



2006 ANNUAL REPORT OF THE ATLANTIC STATES MARINE FISHERIES COMMISSION

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“A true conservationist is a man who
knows that the world is not given by his
fathers but borrowed from his children.”

– Audubon



65th ANNUAL REPORT of the ATLANTIC STATES MARINE FISHERIES COMMISSION

TO THE CONGRESS OF THE UNITED STATES
AND TO THE
GOVERNORS AND LEGISLATORS
OF THE
FIFTEEN COMPACTING STATES

2006

Presented in compliance with the terms of the Compact
and the state-enabling acts creating such Commission
and Public Law 539 - 77th Congress assenting thereto
(Chapter 283, Second Session, 77th Congress; 56 Stat. 267)
approved May 4, 1942, as amended by Public Law 721,
81st Congress, approved August 19, 1950.

Atlantic States Marine Fisheries Commission
John V. O'Shea, Executive Director
1444 Eye Street, N.W.
Washington, D.C. 20005

Tina L. Berger, Editor

March 2007

ATLANTIC STATES MARINE FISHERIES COMMISSION

MISSION

To promote cooperative management of fisheries – marine, shell, and diadromous – of the Atlantic coast of the United States by the protection and enhancement of such fisheries, and by the avoidance of physical waste of the fisheries from any cause.

VISION

Healthy, self-sustaining fish populations for all Atlantic coast fish species or successful restoration well in progress by the year 2015

GOALS

1. Rebuild and restore depleted Atlantic coastal fisheries, and maintain and fairly allocate recovered fisheries through cooperative regulatory planning
2. Strengthen cooperative research capabilities and improve the scientific basis for stock assessments and fisheries management actions
3. Expand and fully utilize cooperative fisheries statistics programs
4. Improve stakeholder compliance with Commission fishery management plans
5. Enhance and cooperatively protect fisheries habitat
6. Strengthen congressional, stakeholder, and public support for the Commission's mission, vision, and actions
7. Respond efficiently and effectively to member states' needs
8. Develop and advance strategies to enhance learning and growth within the Commission
9. Provide efficient administration of the Commission's business affairs and ensure the Commission's financial stability



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PREFACE

The Commission was formed 64 years ago by the 15 Atlantic coast states to assist in managing and conserving their shared coastal fishery resources. With the recognition that fish do not adhere to political boundaries, the states formed an Interstate Compact, which was approved by the U.S. Congress in 1942. The states have found that their mutual interest in sustaining healthy coastal fishery resources is best promoted by working together cooperatively, in collaboration with the federal government. With this approach, the states uphold their collective fisheries management responsibilities in a cost effective, timely, and responsive fashion.

The Commission's current budget is five million dollars. The base funding (\$450,270) comes from the member states' appropriations, which are determined by the value of respective commercial fishing landings and saltwater recreational trips. The bulk of the Commission's funding comes from a combination of state and federal grants; the largest being a line-item in the National Marine Fisheries Service (NMFS) budget appropriated to implement the Atlantic Coastal Fisheries Cooperative Management Act, which was passed in December 1993. The Commission also receives funds from NMFS to carry out the mandates of the Interjurisdictional Fisheries Act of 1986 (P.L. 99-659). The U.S. Fish and Wildlife Service also provides grant funding to the Commission through its Federal Aid in Sport Fish Restoration Program (Wallop/Breaux). Also, since 1999 the Commission has overseen the administration of the Atlantic Coastal Cooperative Statistics Program, a state and federal partnership for Atlantic coastal fisheries data collection and management. Funding for this program is provided by the Atlantic Coastal Fisheries Cooperative Management Act.



The states have found that their mutual interest in sustaining healthy coastal fishery resources is best promoted by working together cooperatively, in collaboration with the federal government.

The Commission serves as a deliberative body of the Atlantic coastal states, coordinating the conservation and management of nearshore fishery resources, including marine, shell, and diadromous species. The 15 member states of the Commission are (from north to south): Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia and Florida. Each state is represented on the Commission by three Commissioners: the Director for the state's marine fisheries management agency, a state legislator, and an individual representing fishery interests, appointed by the state governor. These Commissioners participate in deliberations in the Commission's main policy arenas: interstate fisheries management, research and statistics, fisheries science, habitat conservation, and law enforcement. Through these activities, the states collectively ensure the sound conservation and management of Atlantic coastal fishery resources and the resultant benefits that accrue to their fishing and non-fishing publics.

JOHN V. O'SHEA, EXECUTIVE DIRECTOR



REPORT TO OUR STAKEHOLDERS

We are delighted to present this Annual Report to you – the friends, colleagues, partners, overseers, and stakeholders of the Atlantic States Marine Fisheries Commission. It describes our activities and progress in carrying out our public trust responsibility for the marine fisheries resources under Commission stewardship. This report, with the status of the stocks under our care, reflects the commitment of our Commissioners to hold themselves accountable to the public through transparency in all that they do.

2006 has been a busy and productive year for the Commission. Our Commissioners have initiated new management measures for a number of coast-wide species to help maintain and, in some cases, restore the abundance of those stocks. Their actions are firmly founded on the belief that healthy, abundant fish stocks provide for economically sound fishing entities and infrastructure, enhanced quality of life for coastal residents, and vibrant coastal communities. Elsewhere in this report you can find updated information on the status of those stocks. As in the past, species graphs include implementation dates of significant management actions along with the historical records of biomass levels to help give readers a context of those actions.

This Annual Report also fulfills our requirement to report to the Congress on the use of the federal funds made available to the Commission. Our Commissioners recognize that they have earned the trust and confidence of Congress through their results in restoring fisheries and they remain committed to building on that record. We are grateful for the interest and support of our congressional delegations and their staffs.

This year marked the operational start of an important initiative by our states to work cooperatively to collect badly needed information related to red drum, American lobster, Chesapeake Bay menhaden, shad and river herring, as well as the abundance of other nearshore marine fish species. These activities were made possible through funds provided by Congress to conduct research designed by state fisheries scientists and, in some cases, carried out by fishermen. They focus on key species of high public interest and value, where critical needs exist for more data regarding the abundance of these stocks.

We have invested in our staff and the staffs of our states through sponsorship of courses in basic and advanced fisheries stock assessment techniques. This initiative reflects our Commissioners' commitment to enhancing the skill and expertise of the Commission's scientific advisors to ensure they are knowledgeable about the latest and best methodologies for assessing fish populations.

This investment will pay dividends for years to come by helping to ensure our Commissioners are provided with the best scientific advice available.

2006 was a year of transition for some of our staff, who moved on to bigger and greater opportunities with federal agencies and our states. They continue to be of great help by strengthening communications between their agencies, our staff, and Commissioners. We continue to recruit highly qualified and talented replacements. Our new folks have brought energy, enthusiasm, and passion to their jobs, qualities that will benefit the states and the public we serve. I am grateful for their talents as well as the wisdom, leadership, and loyalty of our experienced veterans, who have been with the Commission for decades. I am happy to report that we ended 2006 with one of our strongest staffs ever.

The Commission is also fortunate to have a dedicated group of Commissioners, who volunteer long hours to study the many issues that come before them and to participate in Commission meetings. Collectively, they act with courage and wisdom in their difficult job of making decisions that are best for the long-term, while often facing strong demand to attend to short-term needs. They are committed to leaving healthy fisheries resources for the next generation to enjoy. Their actions and results reflect the power of the Commission's fundamental principle – that the states can accomplish more by working cooperatively than they could by standing alone.

This report contains a snapshot of 2006 accomplishments. You can find a much more detailed accounting of all of our activities, as well as information on the latest issues by visiting our website at www.asmfc.org. To all of you who participate in and support the Commission's activities, thank you for your efforts and commitment to help our states achieve their vision of healthy self-sustaining populations for all Atlantic coast fish species or successful restoration well in progress by the year 2015.



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REPORT FROM THE CHAIR



PRESTON P. PATE, JR.

It was my pleasure this year to host, along with my fellow commissioners Damon Tatem and Representative William Wainwright, the Atlantic States Marine Fisheries Commission's 65th Annual Meeting. It was an important meeting to me both professionally and personally, not only marking my last official meeting as Commission Chair, but also my last meeting as a public official representing the great State of North Carolina. I am honored to have been part of an organization that shares my core value of sustaining and restoring marine fishery resources for the present and future use of Atlantic coast fishermen. I am also grateful to have worked with such an amazing group of dedicated and hard-working individuals – from my fellow Commissioners and federal partners, to the staff of my sister fisheries agencies up and down the coast, to the Commission staff who have kept us all on track.

This year has been a busy one for the Commission. We have continued to promote science-based management through the enhancement of data collection and research programs for American lobster, American eel, and Atlantic menhaden so as to improve our information base on landings, bycatch, and local stock conditions. In the absence of robust data, we have implemented the use of a precautionary approach through the development of risk-adverse management programs for horseshoe crab and Atlantic menhaden while further data is collected. We have also strived to promote the long-term conservation of summer flounder, scup, and black sea bass by ensuring the states' timely implementation of the respective fishery management plans and measures through the establishment of species-specific disincentives.

On the local front, the Commission held an important meeting with the North Carolina Marine Fisheries Commission this year. The meeting was held to address several aspects of the ASMFC process that the North Carolina Commission felt needed improving. The meeting was a good exchange of information and ideas. It not only went a long way towards opening up communication between the Commissions, but also was an excellent exercise of introspection in that it allowed us to examine several aspects of the ASMFC process that

could be improved to benefit all participants. While listening to the discussion, I observed several qualities that I think are key to the continued success of the ASMFC process: (1) recognition of the important regional differences of our member states, (2) respect of the sovereign right of the states to manage the natural resources within their jurisdictions, and (3) flexibility to respond to the needs of the members and changes in our environment. Maintaining these qualities and ensuring our progress in restoring and maintaining fish stocks will strengthen our credibility with our constituents and the broader public.

Making this process that I just described work so well are the people involved with and affected by our actions - the owners of the natural resources that are placed in our stewardship. They are the commercial and recreational fishermen, marine business owners, conservationists, and residents of our coastal states. They are the present and future generations of harvesters and consumers.

They are also passionate about marine fisheries issues and carefully follow our actions and decisions. In the past year, the Commission held more than 70 public hearings and received thousands of written comments as part of our public participation process. Our stakeholders' collective input strengthens our decision-making process and their attention to our actions generates a transparency that ensures accountability.

Next, I want to acknowledge our 45 Commissioners and their proxies, who have taken on the job of making difficult decisions on behalf of their fellow citizens. They put in long hours preparing for meetings, studying the issues, and listening to stakeholders. More importantly, while they come to the table as representatives of their states, they share a common commitment to work cooperatively to find constructive solutions to difficult problems. The actions of the Menhaden Board this year are an example of the important spirit of cooperation that provides the strength of our Commission.

For those of you who don't know, two-thirds of our Commissioners serve without compensation. They are volunteers, trading off time at work, at home, and with their families to participate in Commission meetings. I want to take the opportunity to thank the families of our Commissioners for their sacrifices and support that have enabled our Commissioners to do their important work.

Finally, I want to acknowledge the Commission staff, the folks behind the scenes who work so hard and competently to frame the issues for us, organize the meetings, and help implement our decisions. We've seen some staff move on this past year. Many went on to bigger and greater challenges, a testament to the experience and exposure they received at the Commission. But I am pleased to note that with their departure we have a new group of faces, eager to jump in with energy and enthusiasm.

Guiding this group is our core staff of Directors: Laura Leach, Bob Beal, and our new Science Director, Megan Caldwell. They provide continuity and leadership from year to year, guiding and mentoring new arrivals, and always ensuring that the work gets done and our Commissioners are supported. Collectively, the staff believes in the fundamental mission of the Commission and pursues its work with passion. We are fortunate to have such a talented group.

In closing, I want to thank my fellow Commissioners for the honor of letting me serve as your Chair for the past two years. As the end of my current career draws near, I have been reflecting on the last 35 years and all my experiences. There is no doubt that my participation in this process and my association with the people involved has been rewarding both professionally and personally. I thank each of you for your support and friendship.



IN 2006, THE ATLANTIC STATES MARINE FISHERIES COMMISSION CONTINUED MAKING PROGRESS TOWARD ITS VISION OF "HEALTHY, SELF-SUSTAINING FISH POPULATIONS FOR ALL ATLANTIC COAST FISH SPECIES OR SUCCESSFUL RESTORATION WELL IN PROGRESS BY THE YEAR 2015." TO THIS END, THE COMMISSION UPDATED ITS MANAGEMENT PROGRAMS THROUGH THE DEVELOPMENT OF A NEW AMENDMENT AND NINE ADDENDA TO ITS INTERSTATE FISHERY MANAGEMENT PLANS (FMPS) FOR 22 SPECIES GROUPS.

THE TASK OF MEETING THE COMMISSION'S VISION CONTINUES TO INCREASE IN COMPLEXITY AS MANAGERS AND SCIENTISTS MORE FULLY TAKE INTO CONSIDERATION SPECIES INTERACTIONS, HABITAT AND WATER QUALITY, IN ADDITION TO THE MORE TRADITIONAL CONSIDERATIONS OF SECTOR ALLOCATIONS AND STOCK REBUILDING.

THE COMMISSION MAINTAINS ITS ROLE AS AN HONEST BROKER AND FORUM FOR THE ATLANTIC COASTAL STATES TO COME TOGETHER AND DISCUSS THE BIOLOGICAL, SOCIOECONOMIC, AND ENVIRONMENTAL ISSUES THAT ARE CENTRAL TO DEVELOPING MANAGEMENT PROGRAMS FOR EACH SPECIES. THE FOLLOWING ARE HIGHLIGHTS OF SPECIES MANAGEMENT ACTIVITIES IN 2006.

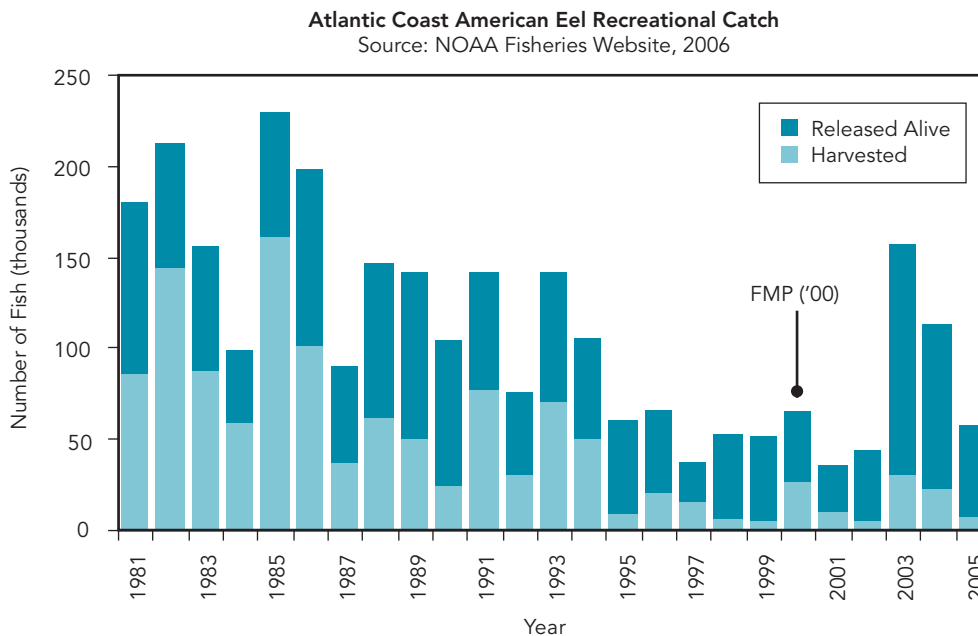
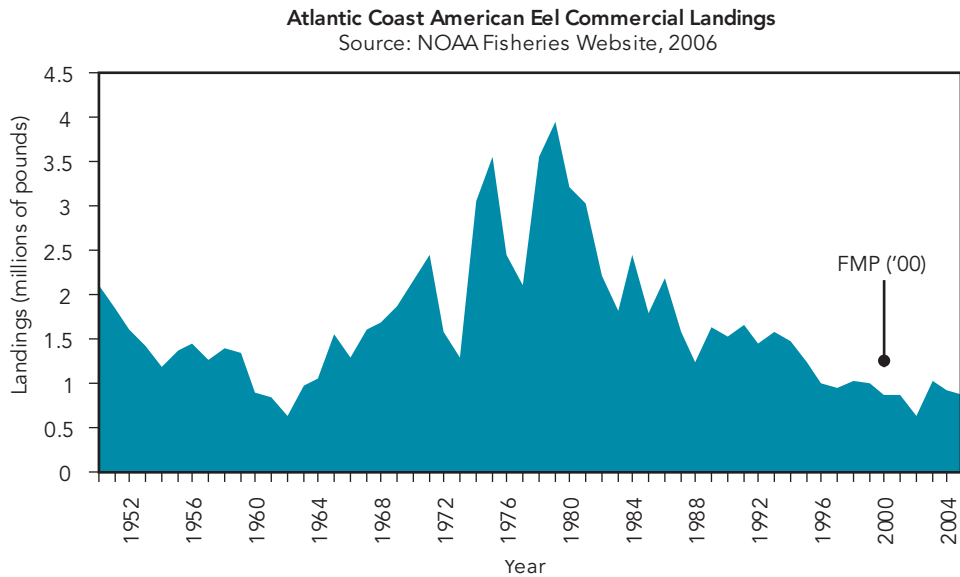
STOCK STATUS OVERVIEW

The Commission has made significant progress in ending overfishing and initiating the rebuilding of many stocks. However, there is still hard work ahead to fully rebuild the valuable Atlantic coastal fishery resources. The following table summarizes the status of the species that are managed by the Commission. For this summary, “overfishing” is defined as removing fish from the population at a rate that exceeds the targets established in a plan, while the “overfished” determination is based on whether or not a stock biomass exceeds the threshold established in the plan. Improving these stocks while protecting healthy ones will take time and continued commitment by the Commission, our partners, and stakeholders.

