfclam fishery in the Mid-Atlantic area was primarily managed through effort restrictions, including controls over the number of vessels allowed in the fishery and the number of fishing hours and trips allowed per vessel. Therefore, individuals who owned several vessels would also control a certain amount of the allowable effort and therefore quota.

The initial allocation for the ITQ program was calculated based, in part, upon the landings history of vessels. As stated above, the more vessels an individual owned, the more landings were attributed to that vessel owner. Accordingly, once ITQ allocations were calculated, individuals owning multiple vessels were allocated more than individuals owning fewer vessels. Thus, the management regime in existence prior to the implementation of the ITQ program contributed to the conditions that would allow for further consolidation to continue under the ITQ program.

Section 9.2.2 of Amendment 8 states, “Consolidation of allocations on fewer vessels represents tremendous savings for owners of multiple vessels.” Consolidation of allocation ownership was both anticipated and accepted in the development of the ITQ program in Amendment 8. It was stated that the ITQ program would be the “best means” of achieving the objective of economic efficiency in the fishery. The following are the four objectives of the FMP as specified in Amendment 8 to the FMP:

1. Conserve and rebuild Atlantic surfclam and ocean quahog resources by stabilizing annual harvest rates...that minimize[s] short term economic dislocations;
2. Simplify...the regulatory requirement of surfclam and ocean quahog management to minimize the government and private costs of administering and complying with...surfclam and ocean quahog management;
3. Provide the opportunity for industry to operate efficiently, consistent with the conservation of surfclam and ocean quahog resources...to achieve economic efficiency including efficient utilization of capital resources by the industry; and
4. Provide a management regime and regulatory framework which is flexible and adaptive to unanticipated short term events or circumstances and consistent with the overall plan objectives and long term industry planning and investment needs.

According to these objectives, economic efficiency and minimization of costs are key to the effective management of these fisheries. It is thought that the ITQ program helps achieve these

objectives while complying with other applicable law.

In conclusion, the economics of the surfclam and ocean quahog fisheries play a significant role in determining the level of allocation control that can be considered excessive with respect to being able to influence prices within the three markets operating in the surfclam and ocean quahog ITQ fisheries. Within these fisheries, both economic and social factors may play a role in determining the impact of excessive shares. Given the impact of the time-based management system that existed prior to implementation of the ITQ Program on the initial concentration of allocation ownership under the ITQ Program and the absence of any major shift in the concentration of allocation ownership over the last fourteen years, the impact of the ITQ Program on ownership concentration may not be as significant as reported by GAO.

#### **4.0 Tracking Foreign and Bank Ownership, Ownership Concentration, and Tag Prices**

Although the GAO report found that foreign entities no longer possess allocation within the ITQ fisheries, it pointed out that information on the nationalities of individuals or corporations participating in the ITQ program is not collected. Current regulations governing the ITQ program at 50 CFR 648.70(a)(2)(b)(1) state that tags may only be transferred to an individual eligible to own a documented vessel according to 46 U.S.C. 12102(a). This statutory provision requires that the individual or officers of a corporation owning a vessel be citizens of the United States. Information on corporate structure and the nationality of allocation and vessel owners would facilitate this type of tracking. However, because allocation owners do not necessarily own a vessel, foreign ownership cannot be completely traced within the ITQ program under the current regulations.

With respect to financial institutions owning quota, no information is collected concerning the nature of these holdings. NOAA Fisheries has been informed by industry members that banks require the permanent transfer of allocation shares under § 648.70(b) to secure a loan. The bank holds title to the allocation, through a permanent transfer from an allocation holder to the bank, during the pendency of the loan. Cage tags are then temporarily transferred from the bank to the borrower in order to harvest surfclams and ocean quahogs. Upon repayment of the loan, a permanent transfer of the allocation back to the borrower is effectuated. It is unclear, however, what affect, if any, this has on the ITQ program. Concern over quota allocation ownership by banks specified in the GAO report was related to tracking ownership concentration within the ITQ program.

