



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA

DEC 23 1993

CUSTOMS MEMORANDUM ORDER  
NUMBER 66-93

SUBJECT: **Rules and Regulations in the Operation of  
Block 159 MODEL SECURITY WAREHOUSE**

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**I. SCOPE:**

**A. TCCP Provision**

This Memorandum Order is being issued pursuant to Section 608 of the TCCP and to implement Section 2601-2612 of the TCCP.

**B. Applicability**

This Order shall be applicable only to all Model Security Warehouses (MSW) that may be established directly under the Office of the Commissioner.

**II. OBJECTIVES:**

1. To maximize the utilization of the warehouse for the custody, safekeeping and disposition of goods confiscated in favor of the government.
2. To ensure ZERO LOSSES/SPOILAGE of the seized and abandoned goods entered in the warehouse.
3. To dispose of seized and abandoned goods within the shortest time possible and at highest return to the Bureau.
4. To properly delineate responsibilities and to be able to establish accountability when the above objectives are not met.

**III. GENERAL STRATEGIES:**

**A. To Maximize Space Utilization**

1. ATI shall submit a weekly report on the space utilization of the warehouse showing in a diagram the spaces occupied and the percentage space utilization compared to the rated capacity;
2. There is hereby created a Utilization Committee composed of the following, which shall identify the articles to be stored in the MSW and ensure its full utilization:

Chairman... The Chief, Port Operations Service OCOM  
Members:

1. The Chief, Model Security Warehouses Office (MSWO)
2. The Chairman, Express Lane Committee per CMO 103-92
3. The Chief, PID-POM,
4. The Chief, ESS
5. The Chief, CIIS
6. The Chief of Operations, ATI
7. The EDP Supervisor, OCOM

The above officials shall nominate their respective alternates to attend the committee deliberations.

B. To Ensure Zero Losses/Spoilage

1. BOC and ATI shall jointly put up a computer system with the capability to generate the following reports/documents/information:

- (a) Joint Authority to Transfer and Cargo Receipt (Annex "A")
- (b) Inventory Report (Annex "B")
- (c) Notice of Sale (Annex "C")
- (d) Authority to Release/Gate Pass (Annex "D")
- (e) Inventory of Goods in the warehouse with their locations (Annex "E")
- (f) Revenue Generated for any given period broken down as follows (Annex "F"):
  - (f.1) Auction Sale
  - (f.2) Negotiated Sale
  - (f.3) Redemption or Settlement
  - (f.4) Additional Duties and Taxes (D/T)
- (g) Historical prices at which Goods are Sold for any Given Commodity (Annex "G")

2. Periodic Audit shall be undertaken by a committee hereby created composed of the following, which shall ascertain losses/spoilage and non-attainment of the objectives of this order:

Chairman... Chief, Internal Audit Staff, OCOM  
Members:

1. Chief, Revenue Accounting Division, Financial Service or his representative
2. Chief, Express Lane Committee or his representative
3. Chief, ESS or his representative
4. Chief, CIIS or his representative

3. The Chief, ESS, shall provide support security to the ATI Security Force in the warehouse for the purpose of undertaking Hourly Perimeter Security Check outside office hours, on weekends and on holidays.

4. The Chief, CIIS shall provide Covert/Discreet surveillance to detect illegal releases during regular office hours.
  5. The conduct of the detailed inventory of goods must be done in the presence of the official representatives of the apprehending unit and copies of the inventory report must be given to the unit, COA and OCOM.
- C. To generate maximum return in addition to existing orders and circulars in the conduct of auction sales, the following measures are hereby prescribed:
1. Immediately after the conduct of the inventory, the Chief, MSWO shall establish the floor prices of the goods following CMO 55-93. The units stated in B.5 above shall be furnished copies of the established floor prices.
  2. The Model Security Warehouse Office must have a marketing arm in its organization to immediately identify interested parties in the sales of the goods. The marketing unit must promote the sales of the confiscated goods as soon as it becomes evident that the goods will be confiscated in favor of the government.
  3. The organization must likewise have an administrative unit tasked with following up the case of the goods in the warehouse to ensure that all legal impediments to its sale are removed at the earliest possible time.