STATUS/ TRENDS	SPECIES	OVERFISHED	OVERFISHING	REBUILDING STATUS & SCHEDULE
\checkmark = Healthy \uparrow = rebuilding \downarrow = Depleted ? = Unknown				
\checkmark	Atlantic Striped Bass	N	N	Rebuilt since 1995
\checkmark	Atlantic Herring	N	N	Rebuilt
\checkmark	Atlantic Menhaden	N	N	Rebuilt
\checkmark	Winter Flounder Gulf of Maine	N	N	Rebuilt
\downarrow	Winter Flounder So. New England/Mid- Atlantic	Y	Y	To be rebuilt by 2015
\checkmark	American Lobster Gulf of Maine	N	N	Gulf of Maine and Georges Bank stocks rebuilt
\checkmark	American Lobster Georges Bank	N	N	
\downarrow	American Lobster Southern New England	Depleted	Y	Board has initiated management process to develop rebuilding schedule for Southern New England.
\checkmark	Atlantic Croaker Mid-Atlantic	N	N	Mid-Atlantic stock component rebuilt
?	Atlantic Croaker South Atlantic	Unknown	Unknown	
\uparrow	Spanish Mackerel	N	N	Continuing to rebuild until stock biomass $> B_{MSY}$

STATUS/ TRENDS	SPECIES	OVERFISHED	OVERFISHING	REBUILDING STATUS & SCHEDULE
↑	Bluefish	N	N	Status based on 2005 assessment; to be rebuilt by 2008
↑	Northern Shrimp	N	N	Management action triggered when $F > 0.22$ or biomass < 19.8 million lbs.
↑	Spiny Dogfish	N	N	The time necessary to rebuild the female portion of the spawning stock biomass at $F = 0.03$
↑	Summer Flounder	N	Y	Biomass exceeded threshold in 2005
↑	Atlantic Sturgeon	Y	N	40+ year moratorium; to be rebuilt by ~2038
↓	Tautog	Unknown	N	Management Board considering biological reference points to assess overfished status
?	Scup	Y	Unknown	To be rebuilt by 2010
?	Red Drum	Y	Unknown	No rebuilding schedule
?	Black Sea Bass	Y	Unknown	To be rebuilt by 2010
?	Weakfish	Unknown	Unknown	6-year rebuilding period if spawning stock biomass $<$ threshold level
?	American Eel	Unknown	Unknown	No rebuilding schedule
?	Horseshoe Crab	Unknown	Unknown	No rebuilding schedule
?	Shad & River Herring	Unknown	Unknown	2007 benchmark assessment & peer review pending
?	Spot	Unknown	Unknown	No rebuilding schedule
?	Spotted Seatrout	Unknown	Unknown	No rebuilding schedule

AMERICAN EEL



In 2006, a benchmark stock assessment and supplemental analyses were presented to the American Eel Management Board. Insufficient data prevented the American Eel Technical Committee from developing reference points or quantifying stock status in the assessment. Because of this, the status of the stock remains uncertain. An independent panel of fisheries scientists (Peer Review Panel) reviewed the stock assessment and concurred with its findings that eel abundance was likely much higher in the late 1970s to mid-1980s. Abundance of yellow eel has declined in the last two decades and the stock is at or near historic low levels coastwide. It is unknown why the decline in abundance is occurring. Possible causes include harvest, habitat loss, predation,

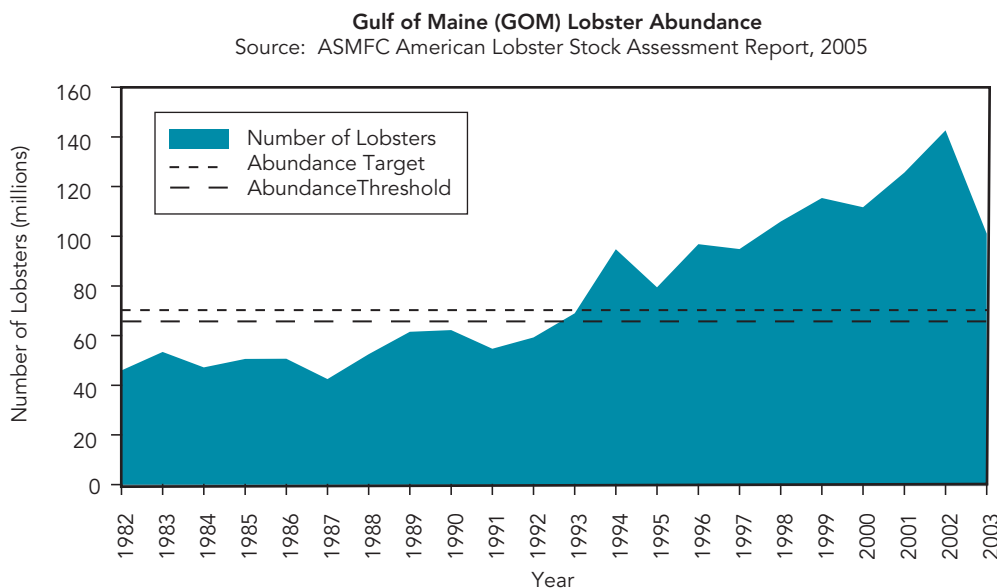
hydro-turbine mortality, disease, parasitism, reduced fecundity resulting from pollution, or a combination of these or other factors. The Technical Committee has stated that further reductions in yellow eel abundance coastwide combined with lower escapement of maturing adults could lead to reductions in spawning stock biomass. Such reductions might result in lower reproductive capacity for this stock and possible recruitment failure. At this time, recruitment failure does not appear to have occurred in the Mid-Atlantic, though it may be occurring in the North Atlantic. Most fishery-dependent indices show a decline, but some do not. While aggregate fishery-dependent indices coastwide suggest increasing catch per unit effort over time, some areas of the U.S. and Canada are experiencing a decline.

In response to concerns regarding the lack of accurate catch and effort data and the critical need for these data for stock assessment purposes, the Commission approved Addendum I to the Interstate FMP for American Eel. The Addendum establishes a mandatory trip-level catch and effort-monitoring program for American eel in order to collect much needed data on this species.

Currently, American eel is undergoing a status review under the Endangered Species Act, the findings of which may significantly alter the species' management. In the interim, the American Eel Plan Development Team has been charged by the Management Board to develop management measures to prevent further declines in eel abundance and to promote an increase in spawning stock. Potential changes in American eel management by the Commission could be seen in the upcoming year.

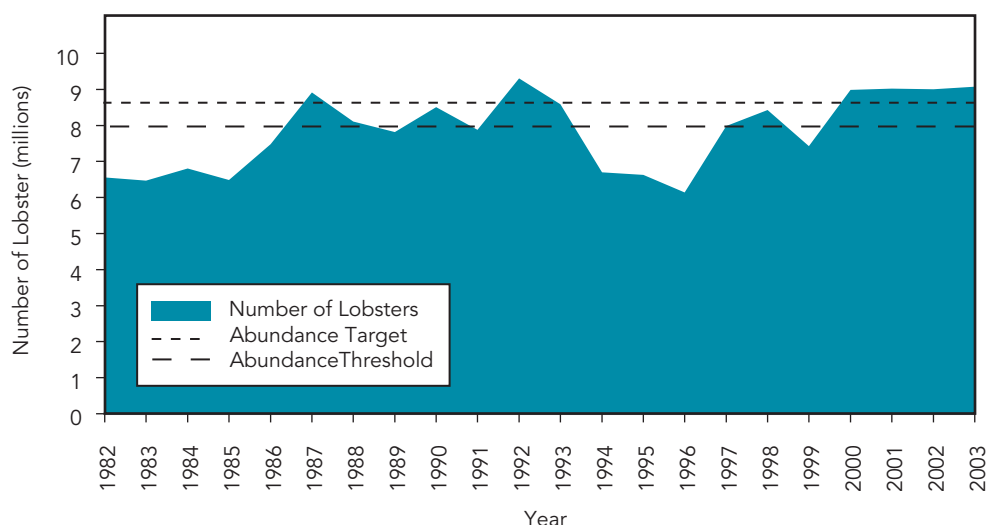
AMERICAN LOBSTER

In 2006, the Commission initiated a number of management actions to address the findings and recommendations of the 2005 stock assessment and peer review. This assessment is the most recent review of lobster stock status and presents a mixed picture of the American lobster resource, with stable stock abundance throughout most of the Gulf of Maine (GOM) and Georges Bank (GBK), low abundance and recruitment in Southern New England (SNE), and decreased recruitment and abundance in Area 514 (Massachusetts Bay and Stellwagen Bank). Of particular concern is SNE, where depleted stock abundance and recruitment coupled with high fishing mortality rates over the past few years have led the Peer Review Panel to call for additional harvest restrictions.



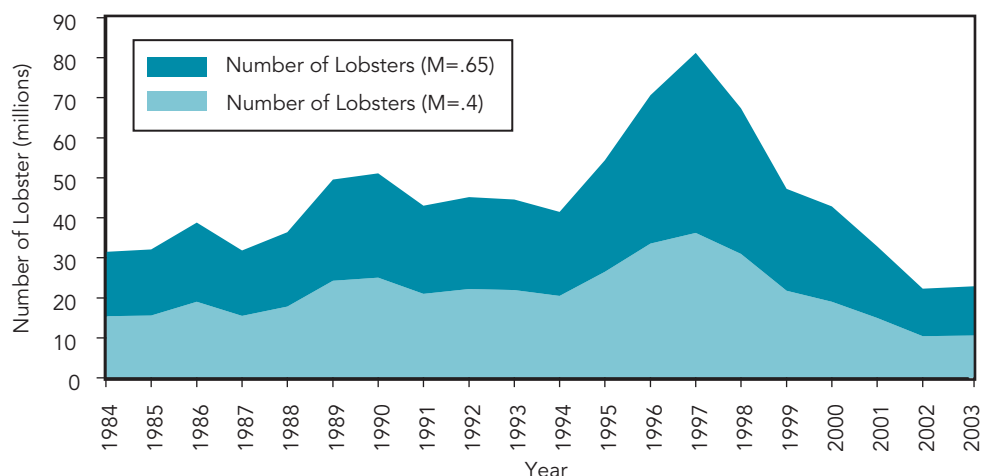
Georges Bank (GBK) Lobster Abundance

Source: ASMFC American Lobster Stock Assessment Report, 2005



Southern New England (SNE) Lobster Abundance, with Varying Estimates of Natural Mortality (M)

Source: ASMFC American Lobster Stock Assessment Report, 2005



Note: Threshold abundance = 20.7 to 22.31 million and target abundance = 22 to 23.9 million. Due to uncertainty in natural mortality (M) in SNE a range is used (M=.4 to .65).

FMP Milestones: Amendment 3 (1997); Addendum I (1999); Addendum II (2001); Addendum III (2002); Addendum IV (2003); Addendum VII (2005); Addendum VIII (2006)

Based on the 2005 assessment, the Management Board approved Addendum VIII to Amendment 3 to the Interstate FMP for American Lobster. The Addendum establishes new biological reference points to determine the stock status of the American lobster resource. It also expands the mandatory coastwide monitoring and reporting requirements of the plan to improve the ability of scientists and managers to assess and manage the lobster fishery.

The new biological reference points include fishing mortality and abundance targets and thresholds for the three stock assessment areas – GOM, GBK and SNE. Unlike previous reference points, the new ones will allow scientists to distinguish between a depleted and overfished stock. They will also constitute more transparent measures by which the lobster resource is assessed and managed.

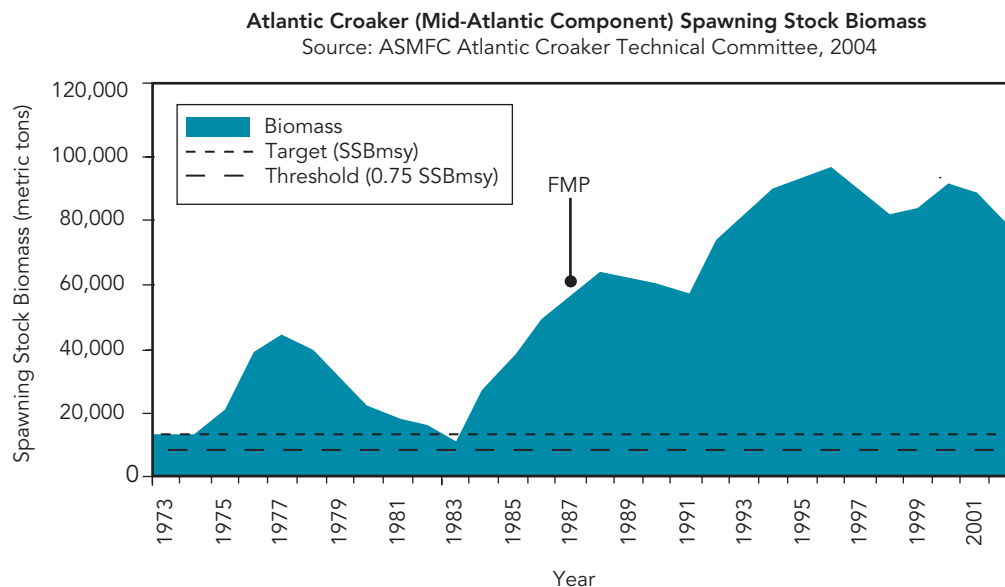


The new reporting and data collection requirements will mandate states to collect, at minimum, catch and effort data summarized monthly, including area caught. The states will be required to collect trip-level catch and effort reports from at least 10% of the fishery. Dealers involved with primary purchases (first point of sale) will be required to report trip-level transaction data. In order to further improve the data available to support future assessments, the Board has drafted Addendum X, which proposes the establishment of a landings data collection program that is consistent with the standards of the Atlantic Coastal Cooperative Statistics Program. This would require trip level catch and effort reports from all lobster fishermen. It is anticipated that the Board will consider final approval on this draft Addendum in early 2007.

The Commission held public hearings on the Public Information Document for Amendment 5 to the Interstate FMP for American Lobster, which presents a number of issues to improve lobster management. These include (1) changes to the boundaries for the Lobster Conservation Management Areas (LCMAs); (2) uniform application of a V-notch definition and maximum size restrictions across all LCMAs; (3) more uniformity of minimum sizes across LCMAs; (4) restrictions on permits to control effort; (5) amending the non-trap sector daily allowances; and (6) adding a new objective to the management plan promoting more consistent regulations across all LCMAs. The development of this Amendment will continue in the next year.

ATLANTIC CROAKER

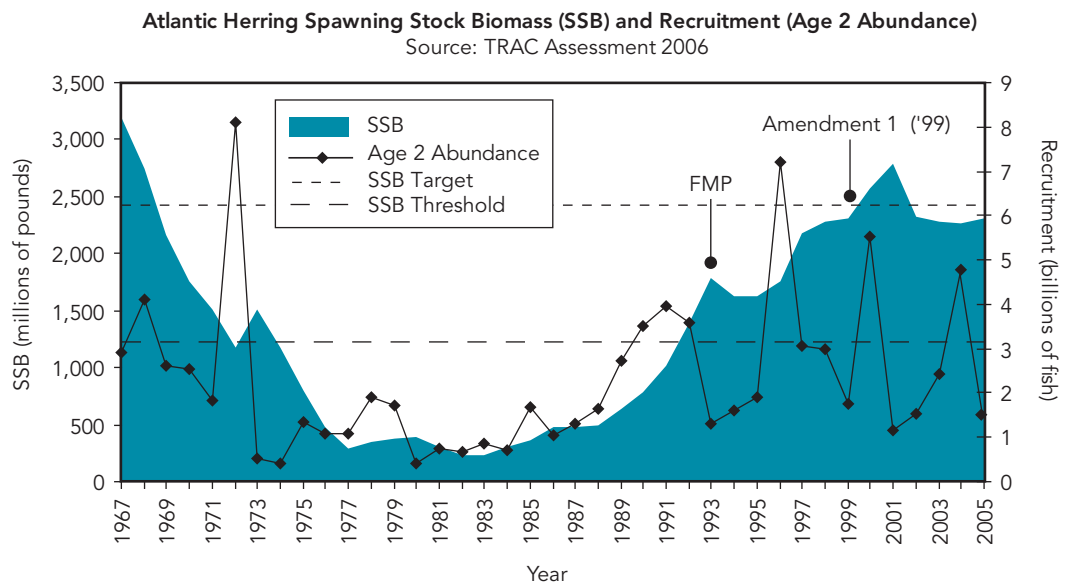
Amendment 1 to the Atlantic Croaker FMP requires an annual review of a series of triggers to determine if a stock assessment update is warranted prior to the next scheduled assessment in 2009. The 2006 review of the triggers concluded that an assessment was not necessary based on the 2005 recreational and commercial landings and their relative percent change from the previous two years' average landings.



