

**ALASKA PUBLIC OFFICES COMMISSION
2221 E. NORTHERN LIGHTS, ROOM 128
ANCHORAGE, ALASKA 99508-4149
(907) 276-4176 FAX (907) 276-7018**

Complaint

XX AS 39.50 Public Official Financial Disclosure Law
XX AS 24.60.200 Legislative Financial Disclosure Law

<i>Office Use Only</i>
Case Number:

<p>1. Complainant <i>(your name):</i></p> <p>The Republican Moderate Party of Alaska.</p>	<p>1a. Telephone No.:</p> <p>Voice No.: 907-344-4514 Fax No.: 907-349-1735</p>
<p>1b. Address <i>(street, city, state, and ZIP code):</i></p> <p>P.O. Box 233809, Anchorage AK 99523</p>	<p>1c. Representative <i>(if represented) (include address and telephone nos.):</i></p> <p>Ray Metcalfe, Party Chairman</p>
<p>2. Respondent <i>(person, group, or entity believed to have violated the law):</i></p> <p>State Senator Ben Stevens</p>	<p>2a. Telephone No.:</p> <p>Voice 269-0200 Fax No.: 269-0204</p>
<p>2b. Address <i>(street, city, state, and ZIP code):</i></p> <p>716 West 4th, Suite 200 Anchorage, Alaska 99501</p>	<p>2c. Representative <i>(if represented) (include address and telephone nos.):</i></p>

<p>3. Sections of law or regulation violated: Sec. 24.60.200 and Sec. 11.56.110 AS 39.50.030 (4), AS 39.50.100, AS 39.50.200(b), AS 39.50.030.24 subsection .030(a),</p>
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4. Description of violation (include the source of your information; attach additional pages, if needed):

See Attached:

5. All available documentation concerning the alleged violations was received from, and remains in the possession of The Alaska Public Office Commission.

6. Yes, I do request expedited consideration.

7. I declare that I have read the above statements and that the statements are true to the best of my knowledge and belief.

By

(Signature)

(Title)

(Date)

8. See attached certificate of service confirming service by telecopier.

Subscribed and sworn to or affirmed before me at:

_____ on _____

_____ Signature _____

_____ Title

Description of violation (include the source of your information; attach additional pages, if needed):

COMPLAINT AND REQUEST FOR ENFORCEMENT

This complaint is a new complaint based on substantial and significant new information not available to the complainant at the time of the previous complaint filed July 14, 2005. Although some of the same questions are raised here again, the corroborating evidence of impropriety in previous accusations has increased substantially. Consequently, it would be inappropriate to include all of the evidence of newly discovered impropriety contained herein in an appeal without first giving APOC Staff the opportunity to respond to the new information below.

Alaska Statute 39.50.030(a) requires candidates for elected office to file disclosure statements containing an "accurate representation" of their financial affairs. State Senate candidate Ben Stevens filed a Legislative Financial Disclosure Statement that failed to disclose his chairmanship of a non-profit and failed to disclose several actual and prospective financial interests.

In a previous ruling, the Commission ruled that Senator Tom Wagoner had failed to report his position as an officer of a non-profit homeowners' association. APOC ruled that, because Wagoner had reported his ownership of a condominium within the complex represented by the condominium association in question and because he had cooperated fully with APOC staff, clearly, his omission was "inadvertent," and consequently, APOC Commissioners elected to reduce Wagoner's fine from \$1,740, to \$150.

Ben Stevens omitted his position as Chairman of the Alaska Fisheries Marketing Board, (AFMB) a non-profit corporation. He also omitted the fact that his control of the board is enhanced by the fact that the vice chairman of AFMB, Trevor McCabe, is his associate and/or business partner in other ventures and was formerly an aide, who specialized in commercial fishing issues, in Ben's fathers Washington DC office. (See exhibit A, attached)

APOC's forms and previous APOC rulings make clear that legislators are required to list profit and nonprofit boards on which they serve. Ben Stevens has demonstrated by his previous reports of non-profit board memberships, that he is and was well aware of his obligation to report his memberships on nonprofit boards, such as AFMB, to APOC.