A report on shipments received at the Warehouse for which the cases remain unresolved 45 days from date of transfer must be submitted to the Commissioner of Customs Attn: Chief, Law Division POM so that proper action can be taken.

D. To Delineate Responsibility and Insure Accountability

There is hereby created a Model Security Warehouses Office (MSWO), Office of the Commissioner, headed by the Division Chief of the Auction and Cargo Disposal Monitoring Division, Port Operations Service. The overall task of this office is to establish systems and procedure that will best promote the objectives of this CMO. After the effectiveness of the system have been ably demonstrated in the Model Security Warehouses, it shall be the task of the MSWO to introduce the same to the other security warehouses in the Bureau for adoption.

**IV. OPERATIONAL PROVISIONS**

A. Transfer of Goods to the Model Security Warehouse

1. Authority. - Until further notice, the Commissioner of Customs shall direct the District Collector, POM to transfer the goods upon receipt of a recommendation from any of the following:

- a. The Deputy Commissioner for Intelligence and Enforcement Group
  - b. The Deputy Collector for Assessment, POM
  - c. The Chief, MSWO
  - d. The Chief, ESS
  - e. The Chief, CIIS
  - f. The Chairman, Express Lane Committee
  - g. The Operations Officer, ATI
2. Priority for Transfer. - In making the recommendation, the above officials must observe the following priorities in determining what should be stored at MSW:
- a. Apprehended shipments not allowable for redemption under CMO 87-92.
  - b. Apprehended shipments falling under the Express Lane pursuant to CMO 103-92
  - c. Expressly abandoned Goods
  - d. Abandoned Goods more than one year in port
3. Form for Transfer and Processing. - The officer concerned (IV-A-1) must forward to the Commissioner (Attention: The EDP Supervisor) a recommendation for the transfer showing that the shipment qualifies under IV-A-2 above. If the recommending officer is also the apprehending office, the apprehension report may be the one submitted with the recommendation.

The EDP Supervisor, if there is still available space in the warehouse, must prepare the Joint Authority to Transfer and Cargo Receipt (Annex "A") for signature of the Commissioner.

An approved Joint Authority to Transfer and Cargo Receipt must be distributed as follows:

- a. Original ... To District Collector
  - b. Duplicate 1 ... To Apprehending Officer
  - c. Duplicate 2 ... To Chief, MSWO
  - d. Duplicate 3 ... To ATI
4. Responsibility for Transfer. - It shall be the responsibility of the apprehending unit to have the shipment transferred to the warehouse. They shall make the necessary coordination with offices concerned for the transfer and take necessary security measure to ensure receipt of the goods at the warehouse.

For abandoned goods, the Office of the Deputy Collector for Operations shall have responsibility for the transfer following same arrangement as above.

The Chief, MSWO must be informed of the scheduled transfer and ensure that his personnel are on hand at the warehouse on the scheduled date.

5. Responsibility of Operator. - The following shall be the responsibility of ATI:

- (a) To provide all necessary cargo moving trucks and equipments
- (b) To physically transfer the goods
- (c) To provide list of overstaying cargoes to the Office of the Commissioner, MSWO, Law Division and Entry Processing Division of the Port of Manila

B. Receipt of Goods at the Model Security Warehouse

1. Initial Receipt - Upon receipt of a container/crate at the MSW, the same shall be examined as to its general condition and a picture shall be taken to visually record its actual condition. A seal shall then be placed on the container/crate, if a detailed inventory cannot be conducted immediately. However, the inventory shall be conducted within 24 hours thereafter and pursued to its completion without interruption. The Chief, MSWO shall ensure that all requirements are available for the purpose, from the start of the inventory until its completion.

The ATI Warehouse supervisor must affix his signature on the copies of the Joint Forms as evidence that the goods are received thereat.

2. Stripping and Inventory Taking - Within 24 hours from receipt of the shipment, the van must be stripped and a detailed inventory immediately made using the Inventory Report Form (Annex "B").