Data for 2002 and 2003 indicate that up to five banks hold substantial portions of the yearly quotas in both the surfclam and ocean quahog fisheries (see Table 3). The ability to identify for whom banks hold quota is limited at this time, however. Some banks include some type of identifying information in the form of codes embedded in the allocation holder's name. For instance, one bank may specify an allocation name of "Ocean Bank (J. Doe)." The information within the parenthesis often relates to the original allocation holder. In this case, comparing "J. Doe" to a list of allocation owners may facilitate the identification of the entity for whom the bank holds allocation. However, no formal information collection is performed regarding for



whom banks hold quota.

**Table 4: Percentage of the yearly quota held by banks and financial institutions as identified in the GAO report, 2002 and 2003 initial allocation data, and NOAA Fisheries data to date for the 2003 fishing year.**

Percentage of Quota Owned by Banks	GAO Report 2002	NOAA Fisheries Data (2002)	NOAA Fisheries Data (2003)	NOAA Fisheries Data (through 9/22/2003)
Surfclam	27.0%	13.4%	26.7%	40.0%
Ocean Quahog	21.0%	24.2%	48.6%	52.3%*

\*One bank possesses 23.1% of the quota based on at least eight allocation owners, another controls 21.8% for one allocation holder.

Finally, information on prices paid for allocations transferred is not systematically collected beyond informal conversations with industry members.

## 5.0 Current and Future Actions

The current regulations do not allow for further information collection in the ITQ fishery. Regulations at § 648.77 allow the Council to initiate a framework adjustment to “add or adjust management measures within the [FMP] if it finds that action is necessary to meet or be consistent with the goals and objectives of the plan.” The objectives of the FMP are specified in Section 3.0 above.

It is not patently clear that a framework action could be used to implement the regulatory changes needed to collect the necessary information to track allocation ownership. Such changes are not ostensibly necessary to be consistent with or to meet the goals and objectives of the FMP. However, an argument can be made that the acquisition of excessive shares by an entity in the fisheries that enabled it to affect the price paid for surfclams or ocean quahogs could undermine the efficiency of the fisheries and contravene the third objective of the FMP to induce efficiency in the industry. Given the controversy that will surround the determination of excessive shares, particularly if it would cause current allocation owners to divest themselves of a certain amount of allocation, an amendment to the FMP is the more appropriate avenue to pursue. It represents a more deliberative process that lends itself to a greater opportunity for public input. The Office of General Counsel is in accord with this approach.

While the current concentration of allocation ownership may not differ substantially from the concentration of fishing time among vessel owners in fishing time based system under the surfclam moratorium that existed prior to the implementation of the ITQ system, the passage of time has virtually frustrated such an assessment. The ITQ system, when initially implemented, simply vested vessel owners with a portion of the overall quota based largely on reported landings. It maintained a relative status quo in the fisheries. This prompted the Council, after some debate, to decline to impose limitations on the amount of allocation that could be held by one entity. The Council instead relied on the operation of the Sherman and Clayton Antitrust laws, as administered by the Department of Justice, to prevent the acquisition of an amount of

allocation that could allow for the “fixing” the price of surfclams or ocean quahogs. Given the passage of time and the uncertainty concerning the exact level of concentration of ownership or control of allocations, it is entirely appropriate for the Council now to consider measures to address the excessive shares prong of national standard 4.

This amendment would modify the current regulations for the purposes of collecting the following information for all participants in the ITQ fishery:

1. Price paid for permanent and temporary allocation transfers;
2. A vessel’s Federal permit number and documentation number, if owned by the allocation holder;
3. Corporate or business structure information, including the Certificate of Incorporation or other corporate papers showing the names of the Board of Directors or current officers, or partnership agreements identifying the names of all partners; and
4. The nationality of all allocation owners (including the officers of corporate entities).