Ben Stevens was appointed to the AFMB board in late 2003 and elected by the AFMB Board as its Chairman in November of 2003. Ben Stevens' omission was far from inadvertent or inconsequential. Ben Stevens has effectively been placed in charge of \$29 million of federally appropriated funds and the board he chairs is authorized to distribute said funds to his clients and former clients. Two or more of Ben's clients and/or former clients to which AFMB was sending funds to, were or are in turn sending some of their income back to Ben Stevens in the form of "consulting fees" through the North Pacific Crab Association. (See Exhibit A & K & Ben's disclosure) In Trident Seafood's case,

Trident makes payments to North Pacific Crab Association and North Pacific Crab Association makes payments to Ben Stevens. Such relationships are precisely the kinds of relationships APOC's reporting requirements were intended to expose.

According to Ben Stevens' Legislative Financial Disclosure Statements, The North Pacific Crab Association has paid Ben Stevens more than \$128,000 over the past three years. Undisclosed during that same period of time, Ben Stevens, through his undisclosed chairmanship of the AFMB board, with the cooperation of his business partner as AFMB's vice chairman, handed several million dollars to North Pacific Crab Association's member Trident Seafoods. (See Exhibit A, B & C attached)

During 2001 and 2002, with Trident Seafoods as a member and Ben Stevens' business partner Trevor McCabe as its president, the At-Sea Processors Association paid Ben Stevens \$54,000. (See Ben Stevens' disclosure and Exhibit E & M Attached) Trident Seafoods, during, or somewhere near this same time, was also paying both Ben Stevens and Trevor McCabe, Ben's lobbying associate, as a lobbyist (See Exhibit E, F & L Attached)

The Ben Stevens chaired board also disbursed large sums of federal money to Icicle Seafoods. (See Exhibit A)

It was Icicle Seafoods who in December of 2001, bought 50% of Adak Fisheries LLC and provided the necessary capital for Adak Fisheries LLC to bring current its lease payments to the Aleut Enterprise Corp. Six months later, it was Icicle Seafoods who also signed the now infamous "secret contract" granting Ben Stevens his second "secret option" to purchase a 25% interest in Adak Fisheries LLC. (See Exhibit G & H) Note that his first secret option agreement was granted in 2000. (See Exhibit I)

Simultaneous with Icicle's financial injections into Adak Fisheries LLC and signing Ben Stevens' secret option agreement, not only was Adak Fisheries LLC able to bring Adak Fisheries lease payments current, Adak Fisheries LLC was also enabled to increase Ben Stevens' "consulting fees" from \$15,000 per year to \$80,000 per year. (See Exhibit G, H, and Ben Stevens Disclosure) One year later, AFMB, the Ben Stevens directed board, began distributing large sums of federally appropriated dollars back to Icicle Seafoods.

It is highly doubtful that \$29 million, or the obvious conflict, simply slipped Ben Stevens' mind. More likely, it appeared so much like a kickback scheme that Ben Stevens elected to take the risk of not reporting his chairmanship of AFMB with hopes that no one would notice the above connections or dare report it if they did.

It appears that Ben Stevens deliberately concealed information that he was obligated to disclose and thereby clearly failed to meet the standard of "substantial compliance" with his obligation to provide the public with an "accurate representation" of his finances. ("Substantial compliance" is the standard adopted by the Alaska Supreme Court in *Grimm v. Wagoner*, 77 P3d 423)

Furthermore, Stevens knowingly refused to cooperate with an Oct. 7 request from APOC, to amend his APOC report covering 2003. Arguing that the Fisheries Marketing Board "was not a recognized or organized corporation in the state of Alaska in 2003," Ben made this argument even though in his disclosure to the Legislature earlier this year, he said his service on the marketing board began in September of 2003. (See Exhibit D)

- AS 39.50.060. Penalty For Willful Violation of Disclosure Requirements.

