

December 17, 2019

Northwest Atlantic Marine Alliance
222 Main Street
Gloucester, MA 01930



Mr. Michael Pentony
Regional Administrator
Greater Atlantic Regional Fisheries Office
NOAA Fisheries Service
55 Great Republic Dr.
Gloucester, MA 01930

Dear Mr. Pentony:

We are writing to express our strong objection to the potential sale of Carlos “Codfather” Rafael’s groundfish vessels and their associated permits to Blue Harvest Fisheries.

If NOAA approves this deal, the implications for the fishing industry will be disastrous and unprecedented. Carlos Rafael would profit from his crimes while sitting in jail, and a hedge fund whose parent company is owned by a German-Dutch family would control the groundfish fishery in the Northeast. This would be contrary to NOAA’s own advice that, to prevent the rise of future Codfathers, no single entity should own too many permits. Independent fishermen who make a living catching groundfish, understand the ecosystem, and have a strong incentive to be stewards of the ocean will have very little chance of acquiring groundfish quota if NOAA approves this deal. Instead, they will be faced with only two bleak options: pay exorbitant prices to lease fishing quota like sharecroppers from yet another vertically integrated company or be pushed out of the industry.

The Northwest Atlantic Marine Alliance (NAMA) and hundreds of fishermen in our network strongly opposed the shift to a catch share system, consistently warning that it would create an opening for outside investors to take over the industry. Four years ago, a billion-dollar hedge fund company called Bregal Partners saw the opportunity and formed Blue Harvest Fisheries, a wholly-owned subsidiary. Blue Harvest prides itself on being a vertically integrated seafood company, and has since been steadily growing its portfolio of scallop and groundfish fishing fleets in addition to seafood processing and distribution facilities. [As we specifically warned](#), Blue Harvest is now positioning itself to snatch up a large portion of Carlos Rafael’s assets.

Ironically, NOAA’s Office of Law Enforcement (OLE) made a set of enforcement recommendations for the Northeast Groundfish Sector in a [June 2019 report](#) that included the following recommendation:

Implement a multi-species permit ownership cap restricting the number of permits one person and/or corporation can hold. This will restrict one entity from becoming too large of a player in the industry. Rafael was able to do what he did because he was vertically integrated and owned a large fleet of vessels and a federally permitted dealership to launder the misreported fish.

According to [Undercurrent News](#), in a recent New England Fishery Management Council meeting, NOAA enforcement agent, Troy Audyatis, suggested that “additional restrictions on vertical integration” would help to prevent cases of seafood fraud like the one orchestrated by the Carlos Rafael. He stated that “[t]his is not a slam against vertically integrated companies, but Carlos was able to do what he did because he owned the boats and he owned the business. It’s the simple truth.” Federal prosecutors said that the Codfather was able to pull off the fraud, until undercover agents intervened, because his dealer reports matched the false catch reports.

In light of its own recommendations, it would be outrageous for NOAA to approve the sale of Carlos Rafael’s groundfish fleet to a vertically integrated business that already controls 3-5% of the total groundfish quota in New England and is owned by a hedge fund with foreign ties.

For all of the above reasons, we are urging NOAA to reject the sale of Carlos Rafael’s groundfish fleet to Blue Harvest Fisheries, a deal that is clearly against the best interests of the public and our fisheries.

If you have any questions or would like to discuss these comments, feel free to contact me at rosanna@namanet.org.

Sincerely,

Rosanna Marie Neil
Policy Counsel at Northwest Atlantic Marine Alliance