The 2004 peer-reviewed stock assessment indicated that Atlantic croaker abundance is high and fishing mortality is low in the Mid-Atlantic region (North Carolina and north). The 2004 estimates of spawning stock biomass (201 million pounds) and fishing mortality (0.11) are well within the targets and thresholds established by Amendment 1. The stock status for the South Atlantic region (South Carolina through the east coast of Florida) is unknown due to a lack of data. The management program for Atlantic croaker was not adjusted in 2006.



ATLANTIC HERRING



The Commission approved Amendment 2 to the Interstate FMP for Atlantic Herring. The Amendment revises management area boundaries, biological reference points, the specification process, research set-asides, internal waters processing operations, and measures to address fixed gear fisheries. These measures are intended to maintain the resource's current high abundance level while also maintaining traditional use patterns in the fishery, allowing for an expanded bait fishery, and protecting herring's role as forage in the northwest Atlantic ecosystem.

Amendment 2 contains complementary management measures to those contained in Amendment 1 to the Federal FMP, approved by the New England Fishery Management Council and awaiting consideration and approval by NOAA's Northeast Regional Administrator. Amendment 2 differs from the Federal Amendment with regard to its effort control program ('days out' provision) and spawning restrictions.

The Transboundary Resource Assessment Committee, a review body that addresses stock assessments for fisheries shared between the U.S. and Canada, conducted a benchmark stock assessment for Atlantic herring in 2006. The assessment indicates that, overall, the Atlantic herring stock complex appears to have recovered to high levels and stabilized. The resource appears to have redistributed throughout much of its historical range and sampling suggests that the age structure of the stock has expanded, both of which are positive signs of a healthy, recovered stock. The Atlantic herring stock is not overfished and overfishing is not occurring. Fishing mortality rates have remained steady at approximately $F=0.11$ since 2002. Spawning stock biomass (ages 2+) increased steadily from about 239 million pounds in 1982 to nearly 2.8 billion pounds in 2001 and was estimated to be 2.3 billion pounds at the beginning of 2005. Biomass increases in the late 1990s were due to improved recruitment, especially from two very large year classes in 1994 and 1998.

While the herring resource is considered fully rebuilt and overfishing is not occurring, scientific models have suggested that total herring biomass may be overestimated and fishing mortality underestimated. In addition, abundance survey trends in the inshore Gulf of Maine are declining. Given these findings, the Commission opted to manage the fishery in a more cautious manner by reducing the amount of herring available to the fishery for 2007-2009 to 50,000 mt (110 million pounds) in Area 1A, an inshore region off the coasts of Maine, New Hampshire and Massachusetts.

ATLANTIC MENHADEN

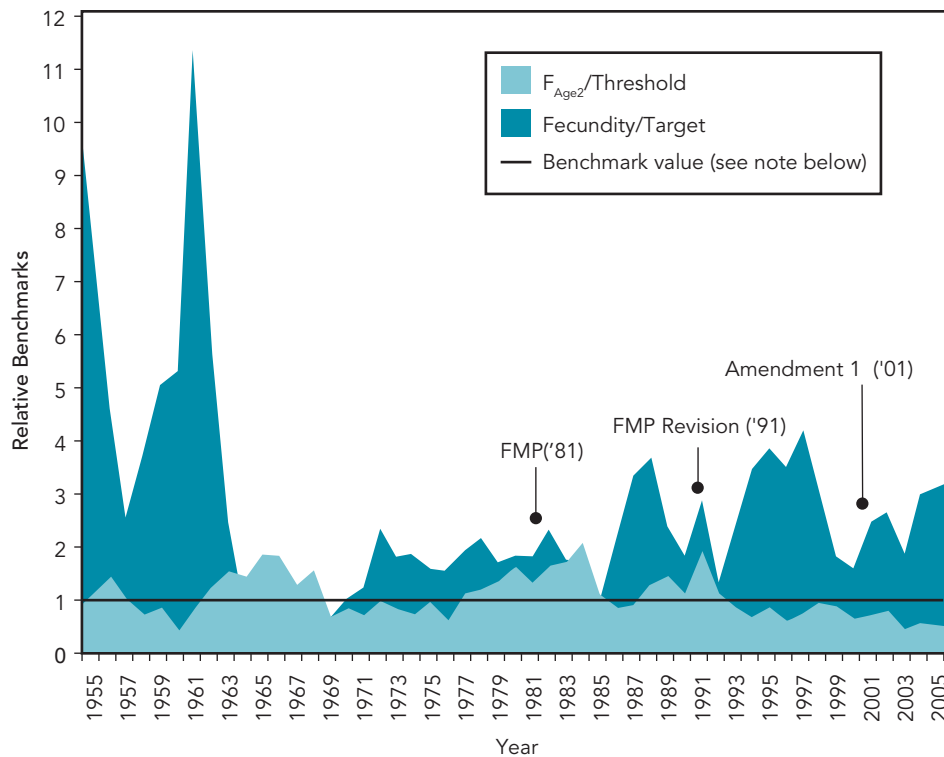
The stock assessment for Atlantic menhaden was updated in 2006 to include landings and survey data through 2005. This update concluded that menhaden are not overfished and overfishing is not occurring on a coastwide basis. Given the lack of available data, the Technical Committee was not able to determine menhaden's status in the Chesapeake Bay.

Due to the uncertainty in the status of the menhaden in the Chesapeake Bay, the Commission approved Addendum III to Amendment 1 to the Interstate FMP for Atlantic Menhaden. The Addendum establishes a five-year annual cap on reduction fishery harvests in Chesapeake Bay of 109,020 mt, a number derived from the average of harvests from 2001 – 2005. The cap was implemented in 2006 and extends through 2010. Harvest for reduction purposes will be prohibited in the Chesapeake Bay when 100% of the cap is landed. Over-harvest in any given year would be deducted from the next year's quota. The Addendum also includes a provision allowing under-harvest in one year to be credited only to the following year's harvest, not to exceed 122,740 mt.



Significant progress was made in 2006 on the research initiative included in Addendum II. This research is aimed to determine the status of menhaden in the Bay and assess whether localized depletion is occurring. Projects to address the following research priorities were initiated in 2006: (1) determine menhaden abundance in the Chesapeake Bay; (2) determine estimates of menhaden removal by predators; (3) evaluate





Note: The graph provides a relative index of fishing mortality versus its FMP threshold and fecundity (measured in the number of mature ova) versus its FMP target. Management action will be triggered when $F_{\text{Age}2}/\text{Threshold}$ is above the relative benchmark value of 1 (as indicated by solid black line) or Fecundity/Target falls below the relative benchmark value of 1.

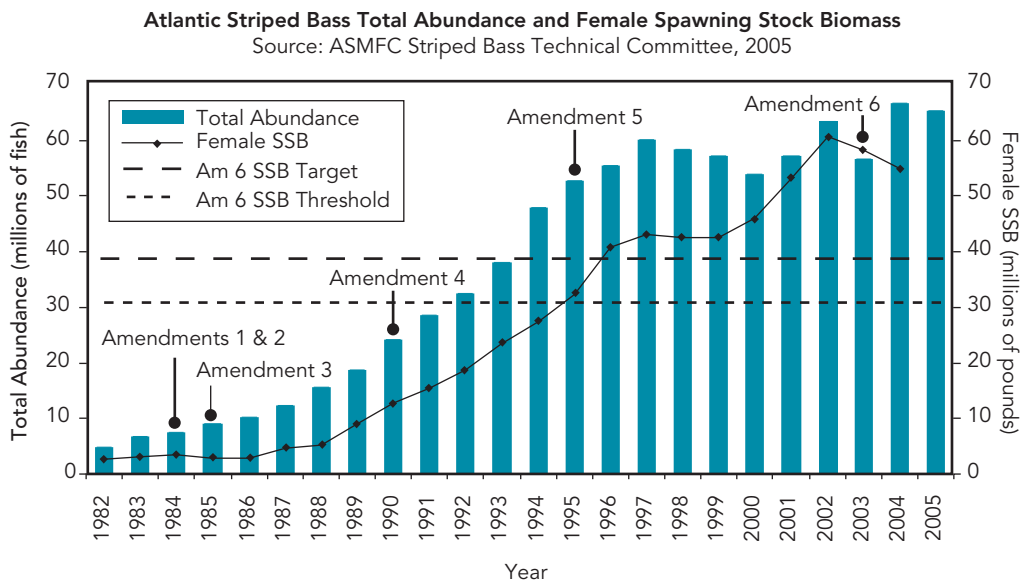
the rate of exchange of menhaden between the Bay and coastal systems; and (4) conduct larval studies to determine recruitment to the Bay. Also, to support this research program, the Commonwealth of Virginia and Omega Protein have entered into a Memorandum of Understanding providing industry support and involvement in data collection.

ATLANTIC STRIPED BASS

The recovery of the Atlantic striped bass continues to be one of the great success stories in fisheries management. In fewer than 20 years after the enactment of the Atlantic Striped Bass Conservation Act, the resource rebuilt from a historic low of about 20 million pounds to a historic high of 121 million pounds. Fishermen from Maine through North Carolina are enjoying the benefits of this historic abundance.

Based on the 2005 stock assessment, the stock is not overfished and overfishing is not occurring. The spawning stock biomass remained near record level (55 million pounds), considerably above the target of 38.6 million pounds and the threshold of 30.9 million pounds. The 2004 fishing mortality rate was estimated to be above the Amendment 6 target of 0.30 but below the fishing mortality threshold of 0.41. The Commission developed a draft Addendum designed to collect additional data on the discard rate and post-release mortality of striped bass. Approval of this document was postponed until late 2007 to allow for additional analyses.

Total striped bass harvest (commercial and recreational) comprised 3.32 million fish in 2005, a 34% increase from 2002 (prior to the implementation of Amendment 6). The commercial harvest (one mil-



lion fish) was dominated by Maryland's commercial fisheries, which made up 57% of the total commercial landings by number in 2005. Virginia accounted for 12% of the commercial landings by number, followed by the Potomac River Fisheries Commission (8%), New York (7%), North Carolina (7%), and Massachusetts (6%). The remaining states with commercial fisheries each landed 3% or less of the total commercial landings in number.

Recreational harvest (2.31 million fish) and discard losses (1.52 million fish) account for 60% and 40%, respectively, of the total 2005 recreational loss. Maryland recreational fisheries harvested 21% of total recreational landings in number, followed by Massachusetts (17%), Virginia (16%), New Jersey (14%), New York (11%), and North Carolina (7%). The remaining states each landed 5% or less of the total recreational landings in number.

ATLANTIC STURGEON

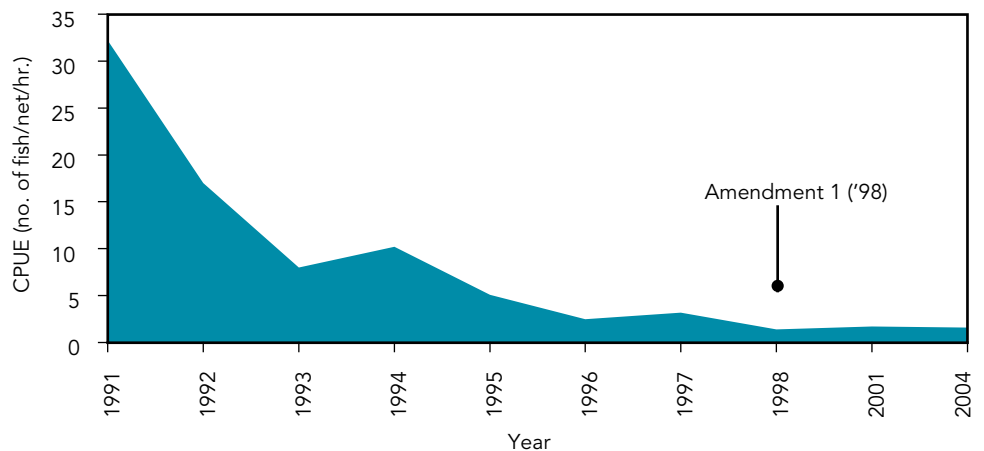
The Commission developed Amendment 1 to the Interstate FMP for Atlantic Sturgeon in 1998. This Amendment requires the states to implement a 40-year moratorium on the harvest to rebuild the Atlantic sturgeon stock. Very little is known about the species' stock status. Reliable data are difficult to obtain because many river systems have so few fish, and rivers with more fish are often not easy to sample. In 1998, the Commission completed a peer-reviewed coastwide assessment of the population. The assessment was conducted for each river system where Atlantic sturgeon were found historically. All assessed systems held significantly less sturgeon than they did in the late 1800s and early 1900s, with very few signs of recovery detected.



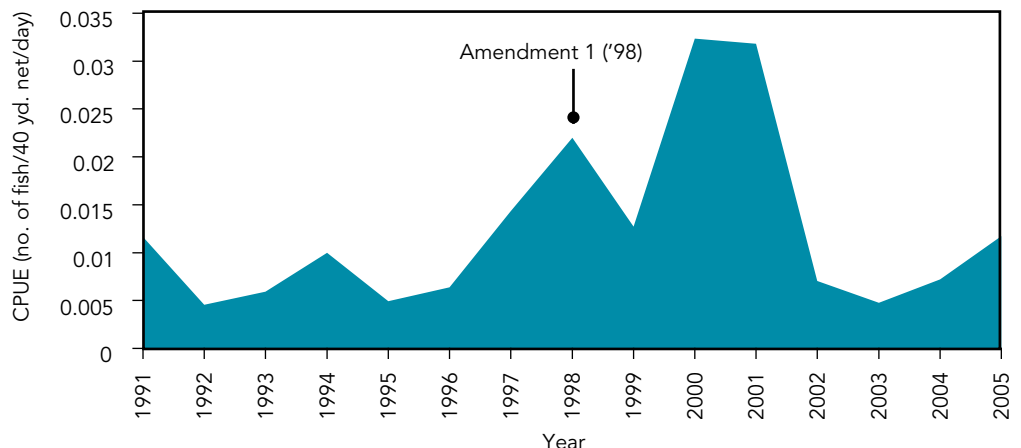
In 2003, the Commission and the federal government held a workshop on the status of the stock. Findings from the workshop ranged from possible signs of recovery beginning in Albemarle Sound to signs of decreasing abundance in the Delaware River. It is thought that the biggest impediments to Atlantic sturgeon recovery are bycatch and insufficient habitat.

In 2006, the Commission approved Addendum III to Amendment 1 to the Interstate FMP for Atlantic Sturgeon. The Addendum provides exemptions to Amendment 1 to allow a commercial aquaculture operation in North Carolina.

Fishery-independent Catch Rates of SubAdult Atlantic Sturgeon Taken in the Delaware River Tag-Recapture Program
Source: DE Fish & Wildlife Division, 2006



Fishery-independent Catch Rates of Juvenile Atlantic Sturgeon in Albemarle Sound, North Carolina
Source: NC Division of Marine Fisheries (2006)



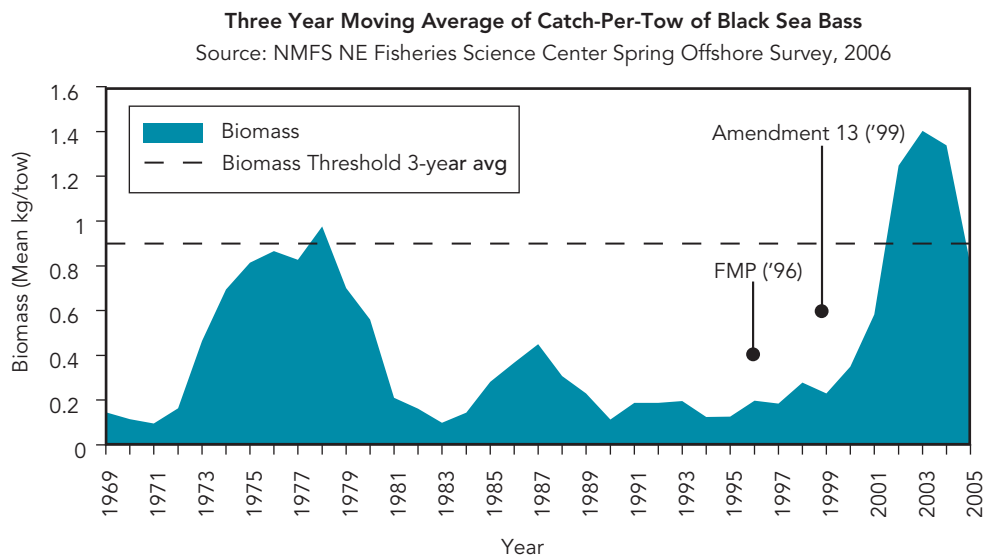
BLACK SEA BASS

The Commission maintained its joint management program for black sea bass with the Mid-Atlantic Fishery Management Council. This joint program, which focuses on the stock north of Cape Hatteras, has been in place since 1996 and includes quotas to restrict the commercial fishery and possession limits and minimum size limits to control recreational landings. In 2006, a stock assessment peer review determined that the assessment did not provide a credible basis for evaluating stock status; therefore, it is not known if overfishing is occurring.