The amendment should also specify the definition of “excessive share” for the surfclam and ocean quahog ITQ fishery.

Although the GAO report points out deficiencies within the surfclam and ocean quahog ITQ program, NOAA Fisheries is currently working towards addressing these deficiencies and, to the extent that it can, monitor quota allocation ownership concentrations under the current regulations. At the present time, NOAA Fisheries staff in Silver Spring, Maryland are working towards providing guidelines necessary to define “excessive share” within the ITQ program. This information would be shared with the Council for its use in drafting a future amendment to the FMP to address excessive shares, as stated in Secretary Evans’ letter.

In the short term, NOAA Fisheries staff is recording vessel permit information for those vessels owned by allocation owners. This information is then used to obtain corporate information through the vessel permit files. This information would be used to establish relationships among allocation owners and provide an assessment of ownership concentration to the maximum extent possible, given data limitations. NOAA Fisheries would continue to monitor ownership concentration in this manner until such time that the Council defines what constitutes an excessive share for both fisheries and NOAA Fisheries implements more requirements to insure that corporate information is obtained for all ITQ transactions. Once this is defined, NOAA Fisheries would use the information available to assess whether any individual entity, considering all confirmed ownership relationships with other allocation owners, possesses an amount of allocation that constitutes an excessive share. The computer program administering the transfer of allocation for the surfclam and ocean quahog ITQ fisheries could then be modified

to prevent any transactions that would result in any allocation holder possessing allocation in excess of an established cap.

**Attachment 1**

**Atlantic Surfclam and Ocean Quahog Fishery Management Plan  
Individual Transferrable Quota Program**

**Fourth Quarter Report  
December 2003**

**Douglas W. Christel  
National Marine Fisheries Service  
Northeast Regional Office**

**Tag Transfers FY 2003**

Month	Quahog Temporary*	Quahog Permanent	Surfclam Temporary**	Surfclam Permanent	Notes
January	36	2	52	1	*Includes 9 temp. trans. and 2 perm. trans. in Dec. 2002 for the 2003 fishing year. **Includes 7 temp. trans. in Dec. 2002 for the start of the 2003 FY.
February	15	0	28	4	
March	8	4	15	3	
April	3	0	10	1	
May	12	0	12	0	
June	16	0	17	1	
July	27	0	24	0	
August	21	0	44	2	
September	43	9	28	25	
October	24	0	44	1	
November	30	0	36	0	
December	34	0	15	0	
1st Quarter Totals	59	6	95	8	
2nd Quarter Totals	31	0	39	2	
3rd Quarter Totals	91	9	96	27	
4th Quarter Totals	88	0	95	1	
<b>SEASONAL TOTALS</b>	<b>269</b>	<b>15</b>	<b>325</b>	<b>38</b>	