(a) A person required to file a report of financial or business interests under this chapter who refuses or knowingly fails to disclose required information within the time required in this chapter, or who provides false or misleading information, knowing it to be false or misleading, is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than \$100 nor more than \$1,000, or by imprisonment for a period of not more than six months, or by both.

Sec. 39.50.030. Contents of statements.

(a) Each statement must be an accurate representation of the financial affairs of the public official or candidate ion is punishable by a fine of not less than \$100 nor more than \$1,000, or by imprisonment for a period of not more than six months, or by both.

(b) Any person failing or refusing to comply with the requirements of this chapter, in addition to the penalties prescribed, shall forfeit nomination to office and may not be seated or installed in office if the person has not complied.

Sec. 39.50.030. Contents of statements. (4) reads: "The identity and nature of each interest in real property, including an option to buy, owned at any time during the preceding calendar year by the person."

Ben Stevens, through his option to purchase, had an option to buy an undivided 25% of a 30-year leasehold interest in a multimillion dollar improved real property; most likely all of the remaining useful life of the improvements. Ben Stevens' option began in 2000, and was reaffirmed in July of 2002. (See Exhibit G & I) Clearly, it was not inadvertent forgetfulness that caused Ben Stevens' to fail to report that he had an obligation to disclose his option to purchase publicly because he raises the issue of his obligation within his option to purchase in a paragraph labeled Confidentiality. Clearly, Ben Stevens failed to meet his statutory obligation set forth in AS 39.50.030 (4).

As demonstrated by the extent to which the media has determined it necessary to go, to attempt to provide the public with an "accurate representation" of Ben Stevens' financial affairs, it is clear beyond question that Ben Stevens' financial disclosures, prior to his election and throughout the duration of his term in office, were all willfully far short of the "substantial compliance" standard adopted by the Alaska Supreme Court in Grimm v. Wagoner, 77 P3d 423.

Ben Stevens' omissions from his reporting obligations were neither trivial nor inconsequential. To the contrary, Ben Stevens' omissions were willful, fraudulent and filed with intent to obscure the facts and deceive the public. The entirety of Ben Stevens'

Legislative Financial Disclosure Statements, from his first in September of 2001, to his last in March of 2005, each meet one or more of the deficiencies defined in Grimm v. Wagoner, defining the level of incompleteness a Complainant must demonstrate to seek a post-election enforcement action under AS 39.50.100.

AS 39.50.060(b) requires a chronic and willful abuser of the process to forfeit the election. I therefore ask the Alaska Public Offices Commission to conduct a thorough investigation of the allegations contained herein.

Remedies and points of law:

AS 39.50.060(b) requires that:

- Any person failing or refusing to comply with the requirements of this chapter, in addition to the penalties prescribed, shall forfeit nomination to office and may not be seated or installed in office if the person has not complied. Nominated, hired, or appointed officials, commissioners, chairs, or members of commissions or boards specified in AS 39.50.200(b) may not be confirmed by the legislature if compliance has not been made. In the case of elected officials, the lieutenant governor, or other certifying authority, may not certify a person's nomination for office or the person's election to office if compliance was not made within the time required. The nomination to office or election to office shall be certified to the highest vote getter for that nomination for that office or election to that office who has complied within the times required and who shall be declared nominated or elected. For purposes of this subsection, a person is considered to have complied within the time required if the person complies within 30 days after the due date established by this chapter.

In the event that APOC should determine that Ben Stevens' omissions from his Legislative Financial Disclosure Statements resulted in either incomplete, fraudulently deficient reports, or should APOC conclude that Ben Stevens simply failed to meet the standard of "substantial compliance" adopted in Grimm v Wagoner, it is then APOC's obligation to rescind its acceptance of Ben Stevens' Legislative Financial Disclosure Statements as "complete or sufficient."

To do otherwise would effectively establish a policy that enables any one who can successfully conceal their fraud beyond the day the Division of Elections certifies their election can also successfully evade the anti-corruption intentions of our election laws.

If Ben Stevens' disclosure acceptance is rescinded, it is then APOC's obligation to give notice to the Lieutenant Governor that the certification of Ben Stevens' Election was based on information that failed to meet the standard of "substantial compliance" and the certification of Ben Stevens Election was therefore fraudulently obtained and should therefore must be reversed.