Given that there currently is no quantitative assessment for black sea bass, the Commission is basing its management on the biomass threshold contained in the FMP. The threshold is based on the maximum value of a three-year moving average (0.98 kg/tow) of the Northeast Fisheries Science Center's Spring Survey. The most recent three-year average (2004-2006) is 0.8 kg/tow; as such, the stock is considered overfished. In response to this overfished status, the Commission reduced the quota for 2007 to 6.5 million from eight million pounds in 2006.

The Commission and Council also initiated Amendment 15 to the Summer Flounder, Scup, and Black Sea Bass FMP. The Amendment 15 Public Information Document (PID) addresses a broad range of issues for the black sea bass fishery, including management strategies for allocating commercial quotas, ways to quantify and reduce discards, expansion of data collection requirements, and the rollover of unused quotas in both commercial and recreational fisheries. A series of scoping meetings were held this year. Development of Amendment 15 will continue in 2007.

The Commission approved Addendum XVI to the Summer Flounder, Scup, and Black Sea Bass FMP. The Addendum addresses delayed implementation of required management measures for the three species. It provides a species-specific mechanism of ensuring that states meet their obligations under the plan in a way that minimizes the probability that a delay in complying does not adversely affect other states' fisheries or the conservation of the resource. These measures are intended to promote the long-term conservation of summer flounder, scup, and black sea bass.



BLUEFISH

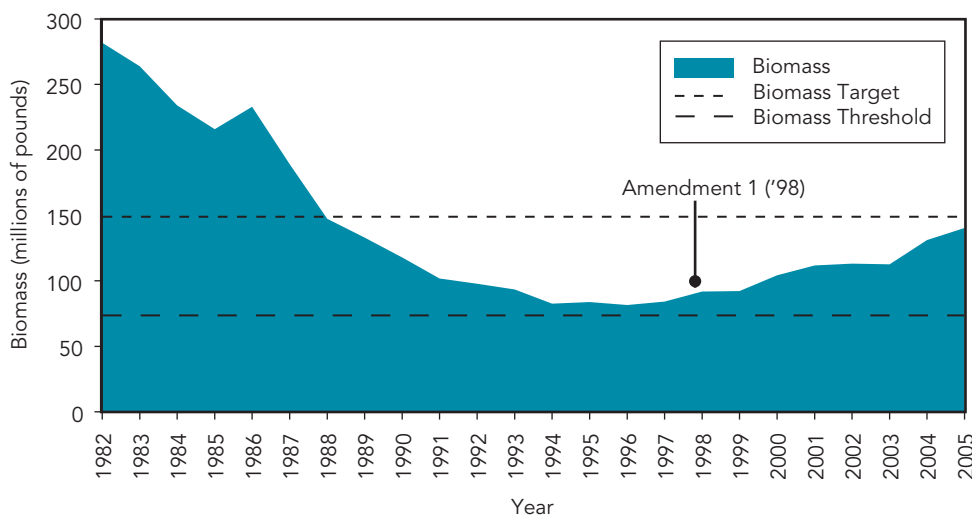


The Commission and the Mid-Atlantic Fishery Management Council jointly manage bluefish through Amendment 1 to the Bluefish FMP (1998). The Amendment includes commercial and recreational management programs, as well as a rebuilding schedule to achieve a fully restored biomass by 2008. The commercial fishery is controlled through state-specific quotas, while the recreational fishery is constrained by a maximum possession limit.

In 2006, the bluefish stock assessment was updated to incorporate the 2005 landings and survey indices, and was reviewed and approved by the Northeast Regional Stock Assessment Review Committee. The assessment indicated that the stock is no longer overfished and overfishing is not occurring. In 2005, the biomass (140.4 million pounds) exceeded the biomass threshold (73.5 million pounds) but was still below the biomass target of 147.6 million pounds. The fishing mortality was estimated to be 0.08, well below the target and threshold of 0.31 and 0.40, respectively. While the assessment was based on previously peer-reviewed methodologies, concerns remain regarding the adequacy of the available data.

Based on the positive information contained in the assessment update, the Commission increased the bluefish total allowable landings by about three million pounds to 27.8 million pounds for 2007.

Estimated Bluefish Biomass, 1982 - 2005
Source: AMSFC Bluefish Technical Committee, 2006



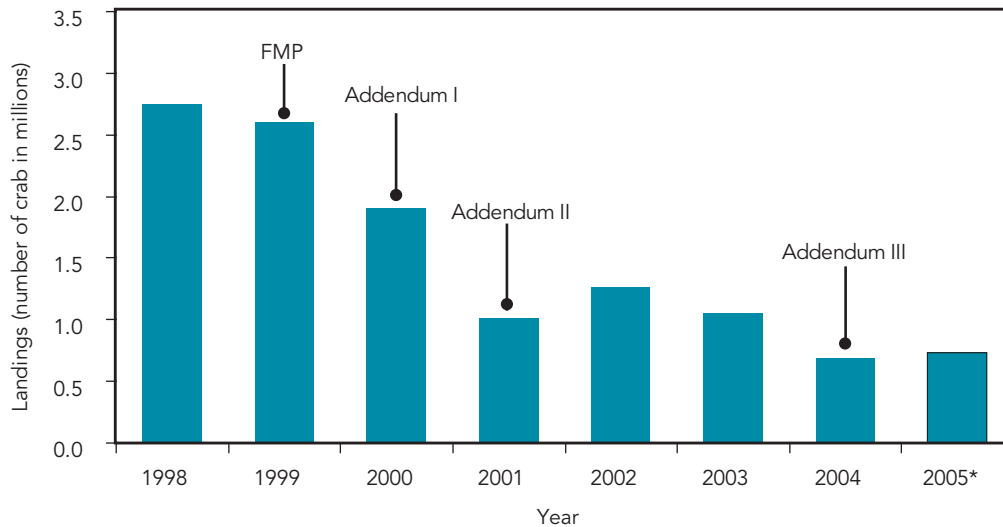
HORSESHOE CRAB

The management of horseshoe crab is an interesting case study of the increasing complexity of fisheries management along the East Coast. Horseshoe crab play a vital ecological role in the migration of shorebirds along the entire Atlantic seaboard, as well as providing bait for commercial American eel and conch fisheries along the coast. Additionally, their unique blood is used by the biomedical industry to produce Limulus Amoebocyte Lysate (LAL), an important tool in the detection of contaminants in patients, drugs, and other medical supplies. The challenge of fisheries managers is to ensure that horseshoe crab are managed to meet all these diverse needs, while conserving the resource for its self-perpetuation.



Horseshoe Crab Bait Landings

Source: ASMFC, 2006



*Note: 2005 data are preliminary

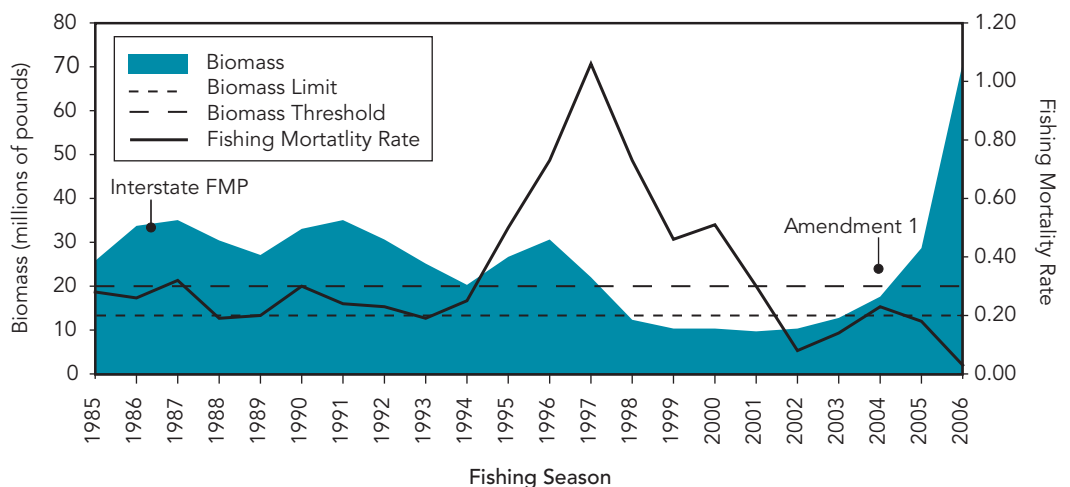
There is limited information on the status of the horseshoe crab population. The short time-series of horseshoe crab population data make it difficult to assess its status. However, based on four years of data, the important Delaware Bay population appears stable. In 2000, the Commission established state-by-state quotas in all Atlantic states for crabs harvested for bait. In 2006, the Commission approved Addendum IV further reducing quotas in New Jersey and Delaware and added additional protection in Maryland and Virginia to increase horseshoe crab and egg abundance in and around Delaware Bay in response to decreasing migratory shorebird populations. The Addendum allows for a limited commercial male-only bait fishery in New Jersey and Delaware for the next two years (2007-2008).

The States of New Jersey and Delaware have independently taken action to implement a moratorium on the harvest of horseshoe crab. This action is more conservative than the Commission standards and is aimed at further increasing the availability of horseshoe crab eggs to support shorebird migrations.

NORTHERN SHRIMP

Throughout the early part of this century, there was concern for the status of the northern shrimp stock and the ability of the resource to sustain high harvest levels. This resulted in severe harvest reductions in the 2001 through 2005 fishing seasons. These reductions appear to have paid off with increasing biomass levels over the last couple of years.

Gulf of Maine Northern Shrimp Total Stock Biomass, using the Collie-Sissenwine analysis
Source: ASMFC Northern Shrimp Technical Committee, 2006



The existing stock provides a small but valuable fishery for the States of Maine and New Hampshire and the Commonwealth of Massachusetts with an economic value estimated at around six million dollars. Updated in 2006, the northern shrimp stock assessment indicates that the stock is not overfished and overfishing is not occurring. Exploitable biomass generally declined from approximately 30.6 million pounds in 1996 to a time series low of 9.7 million pounds in 2001. Since then, the biomass estimate has risen to 28.7 million pounds in 2005 (as a result of the appearance of the strong 2001 year-class), and to 70.8 million pounds for the 2006 season, a time series high. The Technical Committee has cautioned that there is a high degree of uncertainty around the 2006 estimate.

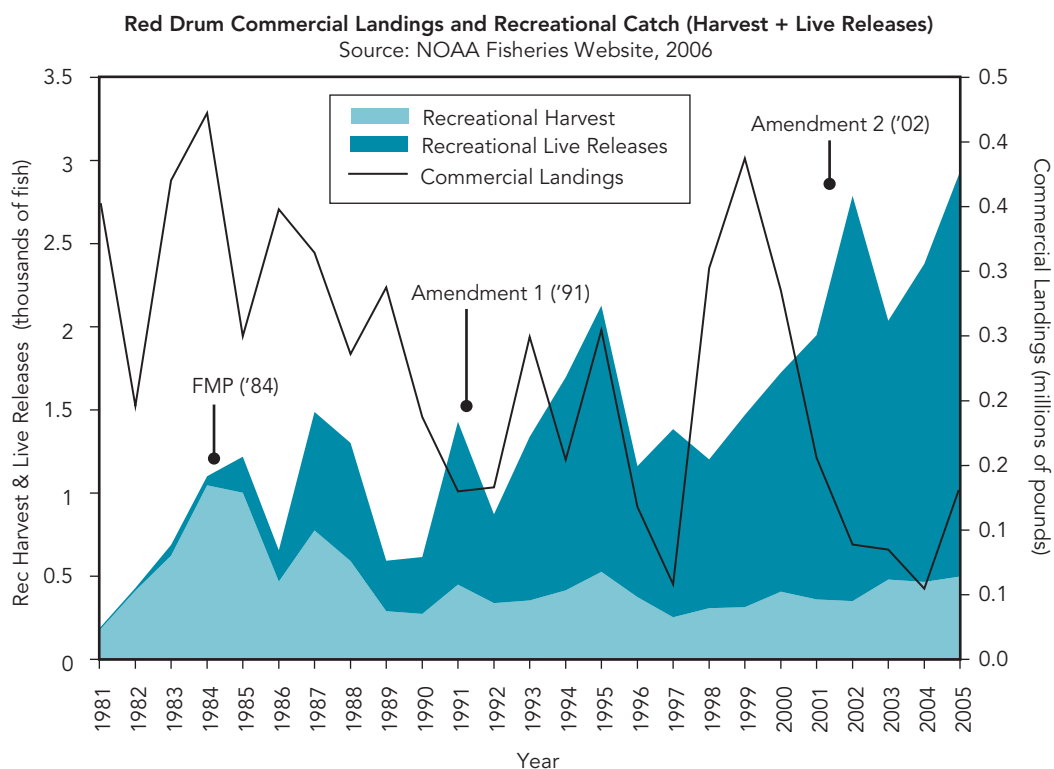
Based on the increase in estimated abundance, the Northern Shrimp Section approved a 151-day fishing season for the 2006-2007 northern shrimp fishery, an 11-day increase from the previous year's season. The Section also made a commitment to set a 151-day fishing season for 2007/2008, provided fishing mortality, landings, and the number of directed trips for shrimp do not exceed acceptable levels. Reappearance of strong 2003 and 2004 year-classes show promise in maintaining relatively high stock abundance and enhancing market conditions.



RED DRUM

Red drum is one of the most popularly sought recreational fish throughout the South Atlantic. Since the 1980s recreational fishing has accounted for about 90 percent of all red drum landings. The recreational fishery is a nearshore fishery, targeting small “puppy drum” and large trophy fish. Through successful joint management by the Commission and the South Atlantic Fishery Management Council, red drum populations have shown significant increases over the last ten years.

The last red drum stock assessment was conducted in 2000 and included data through 1998. Due to the nature of the fishery, there is very little

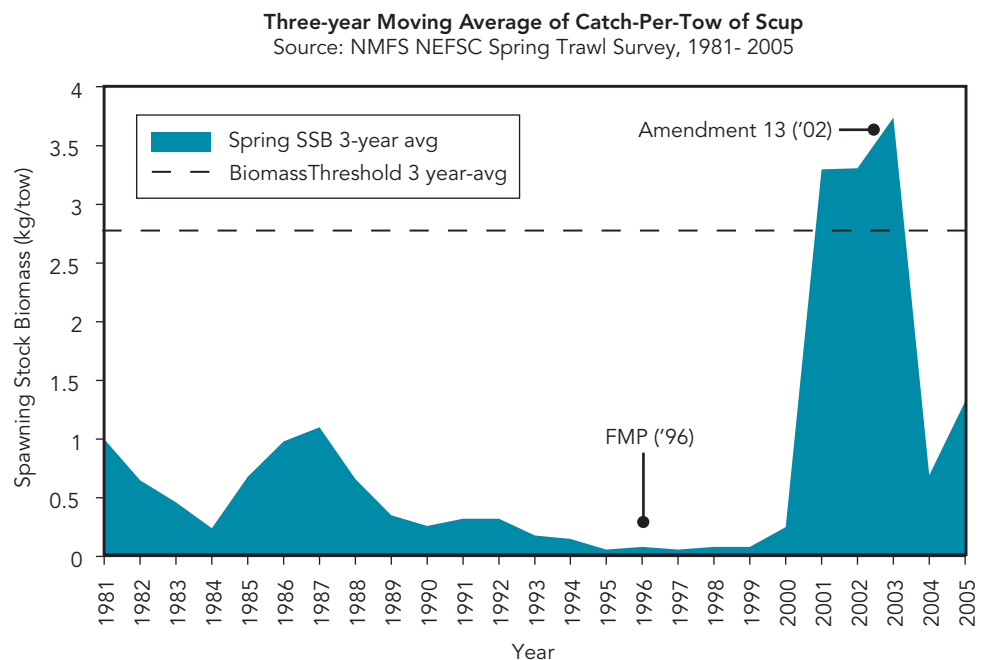


information to estimate the stock size of adult red drum. Landings of red drum are principally sub-adults (ages one to four), and while there are some catches of older fish, they must be released alive due to maximum size restrictions. Because of these data limitations, stock status is assessed through the use of spawning potential ratio (SPR). SPR is defined as the ratio of estimated female spawning stock biomass or egg production in a fished versus an unfished stock.

