



## Startup well positioned given east coast lobster bait shortage



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As the lobster bait shortage on the US east coast continues to attract more attention -- recently prompting regulation changes in on the east coast -- a North Carolina-based synthetic bait startup is in a good position to fill the gap in bait supply.

Kepley Biosystems is responsible for developing OrganoBait, a hockey puck-shaped product that mimics the smell emitted by decaying forage fish, the traditional bait used to catch crab and lobster, but uses no animal byproducts.

Anthony Dellinger, president of Kepley Biosystems, said that the shortage of forage fish for bait has been a growing issue for a while, but has recently garnered more attention.

"Early in our work it was apparent that there have been and would continue to be a so called 'forage fish collapse,'" he told *Undercurrent News*. "The baitfish problems are not new, but it does seem to have been more noticeable in recent months and days."

Earlier this month, regulators in the state of Maine decided to [intervene](#) to mitigate the shortage of lobster bait, in response to low herring catches.

This comes just as the lobster season is nearing its peak, which prompted regulators to loosen fishing restrictions on herring, the most popular bait fish used by Maine lobstermen.

In late June, Marine Stewardship Council (MSC) auditors told lobster fishermen in Prince Edward Island (PEI), Canada, that they would need to [prove they were using less mackerel](#) as bait in order to retain its MSC certification.

PEI fishermen said that would be a challenge, given how popular the bait is.

Dellinger said that the company's business proposition "always included the eventuality of baitfish shortages", and gets calls from fishing communities with forage fish sourcing problems.

### **Funding still first priority**

The company's efforts are not widely known, however, as the federal funding the company gets covers research, but not outreach or marketing.

The company's top priority is to find private funding, Dellinger said, which will allow it to ramp up efforts to commercialize the product and make it better known.

For now the majority of the funding principally comes from the National Science Foundation (NSF), which is restricted to scientific research.

The company has already won multiple grants to further its research, and is now seeking \$1 million in outside investments -- which would be supplemented by an additional \$500,000 by the NSF matching program -- to aid its efforts to put the bait on the market.

"After we get the million dollars, then we'll have some money to begin some commercial activities, as well as improved manufacturing capabilities," said Terry Brady, one of the company's founders.

The company has two years to find the private funding, and for now is still working on researching and testing the product.

### **Expanding research**

Although the company's research continues to be focused on crustacean trapping, it plans to use a recently-added research vessel to branch out and begin initial research on bait for red snapper and grouper fish.

The research vessel, the company's first, will also be used to explore the potential for herding sharks away from highly populated areas.

Kepley will also be working for the first time with Canadian companies to test the synthetic bait there.

"We've identified several entities in Canada that are giving us our first opportunity to evaluate our product there.," Dellinger said.

Gidney Fisheries, which purchases lobster from more than 20 different fishing vessels in the Nova Scotia area, will work with the company to help conduct field tests in a few months.

"Their fishery accounts for a large amount of the Canadian sales of lobster as well as the North American landings, they're very interested in us and in an alternative solution."

"Ideally, we plan to send enough baits for at least 200 traps, but we are in the process of finalizing the exact numbers to evaluate in the upcoming October 2016 season," Dellinger said.



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