Ben Stevens should be ordered to forfeit his election because Complainant's claims were not filed with APOC until after APOC had recognized Ben Stevens' disclosure as

complete. Based on incomplete information, APOC incorrectly advised the Lieutenant Governor and the Division of Elections, that Ben Stevens' filings were adequate, before discovering that Ben Stevens' Legislative Financial Disclosure Statement failed to meet the standard of "substantial compliance" adopted in Grimm v Wagoner.

Should such a determination be made, it is then APOC's obligation to rescind its acceptance of Ben Stevens' Legislative Financial Disclosure Statements as complete or sufficient. The Lieutenant Governor and the Division of Elections relied on APOC's incorrect representations and consequently certified Ben Stevens' election based on information that has since been proven erroneous. The certification of his election therefore must be revoked.

In the matter of APOC staff's acceptance of "Consulting Fees" as an adequate description of compensation received in exchange for services rendered.

Ben Stevens has reported the receipt of one million six hundred eighty thousand two hundred ninety-seven dollars of which one million three hundred fifty-four thousand and forty-five dollars were paid to him following his appointment to the Alaska State Senate by an assortment of ten persons, groups or corporations who he defines as clients. These clients paid him for services he fails to define beyond "consulting fees" in his "Legislative Financial Disclosure Statement."

Kjetil Solberg, the owner of Adak Fisheries, the largest single payer of Ben Stevens' "consulting fees" has, through his own words, under oath, made it quite clear that he was paying Ben Stevens for the political influence Ben was able to deliver.

When Solberg, Ben Stevens' Partner in Adak Fisheries LLC, was asked what he had paid Ben Stevens to do and whether or not he still needed Ben's services, Solberg said:

- "Ben Stevens' work for the company, for which the option was a partial reward, may be done. I don't think there is a need for Ben to be an owner any more, because the reason why we wanted to set it up that way was so we secure the fish to come to the beach," Solberg said. "But now we have all the security through my 100 percent ownership so our **political mission**" is fulfilled."

When Kjetil Solberg was asked if that "political mission" included getting pollock from Congress, Solberg said:

- "No – he was talking about cod and crab, and getting more fish from state waters through the state Board of Fish. "Adak is built on the back of cod, not the Pollock." (See exhibit N)

Kjetil Solberg's answer leaves no question that he believed he was paying Ben Stevens for his political influence.

When under oath before Superior Court Judge Michael Rindner Kjetil Solberg's said "If we politically work together up here in Alaska we could secure our cod resource," Solberg told Superior Court Judge Michael Rindner, at times stumbling a bit in his adopted language. "If we can sit together, have Mr. Tillion, have Mr. (Ben) Stevens, and have the Aleuts and myself work together, we can secure that by maybe implement the state Board of Fisheries on an emergency basis -- Mr. (Ben) Stevens for us is very crucial in this process. If we cannot do that, if we don't work together, I believe that out-of-state harvesters will profit and we will lose."

As President of the State Senate, Ben Stevens has funding control and legislative oversight over the State Board of Fisheries and, according to Kjetil Solberg's statement above, Ben Stevens was paid \$320,000 to influence the decisions of the State Board of Fisheries.

On August 19, 2005, APOC staff issued an opinion that Ben Stevens' was not required to provide any description of his payments for services rendered beyond "consulting fees."

As is obvious from the all the above information, had Ben Stevens been required to explain his "consulting fees," to APOC, much of what now appears may have been a series of criminal kickback schemes and felony influence peddling would have come to light years earlier.

As demonstrated by the extent to which the media has determined it necessary to go, to attempt to provide the public with an "accurate representation" of Ben Stevens' financial affairs, and the number of times the media has ask Ben Stevens to answer the question "What did you do for the consulting fees?" it is clear beyond question that the term "consulting fees" falls far short of satisfying the requirements of AS 39.50.030.24 subsection .030(a) which requires disclosure statements to "be an accurate representation of the financial affairs of the public official or candidate."