In the northern region (North Carolina to New Jersey), SPR increased from 1.3 percent for the period 1987-1991 to approximately 18 percent for 1992-1998. In the southern region (Florida to South Carolina), estimates of SPR increased from 0.5 percent for the period 1987-1991 to approximately 15 percent since for 1992-1998. The 2000 assessment also indicated recruitment has seriously declined in the southern region from a high of 1.2 million recruits to age-1 in 1987 to 200,000 in 1998. Recruitment in the northern region has fluctuated without trend ranging from 550,000 recruits in 1991 to 75,000 in 1998. The stock status will be reassessed in 2008/2009 to determine if the Amendment's goal of 40 percent SPR is being reached. Currently, information suggests that overfishing is occurring, although it is not clear if the stock is overfished.

In 2006, additional funds were provided for North Carolina, South Carolina, and Georgia to develop state specific sampling protocols to provide a fisheries-independent index of abundance for adult red drum. This adult index will be used in the red drum assessment process, and will aid managers in determining biological reference points.

SCUP



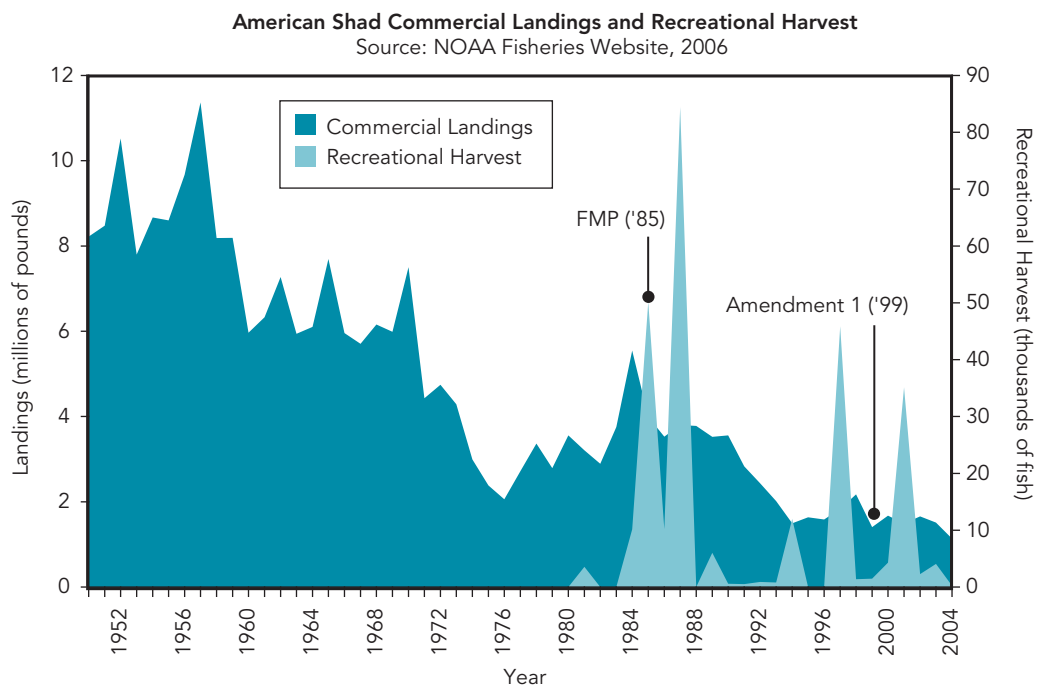
The Commission and the Mid-Atlantic Fishery Management Council have jointly managed the scup resource for a decade. Due to considerable uncertainty in the estimate of the magnitude of bycatch mortality, there is no peer-reviewed stock assessment for scup. Therefore, the stock is managed based on a three-year running average of the Northeast Fisheries Science Center Spring Trawl Survey. The average survey value increased in 2006 to 1.32 kg per tow, however, this value remains below 2.77 kg per tow or the current proxy used for the total stock biomass threshold. As such, the stock is considered overfished. Based on this drop, the Commission and Council set the 2007 total allowable landings (TAL) limit at 16 million pounds, a decline from the 2006 TAL of 16.27 million pounds.

SHAD & RIVER HERRING

Shad and river herring species are currently managed under Amendment 1 and Technical Addendum I to the FMP for American Shad and River Herring. Amendment 1 required a total closure of the American shad ocean intercept fishery by January 1, 2005. It also required the implementation of fishing mortality targets for in-river fisheries and an aggregate 10-fish daily creel limit in recreational fisheries for American shad and hickory shad, with all jurisdictions maintaining existing or more conservative recreational regulations for river herring.

The most recent stock assessment for American shad was peer-reviewed in 1998. The 1998 assessment estimated fishing mortality rates for nine shad stocks and general trends in abundance for 13 shad stocks. At the time of the 1998 assessment, current stock levels appeared greatly reduced from historic levels. Estimates of exploitation status were not provided for the majority of American shad stocks (12 of 19). Three of the seven stocks assessed (Hudson, Edisto, and Altamaha Rivers) were fully exploited.

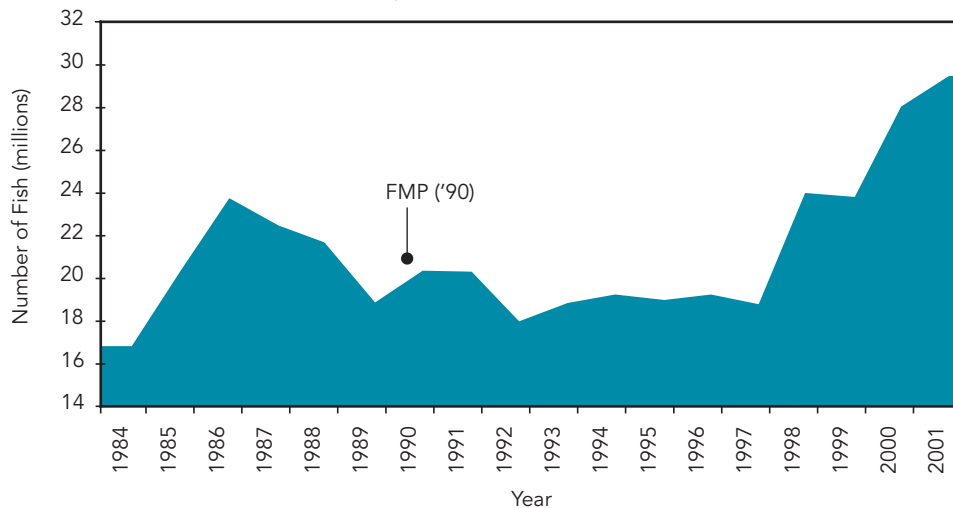
In 2006, significant progress was made on a benchmark stock assessment for American shad that will be peer reviewed in 2007.



SPANISH MACKEREL

The Commission and the South Atlantic Fishery Management Council cooperatively manage Spanish mackerel. This species supports important recreational and commercial fisheries in the South Atlantic and is gaining importance in the Mid-Atlantic. Since adoption of the Interstate FMP in 1990, states from New York

Estimated Atlantic Spanish Mackerel Stock Abundance
Source: 2003 Report of the Mackerel Stock Assessment Panel



through Florida have implemented bag and size limits, or provisions for seasonal closures to complement the Council's measures implemented in federal waters. These actions have resulted in stock rebuilding, with the species currently designated as not overfished and overfishing not occurring.

The latest stock assessment, conducted in 2003, indicated that stock abundance has more than doubled since 1995, reaching a high of approximately 30 million fish in 2001. This information is consistent with last year's Annual Report.

SPINY DOGFISH & COASTAL SHARKS

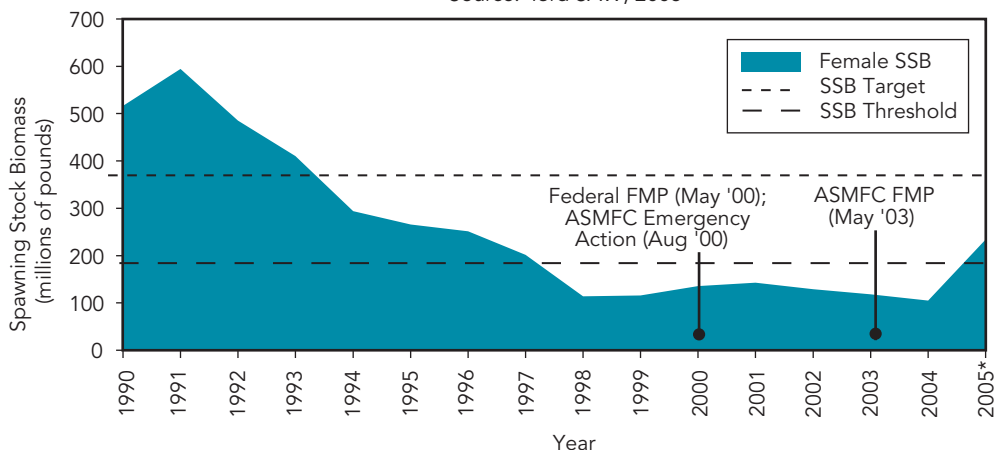
SPINY DOGFISH

The Commission and the Mid-Atlantic Fishery Management Council have developed complementary management plans for spiny dogfish. During the 1990s, tremendous growth in the commercial fishery exceeded the availability of the resource resulting in the implementation of stringent fishery management measures in state and federal waters.

In 2006, the Northeast Regional Stock Assessment Review Committee reviewed and approved an updated stock assessment for spiny dogfish. The assessment determined the stock is not overfished. The assessment

Spiny Dogfish Female Spawning Stock Biomass* (≥ 80 cm)

Source: 43rd SAW, 2006



*Note: The 2005 estimate of biomass is strongly influenced by the 2006 survey estimate.



indicated that there was a significant increase in biomass; however, this estimate is strongly influenced by the 2006 survey index. The estimated fishing mortality rate in 2005 (0.128) is above the threshold (0.11) and rebuilding target (0.03). However, the overfishing threshold was updated in the most recent assessment ($F_{\text{threshold}} = 0.39$). Based on the updated threshold overfishing is not occurring.

The Commission initially maintained four million pounds per fishing year with trip limits of 600 pounds for the 2006/2007 fishing year. Based on the updated assessment information, the Commission took subsequent action and increased the quota to six million pounds. With the increased quota, the Commission provided the states with the flexibility to set their own trip limits

to allow for small scale directed fisheries or maximize the utilization of dogfish caught incidental to other fisheries. The Commission also set the 2007/2008 fishing year quota at six million pounds.

COASTAL SHARKS

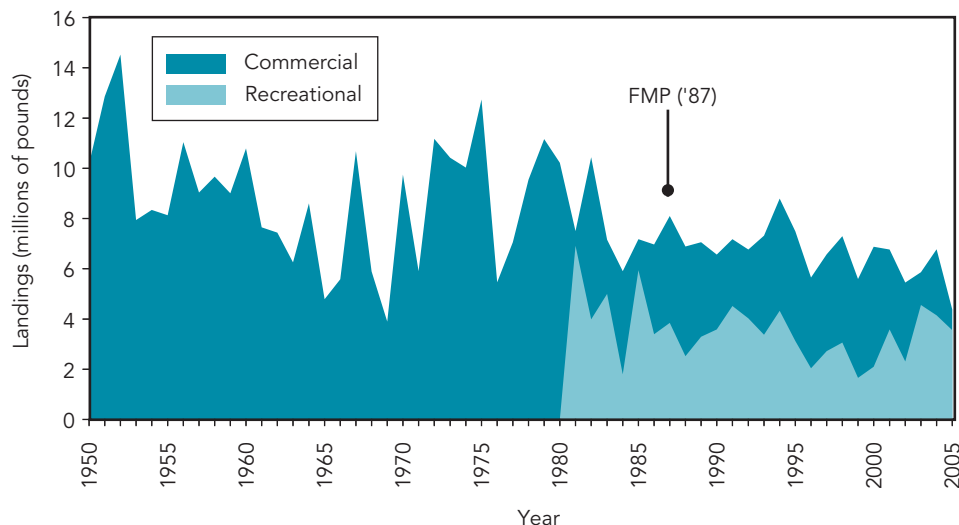
In order to complement the existing federal FMP, the Commission completed a Public Information Document (PID) for an Interstate FMP for Coastal Sharks. A series of hearings were held to solicit public comment on the PID. Based on the input received at these hearings and the latest assessment information for coastal sharks, the Commission will continue to develop the Interstate FMP in 2007.

Cooperation between federal and state governments in developing coordinated conservation measures is important to successful domestic management of coastal shark species because range, migrations, and mating and pupping areas overlap state and federal jurisdictions. Many coastal species utilize highly productive bays and estuaries within state waters as nursery habitat.

SPOT

Spot support important recreational and commercial fisheries in the South Atlantic, with total landings in 2005 estimated at 7.92 million pounds. The commercial fishery landed about 55 percent of this total, with

Spot Commercial and Recreational Landings
Source: NOAA Fisheries Website, 2006; ASMFC, 2006



the recreational fishery harvesting the remaining 45 percent. The commercial fishery has consistently landed more spot than the recreational fishery since at least 1981; however, the proportion attributable to the commercial fishery in 2005 was the lowest in the time series. Spot occur along the U.S. Atlantic coast in estuarine and coastal waters from the Gulf of Maine to Florida, although they are most abundant from Chesapeake Bay south to South Carolina. A concern for managers is that small spot remain a major component of the bycatch in seine, trawl, and pound net fisheries in the Chesapeake Bay and North Carolina, as well as a large part of the bycatch of the South Atlantic shrimp trawl fishery.

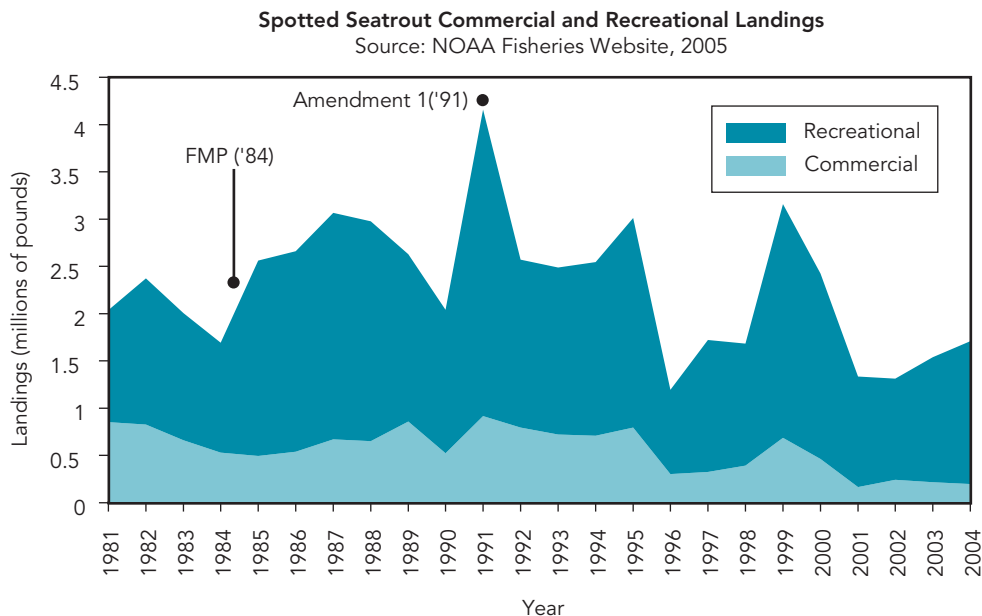
Except for Virginia, there is no specific spot stock status survey, though the species is a major component of samples in generalized trawl and seine surveys in several states. An analysis of spot catches in Maryland's juvenile seine survey showed a trend of increasing abundance from 1957 to 1976, and then a protracted decline, punctuated by occasional high years and very low levels. Spot young-of-the-year abundance, as determined by the Virginia Institute of Marine Science via the Virginia Chesapeake Bay Trawl Survey, was relatively high from 1981 through 1990. Since 1992, spot young-of-the-year abundance has remained low except for a fair to moderate-sized 1997-year class. The abundance of juvenile spot in the North Carolina Pamlico Sound Survey has fluctuated without trend since 1979.



SPOTTED SEATROUT

Spotted seatrout support significant recreational fisheries throughout the Southeast, with over 5.5 million fish harvested and released in 2005. In Florida in particular, spotted seatrout are a highly accessible and exploited gamefish, with surveys showing that it is the fish most sought after by Floridians. One of the biggest challenges for this species is that its life cycle depends on the same coastal areas that are highly populated by humans. There is no coastwide stock assessment for the species, and local assessments vary by state.

The Commission cooperatively manages spotted seatrout with the South Atlantic Fishery Management Council. Under the management program, all six states with an interest in this species (Maryland to Florida) have



established a minimum size limit of at least 12 inches. In addition, each state has either initiated spotted seatrout data collection programs or modified other programs to gather the necessary information for a future coastwide stock assessment.