The inventory must be conducted by a COO III in the presence of the Chief, MSWO or his representative and ATI representative and witnessed by the following:

1. Apprehending Unit Rep.
2. COA Resident Auditor Rep.
3. Affected Industry Asso. Rep.

The report must be prepared in six (6) copies: one (1) each for the above officials and one for the OCOM EDP Supervisor.

C. Valuation and Draft Notice of Sale - The Chief, MSWO shall within five (5) working days from completion of the inventory, determine values for the goods by obtaining value information from any of the following:

- a. Valuation Library
- b. Affected Industry
- c. Canvassed Prices
- d. Historical Values from ACDD

In establishing the values, the MSWO must be guided by CMO 55-93 particularly Part III thereof. The value thus ascertained must be entered in the computer file by the EDP Supervisor and shall be the basis for the putting up of insurance by ATI and the preparation of the Notice of Sale (Annex "C").

- D. Auction Sale - The Chief, MSWO must advertise the confiscated goods for public auction as early as possible after a decision of forfeiture has been rendered. In no case however shall the actual sale be set earlier than the date the decision becomes final and executory and the ten (10) days notice requirement (3 days for perishable goods) must be observed.

All existing rules and regulations in the conduct of auction sales must be observed. After completion of the bidding and all the winners have been determined, the Chief, MSWO shall within that day, submit to the Commissioner (Attention: EDP Supervisor) a report on the results of sales with the following information for each lot bid: Lot Number, Winning Bidder, Bid Amount, Deposit, OR Number. A copy of the report must be submitted to the Cash Division of the port concerned to serve as basis for acceptance of payment.

The actual conduct of the auction sale shall be undertaken by the ACDD-POM. This is to economize on advertisements and to allow for greater participation in the sale of the goods. However, the Commissioner upon recommendation of the Chief, MSWO may direct the latter to conduct the auction sale itself when the circumstances dictate that the sale be done directly by the said Office.

- E. Deliveries - Releases from the Model Security Warehouse may only be upon authority of the Chief MSWO except in the case of redemption, settlement, donation and condemnation which must be cleared by the Chief of Staff, OCOM.

- (a) REGULAR AUCTION SALES. - The winning bidder must make full payment of the bid (taking into account the deposit). The OR's must then be presented to the EDP Section, MSWO for the generation of the Authority to Release/Gate Pass. Care must be exercised at the EDP Unit to prevent misdelivery. The Authority to Release shall be computer generated following the format shown in Annex "D".

Efforts must be immediately extended to connect by Local Area Network the computer at the Warehouse itself, the EDP Section, MSWO and the Cash Division to facilitate transmission of release instruction and prevent illegal releases.

A report on daily releases from the warehouses must be submitted to the EDP Section for updating of file.

**V. MANAGEMENT SUPERVISION CONTROL**

*CMO-66-92*

**A. MSWO Executive Committee**

**1. Composition:**

There is hereby constituted a MSWO Executive Committee for Block 159 Security Warehouse composed of the following officials:

**Ex-Officers:**

Chairman..... Commissioner  
Vice Chairman.. The Service Chief, POS

**Members:**

1. Chief, MSWO
2. Chief, Express Lane CMO 103-92
3. Chief of Operations, ATI
4. Chief, Financial Service
5. Special Assistant to Commissioner for Internal Audit
6. EDP Supervisor, OCOM

**2. Functions**

The overall mission of the MSWO Excom is to ascertain the level of accomplishment of the objectives of this order and take necessary measures to bring the performance to the desired levels.

In particular, the MSWO EXCOM shall be charge with the following:

- (a) Preparation of the Monthly Performance Report touching on the following:
  - (1) Monthly average level of utilization
  - (2) Monthly Sales
  - (3) Aging of shipment in warehouse
  - (4) Report on Losses/Pilferage/Spoilages
  - (5) Status Report on Infrastructure/System Project
  - (6) ATI Report On Revenue and Expenditure
- (b) Submit recommendations to the Commissioner on work improvement measure.
- (c) Review status of technology transfers to other security warehouses in BOC.