To allow such a standard would eviscerate any further purpose for APOC's existence. Honest ethical politicians would abstain from such practices and soon be squeezed out of the political arena by far better financed willing peddlers of influence. The worst that society has to offer will be dredged from the bottom and elevated to positions of power through easily cloaked conspiracies with persons willing to pay "consulting fees" to anyone willing to do their bidding.

APOC's future thereafter would be little more than a vehicle to provide cover for their corruption and Alaska's state government would become one of the most corrupt states governments in the nation.

APOC staff's August 19, 2005, opinion stating that the term "consulting fees" is an adequate definition of payments received for services rendered, was issued in response to a complaint that focused primarily on VECO's payments to Ben Stevens of approximately \$50,000 per year.

Unlike Ben Stevens' relationship with the fishing industry, those seeking information about Ben Stevens relationship with the oil industry have not had the advantage of an ongoing

related lawsuit from which to glean information. The questions surrounding Ben Stevens' payments from VECO have gone unanswered in spite of repeated inquiries from news reporters in the television radio and print media.

However, the proof of payment demonstrated by Ben Stevens' disclosure of having received "consulting fees" from VECO also equals proof of either a verbal or written contract to represent the interests of VECO.

VECO's interests were well documented in 1999, when VECO led the organization of a \$350,000 campaign seeking voter permission to redirect Permanent Fund Dividends to capital projects. The voter response to the VECO led effort was a resounding 83% "NO."

Since the 1999 vote, VECO has paid \$400,000 to six lobbyists and \$195,000 to Ben Stevens in relentless pursuit of their objective of finding ways to fund government from Permanent Fund earnings. Overcoming the political resistance to spending Permanent Fund earnings for government needs other than dividends would have the political effect of reducing political pressure to demand world market value for Alaska's oil.

For a seated member of the Alaska State Legislature to contract with a private person, to accept payment in exchange for the use of his or her influence in the Alaska State Legislature, is a crime in the State of Alaska.

Reporters have repeatedly asked Ben Stevens define or demonstrate what kind of work he has performed in exchange for the payments he received from VECO. Thus far, Ben Stevens has been either unwilling or unable to define or demonstrate any work product that would pass legal scrutiny that he has produced in exchange for the payments he has received from VECO.

Ben Stevens has repeatedly argued that his employment with VECO prior to his appointment to the Alaska State Senate somehow excuses his continued employment with VECO. Prior to Ben's appointment to the State Senate, Ben's payments from VECO were in exchange for his services as a lobbyist. (See Exhibit J) If no new job description exists and no work product other than the continuation of advocating VECO's political agenda exists, then the only remaining possible purpose for VECO to continue to pay Ben is for his continued services as a lobbyist. For a member of the Alaska State Senate to lobby the Alaska State Legislature on behalf of a paying client is a felony.

Over the past year, on one or more occasions, VECO has called upon Ben Stevens to host fundraisers organized by VECO and held at the Anchorage Petroleum Club. Said fundraisers were for the purpose of advancing VECO's influence with the Republican Majority.

VECO's objectives have not changed since the 1999 vote. (See Exhibits O & P)

In pursuit of VECO's objectives, Ben Stevens took the politically risky step of attempting to pierce the political barrier of "raiding the Permanent Fund" a political feat commonly believed among most Alaskan politicians, to be political suicide.

In my previous complaint, APOC staff did not respond to the question regarding the one hundred seventy-six thousand five hundred dollars of the one million six hundred eighty thousand two hundred ninety-seven dollars that had been paid to Ben Stevens by "Stevens and Associates," a company wholly owned by Ben Stevens his wife Elizabeth Stevens. In disclosing his income from "Stevens and Associates," Ben Stevens not only fails to define his services beyond "Consulting fees," he also fails to name the client who paid "Stevens and Associates."

Contracting to advocate the position of two clients on matters of each client's mutually shared but conflicting interest is generally considered fraudulent and corrupt. Due to the conflicting interests of the State of Alaska and the Oil Industry, it is not possible for a consultant to simultaneously advocate the goals of the Oil Industry and the State of Alaska at the same time. By necessity, one of any two such promises has to have been made in bad faith.