SUMMER FLOUNDER

The Commission and the Mid-Atlantic Fishery Management Council have jointly managed summer flounder for nearly 20 years. The population is demonstrating a positive response to the joint management program, although not as quickly as previously estimated. In 2006, an independent panel reviewed the summer flounder assessment. The assessment estimated 2005 biomass at 104.7 million pounds, above the biomass threshold of 102 million pounds but well below the biomass target of 204 million pounds, an amount

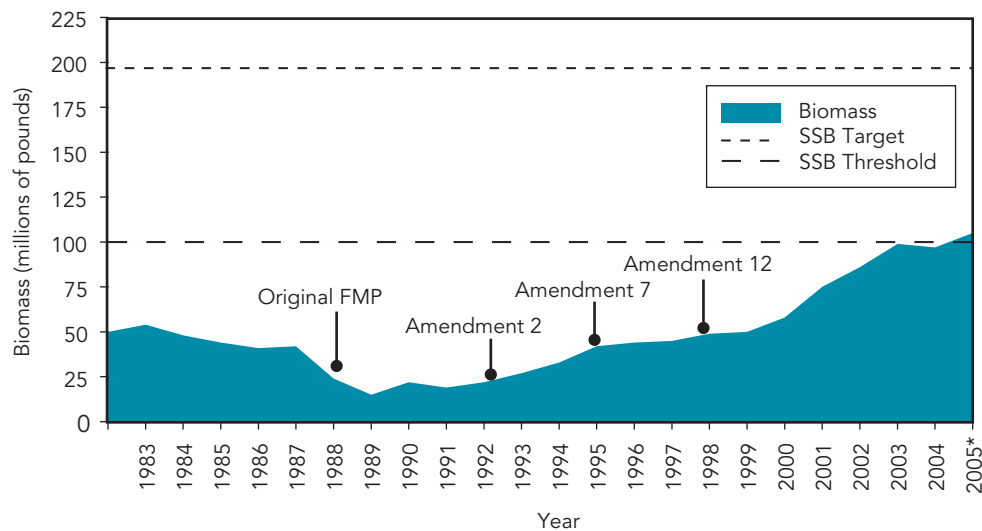
that would support nearly twice the current harvest. The assessment indicated that while the species is not overfished, biomass has not recovered to the level projected by earlier assessments. It also indicated that overfishing continued in 2005, with the current estimate of fishing mortality (0.407) above the target and threshold fishing mortality rates of 0.276. Based on the 2006 stock estimates, the Commission and Council set the initial 2007 total allowable landings limit at 12.98 million pounds in order to meet the 2010 rebuilding timeline.



In setting the initial total allowable landings (TAL) limit, the Board took into account the recent reauthorization of the Magnuson-Stevens Act, which included a provision that would allow for the extension of the rebuilding time frame for the summer flounder fishery to no later than January 1, 2013. Under that provision overfishing cannot be occurring. By setting the initial TAL at 12.98 million pounds, the Board ensures that overfishing is not occurring, enabling an extension in the rebuilding time frame. Under the revised rebuilding time frame, the TAL is expected to increase to 17.11 million pounds.

Summer Flounder Spawning Stock Biomass

Source: Summer Flounder Assessment & Biological Reference Point Update, 2006



* Note: 2005 data are based on model projections.

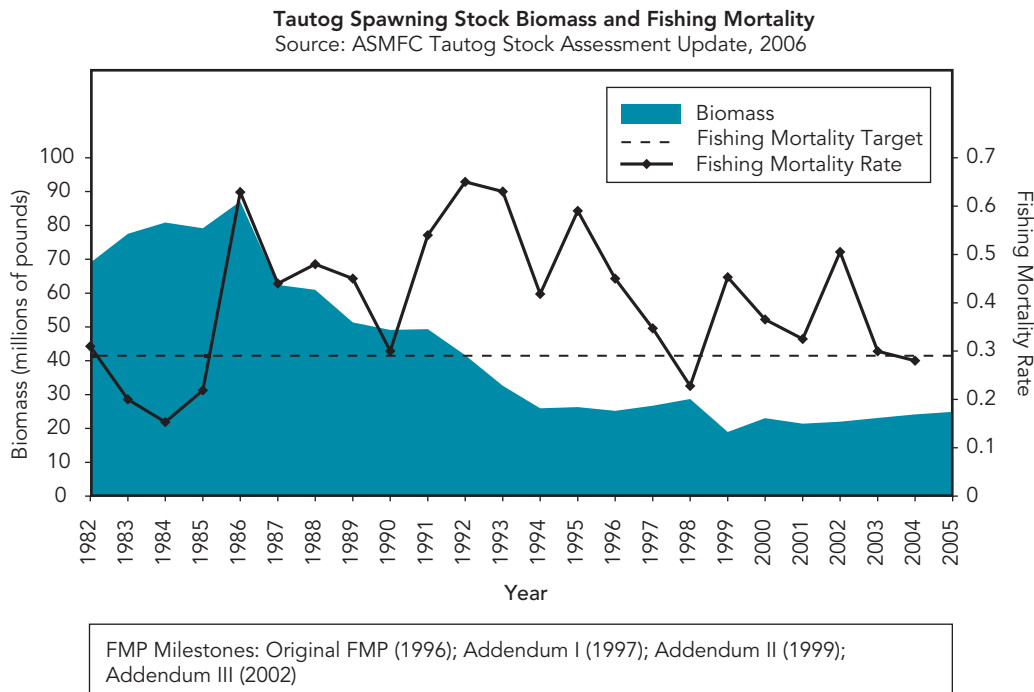


TAUTOG

The Commission adopted the Interstate FMP for Tautog in 1996. Following the approval of the original plan, a series of addenda have been developed to further reduce fishing mortality. Given the long-lived nature of the species, with individuals over age-30 reported, the management program must be very conservative to rebuild the stock.

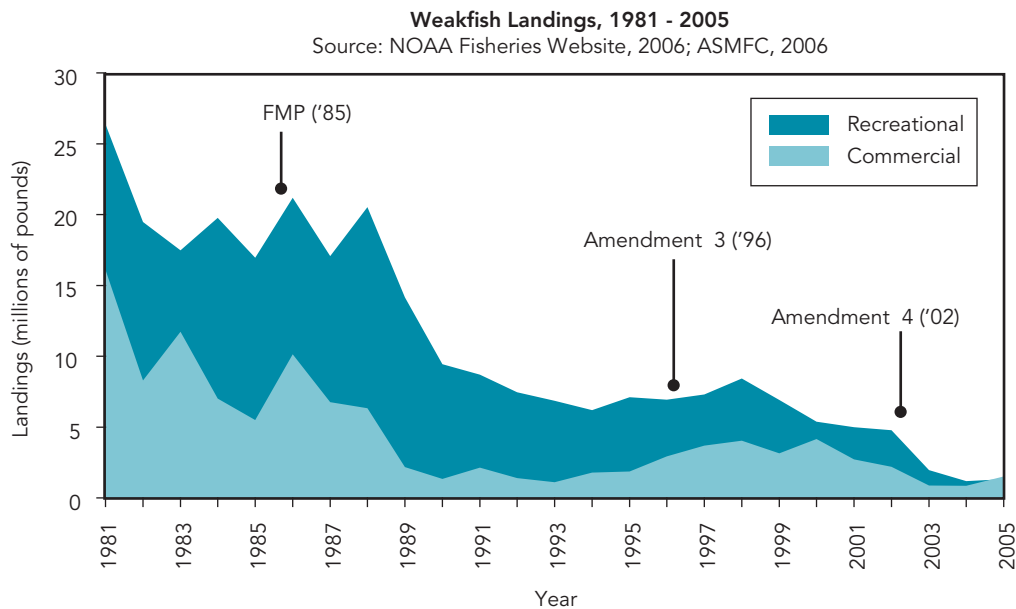
In 2005, the tautog stock assessment was reviewed and approved by an independent peer review panel. In 2006, this assessment was updated to include the 2005 landings and survey indices. The assessment indicated that since the mid-1980s tautog has undergone a substantial decrease in biomass and remains at a low level of abundance. Total stock biomass has been stable since 1999. Because the plan does not define a specific biomass target, it cannot be determined if the population is overfished. With the 2004 fishing mortality rate of 0.28 below the plan target of 0.29, the assessment update concluded that overfishing is not occurring.

In response to the findings and recommendations of the 2005 assessment and the 2006 update, the Commission initiated Addendum IV to the Interstate FMP for Tautog. The Draft Addendum proposes a definition for target and threshold spawning stock biomass, and a new fishing mortality rate to achieve stock rebuilding.



WEAKFISH

Weakfish are currently managed under Amendment 4 to the Interstate FMP (2002). This Amendment includes biological reference points, an updated recreational management program, and adjustments to the bycatch provisions for the commercial fisheries. The management measures in this Amendment are designed to continue rebuilding the stock while allowing fishermen access to the available biomass. The weakfish stock expanded during the 1990s, with increases in both total number of fish and spawning stock biomass.

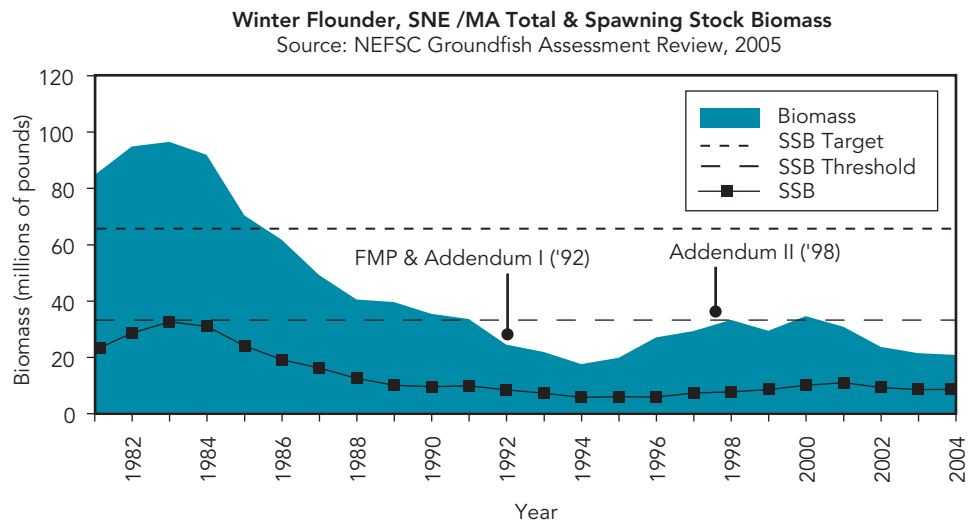
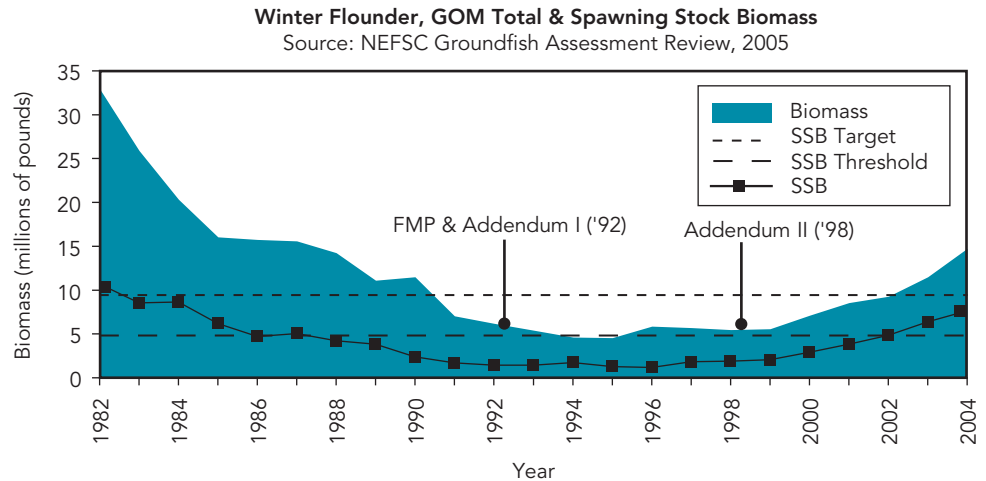


The current status of the weakfish stock is uncertain. The coastwide landings have declined dramatically, while some of the fishery-independent surveys have remained stable. In 2005, the Commission focused on addressing outstanding assessment issues with the goal of providing guidance on future management to the Management Board. In 2006, the stock assessment was further refined and provided significant evidence for five conclusions that the Commission has accepted for management use: (1) the stock is declining; (2) total mortality is increasing; (3) there is not much evidence of overfishing; (4) something other than fishing mortality is causing the decline in the stock; and (5) there is a strong chance that regulating the fishery will not, in itself, reverse stock decline.

In response to the updated assessment information, the Commission's Weakfish Management Board developed Draft Addendum II and its Supplement for public review and comment. Concern over declines in commercial and recreational catches persuaded the Board to consider reductions in recreational bag limits, commercial and recreational seasons, and bycatch allowance. The Board is anticipated to take final action on this document in early 2007.

WINTER FLOUNDER

2006 was the first year that Amendment 1 to the Interstate FMP for the Inshore Stocks of Winter Flounder was fully implemented. The implemented measures were designed to meet the stock-wide conservation standards established in Amendment 1. These measures, in combination with those of Amendment 13 to Northeast Multispecies FMP for Groundfish, are intended to initiate stock rebuilding for the Southern New England/Mid-Atlantic stock, which is overfished and overfishing is occurring. Amendment 1 also seeks to maintain a healthy and sustainable Gulf of Maine stock.



The most recent stock assessment for the Gulf of Maine (GOM) and the Southern New England/Mid-Atlantic (SNE/MA) stocks was conducted by the National Marine Fisheries Service's Northeast Groundfish Assessment Review Meeting in 2005. The assessment indicated that the GOM winter flounder stock was not overfished and overfishing was not occurring. The spawning stock biomass for the GOM stock was estimated to be 7.6 million pounds in 2004, which is about 84 percent of the spawning stock biomass target value of nine million pounds. The fishing mortality rate was estimated to be 0.13, well below F_{MSY} (0.43).

The assessment indicated that the SNE/MA stock complex was overfished and overfishing was occurring. The estimated 2004 fishing mortality rate (0.38) was significantly above the F_{MSY} (0.32). The SNE spawning stock biomass (8.68 million pounds) is about 13 percent of the spawning stock biomass necessary to support the maximum sustainable yield (66.4 million pounds). Some studies have indicated that while the population is managed as two stocks, the stock units may be made up of many small sub-stocks with little intermingling. The limited intermixing suggests that protecting the nearshore stocks will provide direct benefits to the states and their recreational fishing constituents.

SUPPORTING FISHERIES MANAGEMENT THROUGH SCIENCE



MULTISPECIES ASSESSMENTS & MODELS

The Commission recognizes the importance of ecological interactions, such as predator-prey relationships, in understanding the population dynamics of fishery resources. The Commission's Science Program has developed a plan for incorporating information on multispecies interactions into its decision-making process and has worked with cooperating scientists to develop quantitative multispecies models to provide that information. With the successful review of the extended multispecies virtual population analysis (MSVPA-X) model in 2005 by the Northeast Regional Stock Assessment Workshop/Stock Assessment Review Committee (SAW/SARC), the Commission held a workshop during the spring meeting to discuss and develop recommendations on how the Commission should proceed toward multispecies management. A major outcome of the workshop was the recommendation to form a Multispecies Technical Committee (MSTC) charged with addressing issues such as evaluating the Commission's multispecies model development, updating the MSVPA-X, evaluating status of research recommendations from the MSVPA-X SAW/SARC report, and working with the Assessment Science Committee (ASC) to consider and evaluate alternate stock assessment models that incorporate environmental and ecosystem factors.

STOCK ASSESSMENT PEER REVIEWS

In 2006, five Commission stock assessments were evaluated through various peer review processes. The black sea bass and spiny dogfish stock assessments were reviewed through the SAW/SARC process. The Atlantic herring stock assessment was reviewed via the Transboundary Resource Assessment Committee, a review body that addresses stock assessments for fisheries shared between the U.S. and Canada. The large coastal shark complex was reviewed through the Southeast Data, Assessment, and Review process. The weakfish stock assessment was reviewed through the Commission's external peer review process. More information on the outcome of these peer reviews can be found in the species highlights section of this report. The Commission's species management boards have relied on the scientific and technical information provided by these peer reviews to evaluate stock status and develop fisheries regulations based on the best science available.

STOCK ASSESSMENT TRAINING

The Commission convened three workshops in 2006 that provided quality training to fisheries scientists seeking to improve their knowledge of stock assessment and fisheries science models and methods. These workshops included "Fish Tagging Studies: Theory, Design, and Application," "Surveys of Fishery Resources: Fishery Independent Surveys," and "Basic Fish Stock Assessment Training." The Commission's Science Program organizes multiple stock assessment training workshops each year to meet the specific training needs identified as most pertinent to support coastwide stock assessments.

FISHERIES-INDEPENDENT DATA COLLECTION & MANAGEMENT

The Commission continued coordination of Atlantic coast fisheries-independent data collection programs. Fisheries-independent monitoring provides insight into the status of fish stocks without the biases inherent in catch-related information.