## 2003 Ocean Quahog Allocation Owners

ANUM	OWNER	STREET	CITY	ST	ZIP	RATIO	BU
Q003	ADRIATIC INC	BOX 233	EASTVILLE	VA	23347	0.000272	1216
Q004	CARL CARLSON	450 DOCK STREET	WILDWOOD	NJ	08260	0.013816889	62176
Q006	THOMAS E MCNULTY	118 SPRINGERS MILL ROAD	CAPE MAY COURT HOUSE	NJ	08210	0.0281	126464
Q016	GEORGE S CARMINES	103 RENS ROAD	POQUOSON	VA	23662	0.000519	2336
Q021	ATLANTIC VESSELS OF DEL INC	BOX 178	NORFOLK	VA	23501	0.034759	156416
Q027	DOXSEE SEA CLAM CO., INC.	50 BAYSIDE DRIVE	POINT LOOKOUT	NY	11569	0.000555	2496
Q043	SEA MIST CORP	P O BOX 70	EASTON	MD	21601	0.0000242	96
Q044	Heidi & Kristi , Inc	18 BOTKA DRIVE	CHARLESTOWN	RI	02813	0.0000302	128
Q051	CHESAPEAKE, INC.	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.00099	4448
Q053	WYOMING BOAT CORPORATION	12 RABBIT RUN	CAPE MAY	NJ	08204	0.024328	109472
Q055	KRISTY LEE CLAM CO	PO BOX 53, MORRIS ROAD	POWELLVILLE	MD	21852	0.033745	151840
Q056	SEAFISH INC/MARYLAND CORP	10152 WATERVIEW DRIVE	OCEAN CITY	MD	21842	0.0000543	256
Q060	LAUREN KIM INC	12 RABBIT RUN	CAPE MAY	NJ	08204	0.010599	47680
Q065	MABEL KIM INC	12 CRESSE STREET	RIO GRANDE	NJ	08242	0.002814	12672
Q070	MYERS CLAM COMPANY INC	PO BOX 38	MAPPSVILLE	VA	23407	0.00192	8640
Q073	MABEL KIM INC	12 CRESSE STREET	RIO GRANDE	NJ	08242	0.0112	50400
Q084	B&B SHELLFISHING INC	P O BOX 727	MANAHAWKIN	NJ	08050	0.00067	3008
Q086	A P CORP	545 BREAKWATER ROAD	CAPE MAY	NJ	08204	0.000121	544
Q093	ROBERT BAILEY	11417 Knights Griffin Rd.	Thonotosassa	FL	33592	0.000248	1120
Q104	STEVEN S INC	348 SOUTH MAIN STREET	PLEASANTVILLE	NJ	08232	0.0000121	64
Q107	JOHN & ANTHONY MARTIN	11014 GRAYS CORNER ROAD	BERLIN	MD	21811	0.000725	3264
Q109	WOODROW LAURENCE, INC.	12310 COLLINS RD	BISHOPVILLE	MD	21813-1528	0.003912	17600
Q112	WANDO RIVER CORP	383 WATER STREET	WARREN	RI	02885	0.043822	197184
Q118	BETH DEE BOB PARTNERSHIP	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.0024	10816
Q128	F/V OCEAN VIEW INC	P O BOX 727	MANAHAWKIN	NJ	08050	0.003790222	17056
Q133	GARY OSMUNDSEN	12 RABBIT RUN	CAPE MAY	NJ	08242	0.007306	32864
Q143	RAM ISLAND SHELLFISH INC	P.O. BOX 86	WEST SAYVILLE	NY	11796	0.0000121	64
Q144	CAPE COD PACKING OF DELAWARE	1500 MT. HERMON ROAD	SALISBURY	MD	21810	0.000266	1184
Q160	EASTERN SHORE SEAFOOD PRODUCTS	P.O. BOX 38 13249 LANKFORD HWY	MAPPSVILLE	VA	23407	0.14432	649440
Q169	SURFSIDE PRODUCTS INC	P.O. BOX 692	PORT NORRIS	NJ	08349	0.000652	2944
Q174	LEROY E. AND DOLORES TRUEX	P.O. BOX 727	MANAHAWKIN	NJ	08050	0.000681	3072
Q181	THOMAS E MCNULTY SR	118 SPRINGERS MILL ROAD	CAPE MAY COURT HOUSE	NJ	08210	0.007928	35680
Q184	NORMA ANN PARTNERSHIP	204 HAND AVE P.O. BOX 61	CAPE MAY COURTHOUSE	NJ	08210	0.000618759	2784
Q193	PETER A. LAMONICA	1286 HORNET ROAD UNIT 5	RIO GRANDE	NJ	08240	0.000729	3296

