

## MEMORANDUM CIRCULAR NO. 50-A

**TO : All Shipping Companies, Shipowners/Shipoperators, Charterers, Public Service (Water Transport) Operators, Other Maritime Entities and Others Concerned.**

**SUBJECT : Amended Schedule of Penalties and/or Administrative Fines**

---

Pursuant to the provisions of Executive Order Nos. 125 and 125-A, Presidential Decree No. 474, as amended, the Public Service Act, as amended, Presidential Decrees Nos. 760/866/1711, 666 and the pertinent Implementing Rules and Regulations, the penalties/administrative fines for various violations shall be, as follows:

**A. VIOLATIONS UNDER THE PUBLIC SERVICE ACT, AS AMENDED:**

1. For operating without valid Certificate of Public Convenience (CPC) or Provisional Authority (PA):
  - 1.1 vessels below 100 GRT - P50.00/day of operation but not to exceed P10,000
  - 1.2 vessels 101-450 GRT - P100/day of operation but not to exceed P20,000
  - 1.3 vessels 451 GRT - P200/day of operation but not exceed P25,000
2. Failure to provide/maintain a safe, adequate, sanitary and proper service (per vessel):
  - 2.1 First violation - P10,000
  - 2.2 Second violation- P20,000
  - 2.3 Third & succeeding violations -P25,000
3. Late/Non-submission of annual reports:
  - 3.1 operators with total-owned tonnage of 50 GRT or less - P500.00/year of delay
  - 3.2 operators with total owned tonnage or 51-100 GRT - P1,000/year of delay

3.3 operators with total owned tonnage above 100 GRT - P3,000/year of delay

A year shall mean the period starting from 01 July of the present year to 30 June of the ensuing year. Any fraction of the year shall be considered one year of delay.

4. Blatant and contumacious refusal to file annual reports:

4.1 operators with total owned tonnage of 50 GRT or less - P5,000

4.2 operators with total owned tonnage of 51 - 100 GRT - P10,000

4.3 operators with total owned tonnage of above 100 GRT - P25,000

Refusal to submit/file annual reports for two (2) consecutive years shall be considered blatant and contumacious for purposed of this Circular.

5. Failure to keep books, records and accounts of operation:

5.1 First violation - P5,000

5.2 Second violation - P10,000

5.3 Third violation - P25,000

6. Failure to inform/advise MARINA of the change in the management/stockholders of the public service:

6.1 First violation - P5,000

6.2 Second violation - P10,000

6.3 Third violation - P25,000

7. Failure to give immediate and effective notice of all/any accident arising/connected with the operation or maintenance of the vessel:

7.1 First violation - P3,000

7.2 Second violation - P5,000

7.3 Third violation - P10,000

8. Failure to file schedule of classification employed/individual or joint rates/fares for any service rendered (per vessel):

- |     |                  |   |         |
|-----|------------------|---|---------|
| 8.1 | First violation  | - | P5,000  |
| 8.2 | Second violation | - | P10,000 |
| 8.3 | Third violation  | - | P25,000 |
9. Refusal/withholding service to any individual or shipper (per vessel):
- |     |                  |   |         |
|-----|------------------|---|---------|
| 9.1 | First violation  | - | P5,000  |
| 9.2 | Second violation | - | P10,000 |
| 9.3 | Third violation  | - | P25,000 |
10. Giving directly or indirectly, discounts or rebates on authorized rates (per vessel):
- |      |                  |   |         |
|------|------------------|---|---------|
| 10.1 | First violation  | - | P5,000  |
| 10.2 | Second violation | - | P10,000 |
| 10.3 | Third violation  | - | P25,000 |
11. Overcharging of rates/failure to give discounts to those entitled under pertinent laws, rules and regulations, circulars (i.e. students, senior citizens, children below 3 years old/3-12 years old) (per vessel):
- |      |                  |   |         |
|------|------------------|---|---------|
| 11.1 | First violation  | - | P5,000  |
| 11.2 | Second violation | - | P10,000 |
| 11.3 | Third violation  | - | P15,000 |
12. Selling/leasing/alienating the vessel or its franchise without MARINA approval:
- |      |                  |   |         |
|------|------------------|---|---------|
| 12.1 | First violation  | - | P5,000  |
| 12.2 | Second violation | - | P15,000 |
| 12.3 | Third violation  | - | P25,000 |
13. Selling/alienating/transferring shares of capital stock resulting in the reduction of the capital stock belonging to Philippine citizens to less than sixty percent (60%):
- |      |                  |   |         |
|------|------------------|---|---------|
| 13.1 | First violation  | - | P5,000  |
| 13.2 | Second violation | - | P10,000 |
| 13.3 | Third violation  | - | P25,000 |
14. Failure to pay supervision fees:

Sixty (60) days delay after September 30 - 50% of the supervision fees due the operator

Beyond sixty (60) days from September 30 - 50% plus 1% for every month of delinquency

B. VIOLATIONS UNDER EXISTING MARINA CIRCULARS/RULES AND REGULATIONS/ORDER

1. Abandonment or failure to call on its authorized route/link/port without MARINA approval (per vessel):

1.1 First violation	-	P5,000
1.2 Second violation	-	P10,000
1.3 Third violation	-	P25,000

2. For the inability to present valid STCW endorsement of certificates/Ratings certificates or valid dispensation certificate of any officer/ratings required to be so certificated, and violation of the limitation set forth in the certificate (per vessel):

- a. Over ships of less than 100 GRT -

First violation	-	P5,000
Second & Succeeding Violations	-	-
P10,000		
plus detention of the vessel until compliance or correction of deficiency		

- b. Over ships 100 GRT and above -

First violation	-	P5,000
Second & Succeeding Violations	-	-
P25,000		
plus detention of the vessel until compliance or correction of deficiency		

3. Failure to secure a continuous passenger insurance cover/Marine Pollution cover/ P & I cover to equivalent (per vessel):

3.1 First violation	-	P10,000
---------------------	---	---------

3.2	Second violation	-	P15,000
3.3	Third violation & Succeeding Violations	-	P25,000

4. Non-compliance with the provisions of the Minimum Service Standards for Philippine Registered Inter-island Passenger Vessels as provided under MC 65, as amended (per vessel):

4.1	First violation	-	P5,000
4.2	Second violation	-	P10,000
4.3	Third & Succeeding violations	-	P25,000

Penalties for violations of existing MARINA circulars/orders/rules and regulations which are not otherwise covered herein shall continue to be penalized under such MARINA circulars/orders/rules and regulations.

5. Non-compliance with the requirement in presenting a ten (10) minute film on board passenger/passenger-cargo vessels 250 GRT and above:

5.1	First violation	-	P10,000
5.2	Second violation	-	P20,000
5.3	Third & Succeeding violation	-	P25,000

6. Non-allocation and maintenance of 50% of the vessel's authorized passenger capacity to third class accommodation:

6.1	First violation	-	P5,000
6.2	Second violation	-	P10,000
6.3	Third & Succeeding violation	-	P25,000

C. OTHER VIOLATIONS OF TERMS AND CONDITIONS OF THE CPC/PA

1. Failure to observe schedule of trips/sailing frequency (per vessel):

1.1	First violation	-	P5,000
1.2	Second violation	-	P10,000
1.3	Third & Succeeding violations	-	P25,000

2. Failure to post schedule of trips/rates on board the vessel or in a conspicuous place in the pier (per vessel):
  - 2.1 First violation - P5,000
  - 2.2 Second violation - P10,000
  - 2.3 Third & Succeeding violations - P25,000
  
3. Overloading/overcrowding
  - 3.1 First violation - P5,000
  - 3.2 Second violation - P10,000
  - 3.3 Third & Succeeding violations - P25,000
  
4. Failure to secure continuous and valid PCG/NTC documents for the vessel (per vessel):
  - 4.1 First violation - P5,000
  - 4.2 Second violation - P10,000
  - 4.3 Third & Succeeding violations - P25,000
  
5. Failure to carry the CPC/PA/SP on board the vessel (per vessel):
  - 5.1 First violation - P5,000
  - 5.2 Second violation - P10,000
  - 5.3 Third & Succeeding violations - P25,000
  