The Southeast Area Monitoring and Assessment Program (SEAMAP) is a cooperative program of universities, and state and federal agencies to facilitate the collection, management, and dissemination of fishery-independent data and information in the Southeastern U.S. and Caribbean. Since 1982, SEAMAP has sponsored long-term standardized surveys that have become the backbone of fisheries and habitat management for its three components – the South Atlantic, Gulf of Mexico, and Caribbean regions. In 2006, SEAMAP continued collecting abundance and distribution data on a variety of important commercial and recreational species from North Carolina through Florida. Progress was also made on a deepwater geographic information system regional database project that includes the location and characteristics of hard bottom resources throughout the South Atlantic Bight. Commission staff assisted the SEAMAP-South Atlantic Committee in incorporating the region's research priorities into the joint SEAMAP 2006-2010 Management Plan.

The Northeast Area Monitoring and Assessment Program (NEAMAP) was developed in 1998 as a cooperative state/federal fisheries-independent research and data collection program to be conducted between the Gulf of Maine and Cape Hatteras, North Carolina. The goal of NEAMAP is to facilitate the collection, coordination, and dissemination of fishery-independent information for use by government agencies, the fishing industry, researchers, and others.



In the fall of 2006, NEAMAP successfully completed its first Mid-Atlantic near-shore trawl pilot survey. Personnel from the Virginia Institute of Marine Science (VIMS), working closely with commercial fisherman Captain James Ruhle and his crew aboard the F/V DARANA R, completed the pilot survey. This survey encompassed the 20-90 foot depth contour area from Montauk, New York to Cape Hatteras, North Carolina.

The development of the nearshore survey was in response to the lack of adequate survey coverage and coordination in the coastal waters of the Mid-Atlantic Bight. In addition, the NEAMAP survey has the capability to sample inshore waters in this area that may not be ac-

cessible with the larger draft of the new sampling platform (R/V BIGELOW) of the Northeast Fisheries Science Center's (NEFSC) long-term groundfish survey. This complementary sampling could support the continuation of the NEFSC's long running time series.

Co-principal investigators from VIMS, Chris Bonzek and Jim Gartland, timed the pilot study to coincide with peak abundance and diversity of finfish assemblages during the fall. The crew, comprised of two fishermen

and five scientists, worked diligently to sample 98 stations over 14 days, with between five and nine stations occupied during the day. Approximately 431,000 fish, comprising 114 species, and weighing about 41,888 pounds were processed. Catch per station ranged from 23 fish (29.8 pounds) to about 59,000 fish (2,833 pounds). Catch of scup was one of the highest numbers caught of a given species (55,461 fish), and weakfish comprised the greatest biomass (5,120 pounds). In general, catches were higher at inshore shallow stations than in the deepest stratum.

HABITAT PROTECTION, RESTORATION, AND ENHANCEMENT

Protection, restoration, and enhancement of fish habitats are essential to promote the sustainability of fisheries along the Atlantic coast. To that end, the Commission's Habitat Program has been working on several projects in 2006. In response to a charge from the ISFMP Policy Board, the Habitat Committee pursued the creation of a pilot partnership under the National Fish Habitat Action Plan. The Commission developed a draft foundation document for an Atlantic Coastal Fish Habitat Partnership, and began planning a workshop to engage potential partners in 2007. The goal of the partnership will be to promote the sustainability of Atlantic coast diadromous and other estuarine-dependent fish through habitat protection and restoration.



The Habitat Program also hosted two workshops in 2006. In the spring, a Water Quality Symposium for ASMFC Commissioners was conducted to highlight current knowledge of water quality problems that are directly related to management of Commission species. At the Commission's 2006 Annual Meeting, the Habitat Committee, in coordination with the Management and Science Committee, participated in a Joint Working Seminar on the Impacts of LNG and Alternative Energy Development on Fishery Resources. The goal of this seminar was to determine the most effective role for the Commission to assist the states in protecting fishery resources and fish habitat throughout the energy policy, development, permitting, and/or monitoring process

in state coastal waters. A report from this seminar, including a list of recommended actions, will be presented to the ISFMP Policy Board in January 2007.

Development of educational materials is an important function of the ASMFC Habitat Program. In 2006, the Habitat Program completed and distributed a "Healthy Fisheries Need Healthy Habitats" information folder. The folder contains habitat fact sheet information for all Commission-managed species. Throughout the year the Habitat Coordinator also prepared and distributed four issues of the *Habitat Hotline Atlantic* newsletter on the main topics of invasive species, fish passage, community-based habitat restoration partnerships, and marine debris. Furthermore, the Habitat Program continues to work on the development and completion of habitat source documents to be used by state habitat managers.

AWARDS

DURING 2006 THE COMMISSION HAD THE PRIVILEGE OF PRESENTING AWARDS TO SEVERAL DESERVING INDIVIDUALS WHO HAVE DIRECTLY CONTRIBUTED TO FURTHERING THE COMMISSION'S VISION OF HEALTHY, SELF-SUSTAINING POPULATIONS FOR ALL ATLANTIC COAST FISH SPECIES OR SUCCESSFUL RESTORATION IN PROGRESS BY THE YEAR 2015.

CAPTAIN DAVID H. HART AWARD



The Atlantic States Marine Fisheries Commission presented **John H. Dunnigan, NOAA's Assistant Administrator for Oceans and Coastal Services**, its highest annual award, the David H. Hart Award, at the Commission's 65th Annual Meeting in Atlantic Beach, North Carolina.

The Commission instituted the "Captain David H. Hart Award" in 1991 to recognize individuals who have made outstanding contributions to the betterment of marine fisheries on the Atlantic coast. The award is named for the Commission's oldest and longest serving member, who was dedicated to the advancement and protection of marine fishery resources.

Mr. Dunnigan has exemplified the ideals of the award throughout his career in fisheries management. That career began in a leadership role on the staff of the NOAA Office of General Counsel and the New England Fishery Management Council in the 1980s. From 1991 – 2002, Mr. Dunnigan served as the Executive Director of the Atlantic States Marine Fisheries Commission, building coalitions among member states to develop and implement mutual conservation programs for shared coastal and marine fishery resources. While at the Commission, he was the lead architect behind the Atlantic Coastal Fisheries Cooperative Management Act, the landmark fisheries legislation that set high standards for successful fisheries management. Upon the Act's enactment, Mr. Dunnigan was the primary force behind developing and implementing guiding documents for the Commission's fisheries management program, as well as its first Strategic Plan. His dedication to cooperative fisheries management forged a renewed commitment among the Atlantic states to manage their shared fishery resources, firmly placing the Commission in the forefront of the management of Atlantic coastal ocean resources.

In 2002, Mr. Dunnigan left the Commission to serve as Director of NOAA's Office of Sustainable Fisheries. In recognition of the skills he demonstrated in that position he was appointed by the Secretary of Commerce as NOAA's Assistant Administrator for Oceans and Coastal Services. Mr. Dunnigan's extensive list of accomplishments, his ability to bring diverse groups together for a common purpose, and his long-standing dedication to the sustainable management of Atlantic fisheries resources to make him a worthy and appropriate recipient of the David H. Hart Award.

ANNUAL AWARDS OF EXCELLENCE

MANAGEMENT & POLICY



Susan Olsen, Grants Team Leader with NOAA Fisheries Northeast Region's State-Federal and Constituent Program Office, received the Commission's Annual Award of Excellence in the area of Management and Policy. For nearly two decades, Ms. Olsen has consistently provided exemplary grants management support to the Commission and the Northeast states. At the Northeast Regional level, she serves as the primary contact in the administration of 10 grant programs, encompassing 250 active awards at an estimated funding level of \$15.5 million in the current fiscal year alone. A strong proponent of teamwork, her fiscal expertise and policy support to NOAA's partners has enhanced the stewardship of Atlantic coastal fisheries resources and protected species,

supported fisheries monitoring and data collection coastwide, and enabled the implementation of cross-cutting grant research programs managed by the Northeast Fisheries Science Center. By ensuring that the grants management process runs as smoothly as it can, Ms. Olsen enables the states and Commission to focus on the task of managing Atlantic coastal fisheries.

SCIENTIFIC, TECHNICAL AND ADVISORY



Robert Glenn of the Massachusetts Division of Marine Fisheries, Andrew Kahnle of the New York State Department of Environmental Conservation (NYSDEC), and Byron Young, formerly of the NYSDEC, received the Scientific, Technical, and Advisory Award. For the last decade, Robert Glenn has been dedicated to the study of one of the Commission's most valuable species – American lobster. As recent past chair of the Commission's American Lobster Technical Committee, Mr. Glenn successfully contributed to and led a new benchmark stock assessment for American lobster. The much-awaited assessment required two full years to complete and was subjected to rigorous peer review by a distinguished group of stock assessment experts convened by the Commis-

sion. His technical expertise and calm demeanor enable him to engage with the full range of lobster interests from managers and fellow scientists to fishermen and media, even on the most controversial of issues. He has consistently performed in an exemplary manner, gracefully dealing with an often contentious, complex and confounding species management program. Throughout it all, he has maintained a balanced view and approach to lobster management. His efforts and leadership have helped to significantly advance our understanding of the American lobster resource and provide us with a solid scientific foundation to manage American lobster for years to come.



For over 25 years, **Andrew Kahnle** has been a key participant in the Commission's anadromous species conservation and management programs as a member of its Striped Bass, American Shad, and Atlantic Sturgeon Technical Committees. His Atlantic sturgeon assessment and management efforts are particularly noteworthy. In the late 1980s and early 1990s, based on concern about the impacts of an upstart Atlantic sturgeon fishery in the Hudson River, Mr. Kahnle played a critical role in initiating a scientific assessment of Atlantic sturgeon in the Hudson. In particular, he worked with academicians and scientists to obtain critical life history information to support a scientific stock assessment. At the same time, in the capacity as long-standing Chair to

the Commission's Atlantic Sturgeon Technical Committee, he developed an aggressive agenda for the development of a coastwide stock assessment, including biological reference points. His efforts provide an important example of how good science matters in management. Uncertainty reigned in the sturgeon assessment – there were no abundance or recruitment estimates, and the reliability and accuracy of the harvest data were in ques-

tion. However, Mr. Kahnle demonstrated that there are creative and compelling analyses that scientists can provide managers, despite uncertainty. Ultimately, the findings and recommendations of the coastwide stock assessment led the Atlantic Sturgeon Board to implement a coastwide moratorium on the landing, harvest and possession of Atlantic sturgeon. Mr. Kahnle is responsible, in no small part, for the conservation of Atlantic sturgeon along the Atlantic coast, helping to ensure the survival of an ancient fish that has been in existence for at least 70 million years.



With a career in fisheries conservation and management that spans more than 30 years, **Byron Young's** accomplishments are many. Most prominent among his contributions to effective, cooperative marine fisheries management is his participation in striped bass research and management. At the beginning of his career, Mr. Young initiated New York's striped bass investigations, developing studies of life history, and commercial and recreational harvest in the ocean fisheries off of Long Island. He also initiated the Hudson River young-of-year index work that continues today. All of New York's current striped bass monitoring projects, which are essential components of the Commission's coastwide monitoring and stock assessment activities, began under his supervision. With his broad

experience in local fisheries issues and particular emphasis on striped bass population dynamics, Mr. Young was appointed as New York's very first representative to the Commission's Scientific and Statistical Committee (now known as the Management and Science Committee). The Committee, with the Atlantic Striped Bass Conservation Act as a guide, developed the first fishery management plan for striped bass, which was subsequently used as a model for other species management plans. More recently, Mr. Young provided leadership to the Management and Science Committee's Power Plant Subcommittee, the Northeast Area Monitoring and Assessment Program Board and the workgroup that crafted the Interstate Fisheries Management Program Charter. With the advent of adaptive fisheries management under the Atlantic Coastal Fisheries Cooperative Management Act (1993), he became the lead architect of Part 40, the regulatory compilation for marine fish in New York. His contributions to marine fisheries science and management are numerous and far-reaching, with benefits to not only the coastal resources and fishermen of New York but marine resources and fisheries coastwide.

LAW ENFORCEMENT

Lieutenants Don McMillen and Camille Soverel and Investigators Tony Howell and Al Corfield of the Florida Fish & Wildlife Conservation Commission, received awards in the area of Law Enforcement for their collective efforts in the planning and execution of an undercover detail ("No More Back Door"). The detail targeted people and businesses that illegally buy, sell, package, or mislabel seafood products. The officers posed as recreational fishermen attempting to buy or sell illegal saltwater food products. Numerous restaurants, charter boats, commercial fishermen and recreational anglers were approached to either illegally purchase or sell saltwater products.



Award Recipients Lieutenant Camille Soverel and Investigator Al Corefield.

The operation resulted in 50 arrests state violations and two arrests for federal fisheries violations. Since the conclusion of the initial operation in December 2005, an additional 123 investigations, 210 attempted sales, 64 successful sales, 158 citations and 44 warnings have occurred. Additionally, working with agents from the National Marine Fisheries Service, the team was able to locate, identify and seize 324 pounds of illegal snook fillets imported by a market in Orlando, Florida from Guyana in South America. These fillets were being sold in violation of state law. Due to the team's diligent efforts, arrests were made, cases were successfully prosecuted, and illegal saltwater products were recovered. The team's work with a wide range of local, state, and federal agencies was a vital component in the successful prosecution of the cases.

FINANCIAL REPORTS

Independent Auditors' Report

To the Executive Committee
Atlantic States Marine Fisheries Commission
Washington, D.C.

We have audited the accompanying statements of financial position of the Atlantic States Marine Fisheries Commission as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. Those financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atlantic States Marine Fisheries Commission as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2006 on our consideration of Atlantic States Marine Fisheries Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Checon & Wilson, P.C.

September 20, 2006

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ATLANTIC STATES MARINE FISHERIES COMMISSION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

ASSETS		
	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash (Note 1)	\$ 548,907	\$ 440,723
Investments (Note 5)	798,733	573,103
Grants receivable	268,752	186,323
Accounts receivable	97,418	59,739
Prepaid expenses	111,529	111,400
Total Current Assets	<u>\$ 1,825,339</u>	<u>\$ 1,371,288</u>
PROPERTY AND EQUIPMENT, AT COST: (Note 1)		
Office furniture and equipment	\$ 852,141	\$ 802,362
Capital lease equipment	58,500	58,500
Leasehold improvements	34,458	34,458
Total	<u>\$ 945,099</u>	<u>\$ 895,320</u>
Less, Accumulated depreciation	(741,390)	(620,758)
Property and Equipment, Net	<u>\$ 203,709</u>	<u>\$ 274,562</u>
OTHER ASSETS:		
Security deposits	\$ 20,941	\$ 20,941
Investments (Note 5)	654,103	617,133
Total Other Assets	<u>\$ 675,044</u>	<u>\$ 638,074</u>
TOTAL ASSETS	<u><u>\$ 2,704,092</u></u>	<u><u>\$ 2,283,924</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 169,483	\$ 89,279
Accrued vacation	199,052	205,720
Deferred revenue	39,487	40,355
Contract advances	111,072	117,826
Current portion of capital lease obligations (Note 4)	2,385	5,775
Total Current Liabilities	<u>\$ 521,479</u>	<u>\$ 458,455</u>
CAPITAL LEASE OBLIGATIONS (Note 4)	<u>-</u>	<u>2,385</u>
TOTAL LIABILITIES	<u>\$ 521,479</u>	<u>\$ 460,840</u>
UNRESTRICTED NET ASSETS	<u>2,182,613</u>	<u>1,823,084</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,704,092</u></u>	<u><u>\$ 2,283,924</u></u>

The accompanying notes are an integral part of these financial statements.

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ATLANTIC STATES MARINE FISHERIES COMMISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006					
	Total	ASMFC	Outside Contracts			
			Waikiki Breaux	Other	ACCSP	ACFCMA
REVENUE:						
Contract reimbursements	\$ 5,054,912	\$ -	\$ 195,192	\$ 915,998	\$ 1,441,747	\$ 2,501,977
Contributions from member states	428,832	428,832				
Annual meeting fees	17,590	17,590				
Investment income	62,483	62,483				
Total Revenue	\$ 5,583,817	\$ 528,905	\$ 195,192	\$ 915,998	\$ 1,441,747	\$ 2,501,977
EXPENSES:						
Salaries	\$ 2,067,947	\$ 554,764	\$ 111,792	\$ 286,863	\$ 620,113	\$ 494,415
Travel	1,127,755	24,140	5,873	215,272	136,216	746,254
Subcontracts	589,378	72,000	3,000	183,685		330,693
Fringe benefits (Note 3)	482,201	119,493	27,328	73,840	141,191	120,351
Professional services	116,149	41,617				74,532
Rent	306,850	306,850				
Equipment maintenance	159,790	41,476		(1,452)	116,850	2,924
Depreciation	122,681	122,681				
Office	74,147	52,651			7,077	14,719
Printing	40,509	21,428	9,623	861		8,599
Meetings	49,668	49,668				
Postage	38,180	37,067				1,113
Other	20,594	11,567			9,027	
Dues and subscriptions	8,226	3,935				4,291
Telephone	14,206	14,266				
Interest	3,279	3,279				
Insurance	12,860	12,860				
Outreach	9,500				9,500	
Indirect cost allocation (Note 1)	-	(1,257,379)	37,780	180,136	373,185	685,678
Total Expenses	\$ 5,224,288	\$ 232,381	\$ 195,394	\$ 919,205	\$ 1,413,759	\$ 2,483,569
CHANGE IN NET ASSETS	\$ 359,529	\$ 296,514	\$ 120,21	\$ 13,200	\$ 27,988	\$ 38,408
NET ASSETS, BEGINNING OF YEAR	1,623,094					
NET ASSETS, END OF YEAR	\$ 2,182,613					

The accompanying notes are an integral part of these financial statements.