**VI. SECURITY PROVISION**

Only Customs and ATI personnel assigned at the Model Security Warehouses shall be allowed entry into the warehouses. All other Customs personnel and the public may only be allowed entry for official purpose upon approval of the MSWO (Annex "H").

*gjs*

CMO-66-93

**VII. REPEALING CLAUSE**

All other orders inconsistent with this Order are hereby amended and or modified accordingly.

**VIII. EFFECTIVITY**

This Order shall take effect immediately.

  
GUILLERMO L. HARAYNO, JR.  
Commissioner





REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

CMO-66-93

**JOINT AUTHORITY TO TRANSFER  
AND CARGO RECEIPT**

\_\_\_\_\_  
(Date)

## MEMORANDUM TO:

The District Collector of Customs  
Port of Manila

Pursuant to CMO 66-93 dated 23 December 1993 the immediate transfer of the below shipment to the Block 159 Security Warehouse is hereby directed:

Consignee: \_\_\_\_\_  
Container No. (if containerized) \_\_\_\_\_  
No. of Packages (if break bulk) \_\_\_\_\_  
STC: \_\_\_\_\_  
Vessel: \_\_\_\_\_ Registry No. \_\_\_\_\_  
Bill of Lading No: \_\_\_\_\_  
S.I./A.P. No. \_\_\_\_\_ Dated \_\_\_\_\_

GUILLEMO L. PARAYNO JR.  
Commissioner

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**CARGO RECEIPT**

\_\_\_\_\_  
(Date)

The undersigned hereby acknowledge receipt from \_\_\_\_\_ the above listed articles/goods covered by Alert Order No. \_\_\_\_\_ and apprehended at the Port of \_\_\_\_\_.

This is to acknowledge further that the above-mentioned container(s)/crate(s) were received in secured condition and that in general, the contents seem to correspond to the above description. Pictures were taken in our presence to show their contents and then re-sealed while awaiting formal stripping and inventory.

\_\_\_\_\_  
ATI Representative

\_\_\_\_\_  
BOC Warehouseman

WITNESSED BY:

\_\_\_\_\_  
Apprehending Unit Representative



(Date)

*CMO-66-93*

**NOTICE OF SALE  
FOR GOODS STORED AT BLK 159  
MODEL SECURITY WAREHOUSE**

Pursuant to the provisions of Sections 2601 of the Tariff and Customs Code of the Philippine, there will be a Auction Sale (Sealed Bidding) on \_\_\_\_\_ at \_\_\_\_\_ to be held at \_\_\_\_\_, for the following articles stored at Block 159 Model Security Warehouse:

.....

Lot No. \_\_\_\_\_  
Consignee \_\_\_\_\_  
\_\_\_\_\_ Advertisement

Quantity	Description	Marks	Floor Price
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
Recommended Floor Price =====>			P9,999,999.99

.....

Lot No. \_\_\_\_\_  
Consignee \_\_\_\_\_  
\_\_\_\_\_ Advertisement

Quantity	Description	Marks	Floor Price
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
Recommended Floor Price =====>			P9,999,999.99

.....

Lot No. \_\_\_\_\_  
Consignee \_\_\_\_\_  
\_\_\_\_\_ Advertisement

Quantity	Description	Marks	Floor Price
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
99999 pcs	xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx	x99-999-999	999,999.99
Recommended Floor Price =====>			P9,999,999.99

.....