The public must know whether or not legitimate work was performed for Ben Stevens' above named clients. The public has a right to ask for and receive sufficient details to discern if that work was within the scope of Ben Stevens' professional qualifications.

Given the gravity of any apparent impropriety, it is imperative that the Alaska Public Office Commission insist on more than a personal opinion from Senator Stevens describing what he wishes others to believe he has done for his pay. I ask APOC to apply the standard used by Alaska's Court system, defined in Court Rule 82 of Alaska's Rules of Civil Procedure. Ben Stevens should be required to provide evidence of a work product and evidence corresponding hourly billing. Given the delay in reporting, Ben Stevens work product should be subjected to the standard of an IRS compliance audit in which the paying party is required to provide evidence of billing hours and work product received and approval for payment, supported by affidavits of persons employed by the payers of the consulting fees at the time they were paid.

In the event that demonstrable billing hours and work products evidence prove insufficient to reasonably warrant the payments received, I am requesting APOC forward this complaint, and any concerns and observations APOC may have, to the Alaska Attorney General's Office of Special Prosecutions along with a request that they investigate to determine whether or not Senator Ben Stevens has violated Alaska Criminal Law (Sec. 11.56.110) regarding bribery for a political purpose. That statute reads: "A public servant commits the crime of receiving a bribe if the public servant solicits a benefit with the intent that the public servant's vote, opinion, judgment, action, decision, or exercise of discretion as a public servant will be influenced. Receiving a bribe is a class B felony."

I respectfully appreciate your serious consideration and attention in the above matter.

CC: Assistant Attorney General Clyde E. Sniffen in the Attorney General's Office of Special Prosecutions, 1041 West 4th Avenue, Suite 200, Anchorage, Alaska, 99501-5903.
CC: Anu K. Mittal, Wash DC, US Government Accountability Office MittalA@GAO.gov
CC: Forman of the Grand Jury, C/O the Clerk of the Court 303k Street Anchorage AK

Exhibit A

Salmon jet lures fund questions -

MARKETING: How has \$29 million in federal money been spent so far?

Anchorage Daily News (AK)

October 6, 2005

Author: LIZ RUSKIN

Anchorage Daily News

Staff

Estimated printed pages: 5

The Alaska Fisheries Marketing Board, created by U.S. Sen. Ted Stevens in 2003, made a big splash this week with a high-profile project: a \$500,000 grant to Alaska Airlines, mostly to paint a giant king salmon on one of its jetliners.

But what else the marketing board has bought with the \$29 million in federal funds it has received isn't so clear.

The law that created the board says AFMB must submit an annual report detailing its expenditures to the secretary of commerce. But the board's executive director, Bill Hines, said he is not allowed to release the report to the public.

"A lot of that information is confidential and proprietary," he said.

The board's chairman is state Sen. Ben Stevens, R-Anchorage, who did not return telephone calls Wednesday.

His father, U.S. Sen. Ted Stevens, created the board in a 2003 appropriations bill, saying he wanted to help Alaska seafood compete against imported farm-raised stocks. The state's commercial salmon industry was in crisis, with a value that had plunged 73 percent in a decade. The board was one of several initiatives aimed at reviving the industry.

Sen. John McCain, a regular critic of special funding programs Ted Stevens establishes for Alaska, took a shot at the marketing board when it was up for its second \$10 million appropriation.

"Is there something wrong with these fish that warrants such an expensive program to convince us to eat them?" the Arizona Republican asked during debate last year.

The board's structure, as Stevens established it in federal law, is unusual. The board is an independent nonprofit, and its members are appointed by the commerce secretary. Hines, the director, remains an employee of the National Oceanic and Atmospheric Administration.

The board's money – about \$10 million a year – comes from something called the Saltonstall-Kennedy Fund. The fund is derived from duties on imported fish and awards grants to develop American fisheries.