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ATLANTIC STATES MARINE FISHERIES COMMISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

2005					
Total	ASMFC	Outside Contracts			
		Wallop Breaux	Other	ACCSP	ACFCMA
\$ 4,342,749	\$ -	\$ 212,649	\$ 1,092,440	\$ 1,754,823	\$ 1,782,837
408,411	408,411				
20,215	20,215				
56,291	56,291				
<u>\$ 4,827,666</u>	<u>\$ 484,917</u>	<u>\$ 212,649</u>	<u>\$ 1,092,440</u>	<u>\$ 1,254,823</u>	<u>\$ 1,782,837</u>
\$ 1,929,431	\$ 534,958	\$ 102,286	\$ 323,562	\$ 566,691	\$ 401,934
1,005,416	22,362	20,715	222,898	90,916	648,525
489,787	72,000	2,000	324,446		91,341
447,975	114,465	24,136	85,688	124,996	98,690
48,309	10,560				37,740
276,789	276,789				
102,021	43,256			63,410	5,355
127,866	127,866				
62,476	51,327		18	11,131	
33,357	16,066	1,455	1,227	1,758	2,851
46,143	40,143				
28,305	28,305				
34,604	10,488	9,106		14,115	895
7,013	4,408			396	2,209
12,895	12,895				
1,448	1,448				
11,406	11,496				
5,003				5,003	
-	(1,081,055)	41,156	203,991	338,209	497,607
<u>\$ 4,670,334</u>	<u>\$ 303,777</u>	<u>\$ 200,856</u>	<u>\$ 1,171,830</u>	<u>\$ 1,206,625</u>	<u>\$ 1,787,246</u>
\$ 157,332	\$ 181,140	\$ 11,793	\$ (79,390)	\$ 48,198	\$ (4,409)
<u>1,665,752</u>					
<u>\$ 1,523,584</u>					

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ATLANTIC STATES MARINE FISHERIES COMMISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members and contracts	\$ 5,356,014	\$ 4,941,928
Annual meeting fees	17,590	20,215
Investment income received	74,952	38,344
Cash paid to suppliers and employees	(5,023,155)	(4,623,513)
Interest paid	<u>(3,279)</u>	<u>(1,448)</u>
Net cash provided by operating activities	<u>\$ 422,122</u>	<u>\$ 375,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	\$ (53,095)	\$ (54,261)
Purchase of investments	(1,107,551)	(595,572)
Cash received from sales and maturities of investments	<u>852,483</u>	<u>361,899</u>
Net cash used in investing activities	<u>\$ (308,163)</u>	<u>\$ (287,934)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease obligations - payments	<u>\$ (5,775)</u>	<u>\$ (17,582)</u>
NET INCREASE IN CASH	<u>\$ 108,184</u>	<u>\$ 70,010</u>
CASH, BEGINNING OF YEAR	<u>440,723</u>	<u>370,713</u>
CASH, END OF YEAR	<u><u>\$ 548,907</u></u>	<u><u>\$ 440,723</u></u>
Reconciliation of change in net assets to net cash provided by operating activities (Note 6)		

The accompanying notes are an integral part of these financial statements.

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ATLANTIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 1. Summary of Significant Accounting Policies

Organization:

The Atlantic States Marine Fisheries Commission (the Commission) (a nonprofit organization) was established in 1942 to represent the interests and needs of the marine fisheries of its member states (Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida). Since the Commission is an instrumentality wholly owned by member states, it is exempt from income tax; therefore, an internal revenue code exemption is not required. The purpose of the Commission, as set forth by Congress in Article I of the Commission's Compact, is "to promote the better utilization of the fisheries, marine, shell and anadromous, of the Atlantic seaboard by the development of a joint program for the promotion and protection of such fisheries."

Basis of Accounting:

The Commission prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Monies received under grants are accounted for separately. Revenue is recognized when funds are expended for the purposes specified in the grant. The Commission funds any excess of expense over revenue incurred in the performance of a grant project.

The accompanying statements of activities reflect expenses summarized on a functional basis. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Fringe benefits and administrative costs of the Commission have been prorated among the programs by various statistical basis.

Financial Statement Presentation:

Under SFAS No. 117, Financial Statements of Not-for-Profit Organizations, the Commission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Commission has only unrestricted net assets.

Cash:

Cash consists of deposits in checking and money market accounts. The Commission's demand deposits with financial institutions at times exceed federally insured limits. The Commission has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risks.

Note 1. Summary of Significant Accounting Policies (Concluded)

Investments:

Investments are recorded at fair value.

Property and Equipment:

Depreciation of property and equipment has been provided for using the straight-line method over useful lives of five years for computer equipment and ten years for other furniture and equipment. The Commission capitalizes equipment purchases with a unit cost exceeding \$500.

Leasehold improvements are recorded at cost and amortized using the straight-line method over the term of the office lease.

Indirect Cost Allocation:

Indirect costs are allocated to contracts based on the Commission's indirect cost allocation rate or the indirect cost allocation allowed by the contract.

Bad Debts:

The Commission recognizes bad debts when, in the opinion of management, an account becomes uncollectible.

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain 2005 amounts have been reclassified for comparison with the 2006 presentation.

Note 2. Lease Commitments

The Commission leases office space and postage equipment under noncancelable operating leases. The office lease provides for annual base rent increases of two percent plus annual adjustments for the Commission's proportionate share of operating expenses and real estate taxes.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 2. Lease Commitments (Concluded)

The Commission also has two capital leases for copiers. (See Note 4). The minimum lease payments are included below.

Minimum lease payments are as follows for the years ending June 30.:

	<u>Office Space</u>	<u>Equipment</u>	<u>Capital Leases</u>	<u>Minimum Lease Payments</u>
2007	\$ 289,334	\$ 10,512	\$ 2,418	\$ 302,264
2008	295,120	10,512		305,632
2009	301,024	10,512		311,536
2010	307,044			307,044
2011	103,021			103,021
	<u>\$ 1,295,543</u>	<u>\$ 31,536</u>	<u>\$ 2,418</u>	<u>\$ 1,329,497</u>
Less: interest			<u>33</u>	
Capital lease obligations			<u>\$ 2,385</u>	

Note 3. Retirement Plans

The Commission sponsors a defined contribution pension plan which covers all employees. The Commission contributes 7% of eligible wages to the plan. The Commission also matches employee contributions up to 3% of eligible wages under a Section 457 plan. Pension expense for the years ended June 30, 2006 and 2005 was \$187,287 and \$174,825, respectively.

Note 4. Capital Lease Obligations

The Commission has two capital leases secured by copiers. (See Note 2). Maturities are as follows for the years ended June 30.

2007	\$. . 2,385
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ATLANTIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 5. Investments

At June 30, 2006 and 2005, investments consisted of the following:

	2006		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 522,678	\$ 521,809	\$ (869)
Bonds	436,251	421,105	(15,146)
Equities	<u>465,645</u>	<u>509,922</u>	<u>44,277</u>
Total Investments	\$ 1,424,574	\$ 1,452,836	\$ 28,262

	2005		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 232,216	\$ 231,467	\$ (749)
Bonds	455,462	449,839	(5,623)
Equities	<u>470,352</u>	<u>508,930</u>	<u>38,578</u>
Total Investments	\$ 1,158,030	\$ 1,190,236	\$ 32,206

Unrealized and realized gains included in investment income on the Statement of Activities totaled \$7,532 and \$17,947 for the years ended June 30, 2006 and 2005, respectively.

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ATLANTIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 6. Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

	<u>2006</u>	<u>2005</u>
Change in Net Assets	\$ 369,629	\$ 157,332
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	122,681	127,866
(Gain) loss on disposition of equipment	1,267	--
Unrealized and realized gains on investments	(7,532)	(17,947)
(Increase) decrease in assets:		
Grants receivable	(82,429)	213,777
Accounts receivable	(37,679)	(27,247)
Prepaid expenses	(129)	(13,364)
Increase (decrease) in liabilities:		
Accounts payable	80,204	(94,934)
Accrued vacation	(6,168)	25,805
Deferred revenue	(868)	(47,173)
Contract advances	(6,754)	51,411
Net cash provided by operating activities	\$ 422,122	\$ 375,526

Note 7. Concentrations

The Commission received 71% and 63% of its revenue from the Atlantic Coastal Act Program for the years ended June 30, 2006 and 2005, respectively.

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ATLANTIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF CONTRIBUTIONS REQUESTED AND RECEIVED
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Requested 2005-2006</u>	<u>Received 7/1/05 - 6/30/06</u>
Member States:		
Connecticut	\$ 20,861	\$ 20,861
Delaware	17,348	17,348
Florida	43,571	---
Georgia	17,636	---
Maine	40,521	40,521
Maryland	27,148	27,148
Massachusetts	47,004	47,004
New Hampshire	16,403	16,403
New Jersey	39,007	14,054
New York	30,019	30,019
North Carolina	37,048	37,048
Pennsylvania	14,294	14,294
Rhode Island	24,387	24,387
South Carolina	20,395	20,395
Virginia	<u>33,190</u>	<u>33,190</u>
Totals	\$ <u>428,832</u>	\$ <u>342,672</u>

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ATLANTIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

<u>Federal Grantor/ Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	
		<u>2006</u>	<u>2005</u>
Department of Commerce:			
Interjurisdictional Fisheries Act	11.407	\$ 318,616	\$ 228,789
Atlantic Coastal Act	11.474	2,501,977	1,782,837
Atlantic Coastal Act	11.474	1,441,747	1,254,823
Southeast Area Monitoring and Assessment Program	11.435	54,373	37,690
Fisheries Cooperative Economic Data Collection and Management Program	11.434	<u>98,863</u>	<u>151,250</u>
Total Department of Commerce		\$ 4,415,576	\$ 3,455,389
Department of the Interior			
Federal Aid in Sport Fish Restoration Act	15.605	<u>195,192</u>	<u>212,649</u>
Total Expenditures of Federal Awards		\$ 4,610,768	\$ 3,668,038

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee
Atlantic States Marine Fisheries Commission
Washington, DC

We have audited the financial statements of Atlantic States Marine Fisheries Commission as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated September 20, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Atlantic States Marine Fisheries Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atlantic States Marine Fisheries Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Atlantic States Marine Fisheries Commission in a separate letter dated September 20, 2006.

This report is intended solely for the information and use of Management, the Commissioners, the Department of Commerce, the Department of the Interior, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chacon & Wilson, P.C.

September 20, 2006

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ATLANTIC STATES MARINE FISHERIES COMMISSION
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Executive Committee
Atlantic States Marine Fisheries Commission
Washington, DC

Compliance

We have audited the compliance of Atlantic States Marine Fisheries Commission with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2005. Atlantic States Marine Fisheries Commission's major federal program is identified in the summary of auditors' results in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Atlantic States Marine Fisheries Commission's management. Our responsibility is to express an opinion on Atlantic States Marine Fisheries Commission's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Atlantic States Marine Fisheries Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination on Atlantic States Marine Fisheries Commission's compliance with those requirements.

In our opinion, Atlantic States Marine Fisheries Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2005.

Internal Control Over Compliance

The management of Atlantic States Marine Fisheries Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered Atlantic States Marine Fisheries Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

ATLANTIC STATES MARINE FISHERIES COMMISSION

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Management, the Commissioners, the Department of Commerce, the Department of the Interior, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chasman & White, P.C.

September 20, 2006

COMMISSION STAFF



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We would like to acknowledge the following people and agencies for the use of their photographs in this publication.

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Cape Hatteras Lighthouse, Captain Albert E. Theberge, NOAA Corps (ret.),
NOAA/Dept. of Commerce

Menhaden Purse Seining, John Surrick, Chesapeake Bay Foundation

Boy Fishing, North Carolina Dept. of Environment and Natural Resources

Page 7:

Commercial Dock, North Carolina Division of Marine Fisheries

Page 17:

Menhaden Purse Seining, John Surrick, Chesapeake Bay Foundation

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Mark Terceiro, NMFS Northeast Fisheries Science Center

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Spud Woodward, Georgia Coastal Resources Division

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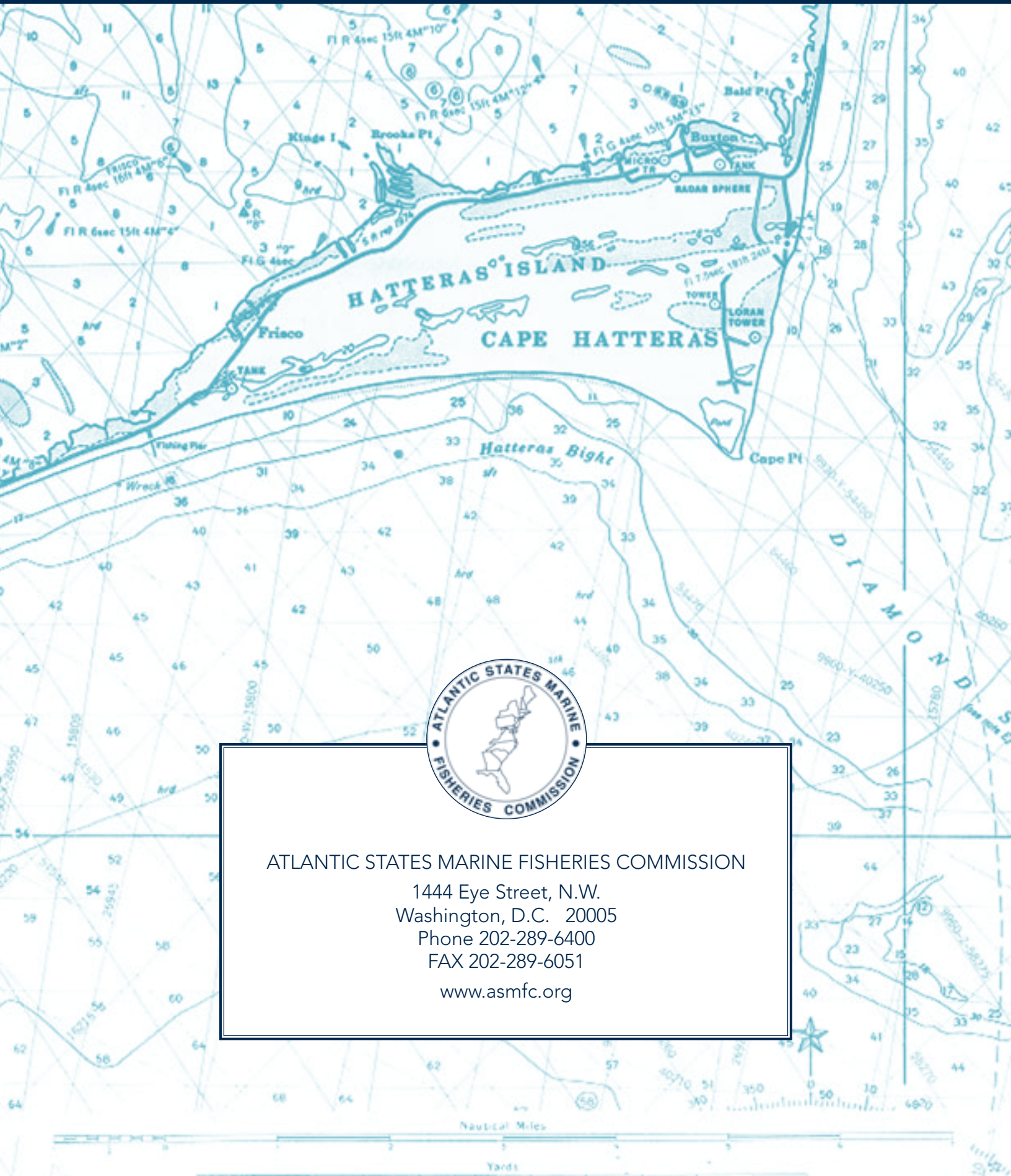
NMFS Northeast Regional Office

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OAR/National Undersea Research Program (NURP)



HEALTHY, SELF-SUSTAINING FISH POPULATIONS FOR ALL ATLANTIC COAST FISH SPECIES OR SUCCESSFUL RESTORATION WELL IN PROGRESS BY THE YEAR 2015



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