District Collector  
Port of Manila

REPUBLIC OF THE PHILIPPINES  
 DEPARTMENT OF FINANCE  
 BUREAU OF CUSTOMS  
 MANILA

CMO-66-8

No. \_\_\_\_\_

**AUTHORITY TO RELEASE  
 and GATEPASS  
 FOR ARTICLES SOLD AT PUBLIC AUCTION  
 FROM BLOCK 159 MODEL SECURITY WAREHOUSE**

The ATI Block 159 Security Warehouse Officer

Please allow winning bidder \_\_\_\_\_  
 to exit Block 159 Model Security Warehouse with the below  
 articles which were sold at public auction on \_\_\_\_\_  
 under Sale Lot No. \_\_\_\_\_

MARKS and NUMBERS	QUANTITY	DESCRIPTION
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FULLY PAID UNDER

O/R Number	Date	Amount	O/R Number	Date	Amount
_____	_____	P _____	_____	_____	P _____
_____	_____	P _____	_____	_____	P _____
_____	_____	P _____	_____	_____	P _____

COLLECTOR OF CUSTOMS

\_\_\_\_\_  
 Collecting Officer

By:

\_\_\_\_\_  
 COA Representative

\_\_\_\_\_  
 Chief  
 Model Security Whse Office

RECEIVED BY:

\_\_\_\_\_  
 (Bidder)  
 \_\_\_\_\_  
 (Carrier)  
 \_\_\_\_\_  
 (Driver)



CMA-66-93

OFFICE OF CUSTOMS  
 BLOCK 138 MODEL SECURITY WAREHOUSE

REPORT ON REVENUES REALIZED  
 FROM CONFISCATED GOODS  
 As of \_\_\_\_\_

Inclusive Period: From \_\_\_\_\_ To \_\_\_\_\_

Nature of Disposal	Number	Fees
Auction Sale		
Negotiated Sale		
Redemption		
Settlement		
Addl Duties/Taxes		
TOTALS		
Donation		
Condemnation		

*CMO-66-92*

BUREAU OF CUSTOMS  
BLOCK 159 MODEL SECURITY WAREHOUSE

**HISTORICAL PRICES OF GOODS  
SOLD AT PUBLIC AUCTION**

Commodity: \_\_\_\_\_

- 1) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 2) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 3) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 4) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 5) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 6) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_
- 7) Bidded Price: P \_\_\_\_\_  
Floor Price : P \_\_\_\_\_  
Date of Auction: \_\_\_\_\_  
Description of Goods: \_\_\_\_\_  
Winning Bidder: \_\_\_\_\_

220-66-93

BUREAU OF CUSTOMS  
BLOCK 159 MODEL SECURITY WAREHOUSE

\_\_\_\_\_  
(Date)

**REQUEST FOR VISITATION**

The undersigned hereby requests permission to enter  
Block 159 Security Warehouse from \_\_\_\_\_ to  
\_\_\_\_\_ on \_\_\_\_\_ for the purpose of  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

\_\_\_\_\_  
Printed Name over Signature

\_\_\_\_\_  
Designation

= DO NOT WRITE BEYOND THIS SPACE =

**AUTHORIZATION**

\_\_\_\_\_  
Date

To: Security Officer  
Block 159 Whse

Please allow the entry of \_\_\_\_\_  
inside the Warehouse on \_\_\_\_\_ from \_\_\_\_\_  
to \_\_\_\_\_. He/she has been issued a Pass Control  
with number \_\_\_\_\_.

Thank you.

\_\_\_\_\_  
Chief  
Model Security Warehouse Office



" H "

BUREAU OF CUSTOMS  
RSBS MODEL SECURITY WAREHOUSE

CMO-66-93-A

\_\_\_\_\_  
(Date)

REQUEST FOR VISITATION

The undersigned hereby requests permission to enter RSBS  
Security Warehouse from \_\_\_\_\_ to \_\_\_\_\_  
on \_\_\_\_\_ for the purpose of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Printed Name over Signature

\_\_\_\_\_  
Designation

= DO NOT WRITE BEYOND THIS SPACE =

AUTHORIZATION

\_\_\_\_\_  
Date

To: Security Officer  
RSBS Warehouse

Please allow the entry of \_\_\_\_\_  
inside the Warehouse on \_\_\_\_\_ from \_\_\_\_\_  
to \_\_\_\_\_. He/she has been issued a Pass Control with  
number \_\_\_\_\_.

Thank you.

\_\_\_\_\_  
Chief  
Model Security Warehouse Office