<b>ANUM</b>	<b>OWNER</b>	<b>STREET</b>	<b>CITY</b>	<b>ST</b>	<b>ZIP</b>	<b>RATIO</b>	<b>BU</b>
Q194	JOHN KELLEHER	P.O. BOX 61, HAND AVENUE	CAPE MAY	NJ	08210	0.007773605	34976
Q199	LEGEND INC.	607 SEASHORE ROAD	CAPE MAY	NJ	08204	0.005262	23680
Q206	SUN NATIONAL BANK (CIC)	226 LANDIS AVENUE	VINELAND	NJ	08360	0.012594	56672
Q207	SUN NATIONAL BANK (OS)	226 LANDIS AVENUE	VINELAND	NJ	08360	0.012594	56672
Q208	SUN NATIONAL BANK (PI)	226 LANDIS AVENUE	VINELAND	NJ	08360	0.012594	56672
Q532	SUN NATIONAL BANK (LI)	226 LANDIS AVE	VINELAND	NJ	08360	0.062222	280000
Q553	SUN NATIONAL BANK	226 Landis Avenue	Vineland	NJ	08360	0.070449778	317024
Q554	SUN NATIONAL BANK	226 Landis Ave	Vineland	NJ	08360	0.00362	16288
Q576	FOXY INVESTMENTS INC	204 HAND AVE	CAPE MAY COURTHOUSE	NJ	08210	0.024824889	111712
Q577	STURDY SAVINGS BANK, (SPIS)	506 Route 9	Cape May Courthouse	NJ	08210	0.001628444	7328
Q579	MARY JANE CORP	PO BOX 38	MAPPSVILLE	VA	23407	0.004459	20064
Q584	Spisula, LLC	PO Box 183	Rio Grande	NJ	08242	0.001123556	5056
Q596	Atlantic Vessels Inc.	902 Southampton Ave.	Norfolk	VA	23501	0.01675628	75392
Q597	Robert C. Kelleher	30 Brooks Avenue	Cape May Court House	NJ	08210	0.005447925	24512
Q598	JOHN W. KELLEHER TRUST	204 HAND AVENUE	CAPE MAY COURT HOUSE	NJ	08210	0.005547495	24960
Q599	Wachovia Bank	600 Cuthbert Blvd.	Haddon Township	NJ	08108	0.045773947	205984
Q602	STURDY SAVINGS BANK	PO BOX 900	CAPE MAY COURTHOUSE	NJ	08210	0.026673778	120032
Q609	M J HOLDING CO., LLC	5261 MORRIS RD. (PO BOX 53)	POWELLVILLE,	MD	21852	0.022442667	100992
Q612	Michael R. Danforth	140 Pound Road	Addison	ME	04606	0.000071111	320
Q625	SouthTrust Bank (Snows/Doxsee)	1 GA Cntr., 600 W Peachtree St	Atlanta	GA	30308	0.217898667	980544
Q628	Sun National Bank	540 Route 9 South	Tuckerton	NJ	08087	0.033507556	150784
Q636	Sun National Bank, F.B.O. LET	226 Landis Ave.	Vineland	NJ	08362	0.023374222	105184
Total:						0.99857869	4493568