The Alaska Fisheries Marketing Board hasn't produced an annual report for public review, Hines said. It also has no official Web site, he said. Some of its meetings have been open to the public, he said, but the locations and meeting times aren't advertised.

Hines did, however, provide a PowerPoint presentation that gave a general accounting of the board's budget. The bulk of the money, \$12 million, has gone to salmon processors, and more than half of that has gone to the processing titans: Ocean Beauty, Peter Pan, Icicle, Trident.

Hines said the board took a new “performance-based” approach with salmon marketing. Rather than award grants based on merit of individual proposals, the board offered grants based on the amount of salmon each processor had bought.

“It’s all based on the amount of fish purchased, so the more you purchase, the more you get,” he said.

The grants, though, do come with restrictions.

“They have to submit a proposal for how they would spend that money, and that proposal has to do with marketing,” Hines said.

Grantees have to file reports, which the board scrutinizes, he said. Information provided to the board is often sensitive, he said, because companies wouldn’t want competitors to know their plans.

The PowerPoint slides also show the board gave \$4.5 million to the Alaska Seafood Marketing Institute, a state-chartered organization created in 1981, \$3 million to a group that promotes Alaska

pollock, and \$1 million to promote herring in Japan. It also gave out numerous smaller grants. Some of the grants, such as the money to promote a branding initiative called Genuine Alaska Pollock Producers or the Japanese herring campaign, have received attention in Alaska fishing circles.

Hines was willing to discuss how some of the companies proposed to spend their grants but said the full accounting was in the report he could not release.

“I am not allowed to just release that report,” he said. “That’s what I was told (when) I talked to folks in D.C.”

He didn’t want to be more specific about where the instruction came from.

“I don’t think that’s important,” he said.

He also said that the report didn’t belong to the board because he had filed the original, as required by law, with the Department of Commerce.

The Daily News has filed a formal request for the report from the Commerce Department and is awaiting a response.

Mark Vinsel, executive director of the United Fishermen of Alaska, said he’d like to be able to tell his members of the grants available through the marketing board.

“I’ve been looking forward to them having a Web site,” he said. “Without a Web site, I haven’t been able to regularly communicate to UFA’s 1,300-member e-mail list in the way we have with (other grant programs).”

Actually, the AFMB does have a Web site, although it’s still under construction.

The site alaskafisheriesboard.org contains information about the organization.

“It’s not an official Web site. It should not be launched,” Hines said when asked about it Tuesday. On Wednesday, the site was carrying a red disclaimer saying it was under construction and that “none of the information contained herein has been approved as official content.”

The site listed the agency’s 11-member board of directors and gave a partial breakdown of entities that received grants and for how much, although it doesn’t say what the grants were for. The AFMB board includes representatives of seafood companies, fisheries groups, Carrs/Safeway, Lynden Transport and former Ted Stevens aide Trevor McCabe, who is a business partner with Ben Stevens.

The official location of the agency’s office was also unclear. The bylaws on the unapproved Web site say the principal office is in Juneau, where Hines said he lives. Hines, though, said that the office is actually in downtown Anchorage and that the board pays for an apartment for him to stay in there. His business phone is his cell phone, he said, although the organization does have a phone in the Anchorage office.

He declined to disclose his salary, which is paid through the Department of Commerce. Hines said his board members do not receive salaries but are paid \$500 per meeting, in addition to per-day expenses.

Ben Stevens, the board chairman, did not list his AFMB membership on his Alaska Public Offices Commission financial disclosure forms for the past two years. The APOC form requires legislators to list profit and nonprofit boards on which they serve. Stevens did list his membership on other nonprofit boards. He was appointed to the AFMB board in late 2003.

A spokeswoman for Ted Stevens said he recommended his son and other members of the marketing board to the commerce secretary for appointment, but she said the senator made his recommendations from a list Gov. Frank Murkowski sent.

The Alaska Airlines promotion is getting national attention, not all of it positive.

Sen. Tom Coburn, R-Okla., told ABC News this week that the money was a waste.

