



Alaska Fisheries Development Foundation, Inc.

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AFDF SETTLES CLAIM WITH THE GOVERNMENT,  
LAUNCHES NEW FISHERIES DEVELOPMENT PROJECTS

ANCHORAGE, ALASKA -- A 2½-year battle that threatened to cripple Alaska's largest fisheries development program ended this summer when Alaska Fisheries Development Foundation settled a \$929,332 audit debt claim by the U.S. Dept. of Commerce Inspector General for \$6,809--less than 1% of the original claim.

The dispute arose when the Inspector General (IG) audited the Saltonstall-Kennedy nationwide industry grants program, and targeted many of its grant recipients for major claims. The IG and NOAA (the National Oceanic and Atmospheric Administration, which administers S-K grants) claimed \$929,332 from AFDF, citing reporting and expenditure practices that did not adhere to current federal requirements. Their claim centered on a portion of the Foundation's Surimi Industry Development Project, according to AFDF executive director Mel Monsen.

"In our responses to the audit, we demonstrated that the Foundation had fulfilled the grant requirements that were in our cooperative agreements at the time," Monsen said. "We gave the auditors a stack of further documentation that stood 11 inches deep. I think we proved our point, particularly since the IG had absolutely no argument with the success of the project itself. AFDF's surimi project was one of the most successful fisheries development projects in the history of the S-K program."

AFDF paid the \$6,809 settlement in June, after the IG and NOAA conceded all but 0.73% of their original claim.

"We still contested the \$6,809, but our board of directors felt it wasn't cost effective to continue the battle," Monsen said.

With the settlement, NOAA released \$1.1 million in 1990 grant money that had been awarded to AFDF in October 1989 but was suspended pending resolution of the audit claim. In the interim, the Foundation had been administering federally-funded development projects with its own private funds provided by the seafood industry. AFDF spent more than \$196,000 in private funds during the delay.

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"Our board's willingness to use private money to run federal projects demonstrates their commitment to keeping fisheries development projects on track in Alaska," Monsen said. "Unfortunately, the audit debate did delay the start of new projects by at least seven months, stalling the production of information that could be key to the future of a large portion of our seafood industry."

The Foundation in August finally launched three major fisheries development projects. They include a \$589,800 project to continue improving efficiency of mechanical flatfish processing; \$369,700 to assist the industry in reducing processing waste, increasing recoveries and developing marketable feeds and proteins from recovered fish materials; and a \$230,850 project to improve parasite detection and enhance mince processing efficiency.

"We're just glad the conflict is settled," Monsen said. "The IG audits have nearly put two fisheries development foundations out of business--they just couldn't keep operating and fight the IG, too. I'm glad to say that, because of the Alaska industry's commitment, that didn't happen here."

The Saltonstall-Kennedy program converts one-third of the annual import tariffs on seafood and marine products into funds for fisheries research and development. Of that amount, a fraction is distributed nationwide as grants to fisheries development foundations and other organizations to conduct industry-directed fisheries development projects.

Alaska Fisheries Development Foundation is a non-profit company run by a 13-member board of harvesters, processors and support industry representatives. It was started in 1978 to help U.S. seafood companies develop new methods and technologies to harvest and process under-used fish in waters off Alaska. Its S-K grants are administered through National Marine Fisheries Service.