## 2003 Surfclam Allocation Owners

ANUM	OWNER	STREET	CITY	ST	ZIP	RATIO	BU
C002	ADELIA INC	PO BOX 38	MAPPSVILLE	VA	23407	0.019481	63328
C004	ADRIATIC INC	BOX 233	EASTVILLE	VA	23347	0.009173	29824
C005	ADVANCE, INC.	PO BOX 38	MAPPSVILLE	VA	23407	0.007702	25024
C006	CARL CARLSON	450 DOCK STREET	WILDWOOD	NJ	08260	0.004066462	13216
C009	THOMAS E MCNULTY	118 SPRINGERS MILL ROAD	CAPE MAY COURT HOUSE	NJ	08210	0.005098	16576
C010	Amy Lynn, Inc.	741 E. Great Creek Rd.	Absecon	NJ	08205-9686	0.003604	11712
C013	LITTLE MARY CORP	P.O BOX 38	MAPPSVILLE	VA	23407	0.006187	20096
C018	BIG DIAMOND INC	PO BOX 38	MAPPSVILLE	VA	23407	0.019587	63648
C025	CAPT BUCKY SMITH INC	PO BOX 38	MAPPSVILLE	VA	23407	0.013736	44640
C026	GEORGE S CARMINES	103 RENS ROAD	POQUOSON	VA	23662	0.010128	32928
C031	ATLANTIC VESSELS OF DEL INC	BOX 178	NORFOLK	VA	23501	0.006759	21952
C036	ISLE OF YORK / HAROLD W MARTIN	10045 KEYSER POINT ROAD	OCEAN CITY	MD	21842	0.009162	29792
C037	DOXSEE SEA CLAM CO., INC.	50 BAYSIDE DRIVE	POINT LOOKOUT	NY	11569	0.002751	8928
C045	CARL CARLSON	450 DOCK STREET	WILDWOOD	NJ	08260	0.002347	7616
C057	SEA MIST CORP	P O BOX 38	MAPPSVILLE	VA	23407	0.006591	21408
C063	T & P VESSEL INC	210 HAGAN ROAD	CLERMONT	NJ	08210	0.001285	4192
C069	CHESAPEAKE, INC.	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.006501	21120
C071	WYOMING BOAT CORPORATION	12 RABBIT RUN	CAPE MAY	NJ	08204	0.005345	17376
C074	KRISTY LEE CLAM CO	PO BOX 53; 5261 MORRIS ROAD	POWELLVILLE	MD	21852	0.020485	66592
C075	SEAFISH INC/MARYLAND CORP	10152 WATERVIEW DRIVE	OCEAN CITY	MD	21842	0.002066	6720
C079	LAUREN KIM INC	12 RABBIT RUN	CAPE MAY	NJ	08204	0.003076	9984
C084	MABEL KIM INC	12 CRESSE STREET	RIO GRANDE	NJ	08242	0.005187	16864
C085	SHOFFLER & SONS INC	539 W BURK AVE	WILDWOOD	NJ	08260	0.01024	33280
C088	BETH-DEE-BOB-F/V INC	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.002403	7808
C092	MYERS CLAM COMPANY INC	PO BOX 38	MAPPSVILLE	VA	23407	0.030035	97600
C095	ALFRED L FERNANDEZ	13244 MUSKRATTOWN ROAD	BISHOPVILLE	MD	21813	0.005401	17568
C098	WPA & Sons, Inc.	741 E. Great Creek Rd.	Absecon	NJ	08205-9686	0.004211	13696
C099	MABEL KIM INC	12 CRESSE STREET	RIO GRANDE	NJ	08242	0.010813	35136
C106	NEW SEA ROVER INC	1226B WILSON DRIVE	CAPE MAY	NJ	08204	0.009521	30944
C116	PRESCOTT INC	PO BOX 38	MAPPSVILLE	VA	23407	0.008836	28704
C117	RACHEL R INC	1226B WILSON DRIVE	CAPE MAY	NJ	08204	0.005412	17600
C119	A P CORP	545 BREAKWATER ROAD	CAPE MAY	NJ	08204	0.005142	16704
C125	ROBERT BAILEY	750 ISLAND WAY, # 203	CLEARWATER	FL	33767-1819	0.002773	9024
C127	GARY OSMUNDSEN	12 RABBIT RUN	CAPE MAY	NJ	08204	0.007029	22848



