



June 10, 2013

Subject: Refund of Overpayments to the California Dungeness Crab Fishery Buyback Sub-loan

The National Marine Fisheries Service (NMFS) initiated the Pacific Coast Groundfish Capacity Reduction Loan (Buyback) in 2003. This buyback loan consisted of seven sub-loans, including a California Dungeness Crab sub-loan. Initially, the loans were all to amortize over a period of 30 years. However, exceptional landings in 2012 resulted in sufficient revenues to allow the buyback fees to fully repay the California Crab sub-loan in March of 2012. Due to the time delay between landings and fee payment, as well as some late payments of fees from prior years, the sub-loan was substantially overpaid. This resulted in the following process to repay the fish buyers and harvesters for the excess payments.

NMFS notified buyers and harvesters of the payment in full of the California Dungeness crab buyback sub-loan in Federal Register Notice Volume 77 page 55191 on September 7, 2012 and provided a copy of the notice with explanation by letter to all buyers and harvesters active in the fishery. A number of payments were received after that notice from September 2012 to December 2012 for back-owed buyback fees that had not been paid, which resulted in an overpayment on the sub-loan. Buyers due a refund who met the basic criteria of having paid fees for landings after March 2012 of \$25 or more were contacted with the necessary paperwork to receive the refund. Those who did not return the paperwork were contacted numerous times by phone, mail, and when available, fax and email, and were sent a final notice on May 6, 2013.

Buyback fees have now been refunded per these parameters:

- All buyback fees paid to NMFS that met the minimum threshold of \$25 for April through June 2012 landings were refunded in full.
- Buyback fees paid for March 2012 landings were refunded 13.23%¹ when that portion met the \$25 minimum threshold.
- Buyback fees forwarded to NMFS for landings after June 30, 2012 were refunded in full as those fees were not owed.

This methodology ensured that buyers and harvesters who paid and forwarded buyback fees on time were not penalized by those who paid later in the year for earlier landings.

As specified in the March 13, 2013 letter, buyback fees refunded from NMFS to fish buyers should be refunded accordingly to harvesters from whom the fee was collected. Harvesters who believe they may be due a refund should contact the original buyer of crab.

¹ This was initially calculated at 14.31% in the March 2013 notice, but subsequently revised to 13.23% to reflect a more precise repayment date.



If you have any further questions, you can contact the NMFS Capacity Reduction Program staff listed below.

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Sincerely,

Paul Marx, Chief
Financial Services Division

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