"I don't think anybody's going to buy Alaskan seafood because they see a fish on the side of an airplane," he said in a segment broadcast Wednesday on "World News Tonight."

Keith Ashdown, spokesman for Taxpayers for Common Sense, acknowledged the plane has a lot of "wow" factor. He e-mailed news of the publicly funded paint job, saying "We couldn't make this up if we tried."

Hines said the salmon jet has been a big hit. He called it a "flying billboard."

"It's advertising," he said. "For four to six years, we're going to have that plane flying our message."

In fact, he said, he the message may outlive the board.

"In light of what's going on today, with (Hurricane) Katrina, with Rita and other problems, I'm not optimistic that we're going to get another appropriation this year," he said.

The board was created when the market for Alaska fish was terrible, and it's now much better, he said.

"We have fulfilled our mission," he said. "We have run our course."

Daily News reporter Wesley Loy contributed to this story. Reporter Liz Ruskin can be reached at lruskin@adn.com and Loy can be reached at wloy@adn.com.

Caption:

Sen. Ted Stevens

Caption:

Photo 1: ted stevens mug 11-03_100605.jpg

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Page: A1

Dateline: WASHINGTON

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Exhibit B

Web posted Monday, November 3, 2003

Company aims at Asian market with candy-flavored salmon strips

By Laine Welch

For the Journal

Imagine a tender strip of smoked chum salmon with almond butter toffee flavoring. That is one of the products reportedly being pushed by Washington Governor Gary Locke during a trade mission to China. According to the News Tribune, the World Trade Center Tacoma packed samples of Ocean Candy All Natural Wild Salmon for the governor's weeklong trip, hoping to impress Asian businessmen and make the jerky the next overseas sensation.

The concoction, which uses a secret formula created by Brown & Haley, Tacoma's premier candy maker, won a 2000 Best of Show medal at the International Seafood Show in San Francisco. Creator Jack Prince said the idea came to him a few years ago when his previous careers as an Alaska salmon fisherman and fish broker in Los Angeles, and a later career brokering candy in China, crossed paths in his mind. "Candy and fish are big in Japan and elsewhere in Asia," Prince said. "The idea I had was to swap out the brown sugar in the jerky recipe for natural candy flavoring."



Working with his partner Mike Swenson, the men last spring formed Frontier Custom Foods Inc., and found a jerky maker who could handle the 13-hour cooking process. They enlisted help from the World Trade Center Tacoma, which has contacts to help nurture export markets with federal financial backing. Prince and Swenson's goal is to produce 7,000 pounds a day, selling at a suggested retail price of about \$1.69 for a 2-ounce pack. "It's so good with a latte," Prince said. "I want to try getting it into Starbucks. A lot of people like that sweetness in the morning without all the carbs."

Other new seafood products making headlines at this year's West Coast Seafood Show at the Long Beach Convention Center included caviar made from seaweed, salmon sausage and pepperoni and fried shrimp laced with pineapple. A big trend of the show was serving sustainable, "ocean-friendly" seafood, according to media reports.

The seaweed caviar is regarded as an alternative to the prized but endangered sturgeon roe. Gary Jonka of Noble Food, Inc. began manufacturing the imitation fish eggs just a few months ago. He compared his product to Ossetra, a pricey Russian caviar generally considered only one step below the renowned Beluga brand. Jonka said he's marketing the product – a 4 ounce jar retails for about \$10 – to Trader Joe's, Whole Foods and Wild Oats.

Another product making a hit in more markets is salmon sausage and salmon pepperoni from Sea Products LLC of Kenai (the pepperoni can already be found at Whole Foods stores).

Robotic processing was also a popular draw at the Seafood Show. Large crowds watched the Vemag Robot 500 cut and shape food portions, then place them on a conveyor at an impressive pace. The Robot can form and cut crab cakes, for example, at a rate of about 130 portions a minute with a degree of accuracy of plus or minus 2 grams. Several distributors seeking to reduce expenditures on labor showed high interest in the Robot 500, said Jim Kerr, a salesman for Reiser, the Canton, Mass.-based company that makes the equipment.

Media covers crab