ANUM	OWNER	STREET	CITY	ST	ZIP	RATIO	BU
C128	ADRIAN WAYNE WATSON	10222 Golf Course Road	OCEAN CITY	MD	21842	0.007024	22816
C130	ALEXANDER R SMITH	761 OLD COUNTY ROAD	WESTPORT	MA	02790	0.000539	1760
C133	CITY OF SOUTHPORT INC	43 KING RICHARD ROAD	BERLIN	MD	21811	0.007242	23552
C136	STEPHANIE DEE INC	PO BOX 38	MAPPSVILLE	VA	23407	0.011295	36704
C140	BETH DEE BOB PARTNERSHIP	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.018493	60096
C146	WOODROW LAURENCE, INC.	12310 COLLINS RD	BISHOPVILLE	MD	21813-1528	0.012935	42048
C147	MARY JANE CORP	PO BOX 38	MAPPSVILLE	VA	23407	0.019899	64672
C149	WANDO RIVER CORP	383 WATER STREET	WARREN	RI	02885	0.003806	12384
C150	ROBERT J PRICE	121 SOUTH GENOA AVE	EGG HARBOR	NJ	07410	0.005479	17792
C166	NANTUCKET SHOALS INC	201 Walnut Plain Road	Rochester	MA	02770-4028	0.007802	25344
C188	BLOUNT SEAFOOD CORP.	BOX 368	WARREN	RI	02885	0.008275	26880
C189	ANTHONY W. WATSON	8041 IRONSHIRE STATION RD	BERLIN	MD	21811	0.005897846	19168
C198	EASTERN SHORE SEAFOOD PRODUCTS	P.O. BOX 38 13249 LANKFORD HWY	MAPPSVILLE	VA	23407	0.103785	337312
C201	ANTHONY E. & JOHN D. MARTIN	11014 GRAYS CORNER ROAD	BERLIN	MD	21811	0.004356	14144
C209	SURFSIDE PRODUCTS INC	P.O. BOX 692	PORT NORRIS	NJ	08349	0.000359	1152
C229	KENNETH W. BAILEY SR	231 MAIN BOX 12	HEISLERVILLE	NJ	08324	0.003514	11424
C231	JOHN KELLEHER	P.O. BOX 61, HAND AVENUE	CAPE MAY	NJ	08210	0.015096	49056
C232	PETER A. LAMONICA	1286 HORNET ROAD UNIT 5	RIO GRANDE	NJ	08240	0.002088	6784
C243	ESCROW AGENT, JAMES P. SAVIO	PO BOX 3163	MARGATE	NJ	08402	0.009666554	31424
C250	SUN NATIONAL BANK (SJSC)	226 LANDIS AVENUE	VINELAND	NJ	08360	0.003743	12160
C251	WARNER MULLER	342 WILLOW DRIVE	CAPE MAY	NJ	08204	0.004132	13440
C313	ROBERT C. KELLEHER	30 BROOKS AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.000674	2176
C394	FIRST PIONEER FARM CREDIT, ACA	29 LANDIS AVENUE	BRIDGETON	NJ	08302	0.010118	32896
C434	JOHN W. KELLEHER TRUST	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.002413832	7840
C435	ROBERT C. KELLEHER	204 HAND AVENUE	CAPE MAY COURTHOUSE	NJ	08210	0.002413832	7840
C455	Sturdy Savings Bank (OB)	P.O. Box 900	Cape May Court House	NJ	08210	0.017362679	56416
C496	SUN NATIONAL BANK	226 Landis Avenue	Vineland	NJ	08360	0.023099077	75072
C516	JENNARO MONTOPOLI	27 BRIDGE ST.	NEEDHAM HEIGHTS	MA	02494	0.000246154	800
C520	Wachovia Bank - ITF SPISULA	600 CUTHBERT BLVD.	HADDON TOWNSHIP	NJ	08108	0.037028	120352
C521	SPISULA, L.L.C.	PO Box 183	RIO GRANDE	NJ	08242	0.003662769	11904
C522	STURDY SAVINGS BANK, (SPIS)	506 Route 9	Cape May Courthouse	NJ	08210	0.010702769	34784
C527	Atlantic Vessels Inc.	902 Southampton Ave.	Norfolk	VA	23501	0.009408331	30592
C528	LNA Inc.	PO Box 178	Portsmouth	RI	02871	0.013577846	44128
C529	First Pioneer Farm Credit, ACA	174 South Road	Enfield	CT	06882	0.076829538	249696
C531	Wachovia Bank	600 Cuthbert Blvd.	Haddon Township	NJ	08108	0.005456383	17728
C538	STURDY SAVINGS BANK	PO BOX 900	CAPE MAY COURTHOUSE	NJ	08210	0.004052313	13184

<b>ANUM</b>	<b>OWNER</b>	<b>STREET</b>	<b>CITY</b>	<b>ST</b>	<b>ZIP</b>	<b>RATIO</b>	<b>BU</b>
C540	GEORGE TORGLER	921 PRESERVE DR	ANNAPOLIS	MD	21401	0.016462769	53504
C541	HANK'S SEAFOOD CO. L.L.C.	P.O. BOX 38	MAPPSVILLE	VA	23407	0.020874003	67840
C546	1ST PIONEER F.B.O. JM & MT	174 SOUTH ROAD	ENFIELD,	CT	06082	0.019689952	64000
C547	1ST PIONEER F.B.O. LET	174 SOUTH ROAD	ENFIELD,	CT	06082	0.00985008	32000
C552	M J HOLDING CO., LLC	5261 MORRIS RD. (PO Box 53)	POWELLVILLE,	MD	21852	0.007022648	22816
C558	ATLANTIC CLAMS, INC.	16 Belcroft Avenue	Seaville	NJ	08230	0.006767464	21984
C559	Sturdy Savings Bank (P & E)	506 South Main St.	Cape May Court House	NJ	08210	0.006587077	21408
C561	Roy Osmundsen	14 Whippoorwill La.	Cape May Court House	NJ	08210	0.005169231	16800
C562	Sun National Bank	540 Route 9 South	Tuckerton	NJ	08087	0.008733538	28384
C566	Sun National Bank: Alan Bard	599 New Road	Linwood	NJ	08221	0.008211692	26688
C567	Sturdy Savings Bank (Cohen)	506 S. Main St., P.O. Box 900	Cape May Court House	NJ	08204	0.013016615	42304
C568	Daniel Cohen	P.O. Box 555	Cape May	NJ	08204	0.003849846	12512
C570	Wachovia Bank i.t.f. LET	600 Cuthbert Boulevard	Haddon Township	NJ	08108	0.074614154	242496
C571	Wachovia Bank i.t.f. TMT	600 Cuthbert Boulevard	Haddon Township	NJ	08108	0.054616615	177504
Total:						1.000071069	3250208

## 2003 Ocean Quahog Allocation Ownership Concentration

<b>% of Owners</b>	<b>Share of Allocation Owned</b>
10	0.540664392
20	0.741271726
30	0.866814673
40	0.934323673
50	0.970119698
60	0.988575920
70	0.994452920
80	0.997739679
90	0.998530290
100	0.998578690

### Owners Comprising the Top 10%

South Trust Bank (Snows/Doxsee)	0.217898667
Eastern Shore Seafood Products	0.144320000
Sun National Bank	0.070449778
Sun National Bank (LI)	0.062222000
Wachovia Bank	0.045773947

**Total Ocean Quahog Allocation Owners** 56

## 2003 Surfclam Allocation Ownership Concentration

<b>% of Owners</b>	<b>Share of Allocation Owned</b>
10	0.420881387
20	0.587437787
30	0.693882017
40	0.778350520
50	0.845426324
60	0.900296630
70	0.944337861
80	0.977712251
90	0.998252915
100	1.000071069

### **Owners Comprising the Top 10%**

Eastern Shore Seafood Products	0.103785000
First Pioneer Farm Credit, ACA	0.076829538
Wachovia Bank I.T.F. LET	0.074614154
Wachovia Bank I.T.F. TMT	0.054616615
Wachovia Bank I.T.F. Spisula	0.037028000
Myers Clam Company, Inc.	0.030035000
Sun National Bank	0.023099077
Hank's Seafood Co., L.L.C.	0.020874003

**Total Ocean Quahog Allocation Owners** 84