6. Failure to maintain the vessel's class (per vessel):
  - 6.1 First violation - P5,000
  - 6.2 Second violation - P10,000
  - 6.3 Third & Succeeding violations - P25,000
  
7. Failure to comply with any conditions of the CPC/PA/SP other than those stipulated herein:
  - 7.1 First violation - P5,000
  - 7.2 Second violation - P10,000
  - 7.3 Third & Succeeding violations - P25,000

D. VIOLATIONS UNDER PD 474/EXECUTIVE ORDERS NOS. 125 AND 125-A AND PD 666

1. Non-compliance with post-approval conditions on importation, local construction, lease-purchase, option to purchase:
  - 1.1 First Violation - P1,000/condition + warning
  - 1.2 Second violation - P2,000/condition or P10,000  
whichever is lower
  - 1.3 Third & Succeeding violations - P3,000/conditions or P25,000  
whichever is lower
  
2. Non-submission of post-approval documents within the period prescribed on importation, local construction, lease-purchase, option to purchase:
  - 2.1 First violation - P50/document or P3,000  
whichever is lower
  - 2.2 Second violation - P75/document/day or P4,000  
whichever is lower
  - 2.3 Third & Succeeding violations - P100/document/day or  
P10,000 whichever is lower
  
3. Non-compliance with post-approval conditions on Special Permits:
  - 3.1 First Violation - P1,000/condition + warning
  - 3.2 Second violation - P2,000/condition + non-  
issuance/non-extension of Special Permit for 1 month
  - 3.3 Third & Succeeding violations - P3,000/conditions + non-  
issuance/non-extension of Special Permit for 1 year
  
4. Non-submission of documents required in the Special Permit within the period prescribed:
  - 4.1 First violation - P50/document or P3,000  
whichever is lower
  - 4.2 Second violation - P75/document/day or P4,000  
whichever is lower
  - 4.3 Third & Succeeding violations - P100/document/day or  
P10,000 whichever is lower
  
5. Operation of a foreign registered vessel/Philippine registered vessel documented for overseas trade in the domestic trade without Special Permit:

- 5.1 First Violation - P1,000 per day of operation or P15,000 + warning
  - 5.2 Second Violation - P2,000 per day of operation or P20,000 whichever is lower, and subject vessel shall be banned from operating in the domestic trade for 1 month
  - 5.3 Third & Succeeding Violations - P25,000 and subject vessel shall be banned from operating in the domestic trade for 1 year.
6. Operation of a foreign-registered vessel/Philippine registered vessel documented in the overseas trade in the domestic trade with expired Special Permit/Bareboat Charter approval:
- 6.1 First Violation - P500 per day of operation, or P10,000, whichever is lower + warning
  - 6.2 Second Violation - P1,000 per day of operation or P15,000, whichever is lower and subject will be banned from operating in the domestic trade for 1 month
  - 6.3 Third & Succeeding Violation - P25,000 and subject vessel will be banned from operating in the domestic trade for 1 year.
7. Operation of a Philippine-registered vessel documented for domestic trade in the overseas trade without or with expired Special Permit:
- 7.1 First Violation - P300 per day of operation or P5,000 whichever is lower +warning
  - 7.2 Second Violation - P500 per day of violation or P15,000 whichever is lower + non-extension/non-issuance of Special Permit to the subject vessel for a period of 1 month
  - 7.3 Third & Succeeding Violations - P700 per day of operation or P25,000 + non-extension/non-issuance of Special Permit to the subject vessel for a period of 1 year.
8. For engaging in shipbuilding/shiprepair/shipbreaking without a valid license from the MARINA:
- 8.1 First Violation - P500/day of operation, or P10,000, whichever is lower
  - 8.2 Second Violation - P750/day of operation or P20,000, whichever is lower
  - 8.3 Third and Succeeding Violations - P1,000/day of operation or P25,000
9. For late renewal of license



A surcharge of 50% of the Renewal/License Fees for each month of default or a fraction thereof, without prejudice to the imposition of the administrative fine for engaging in shipbuilding/shiprepair without valid license.

E. VIOLATIONS UNDER PRESIDENTIAL DECREES NOS. 760/866/1711

I. Non-submission of post-approval documents within the period prescribed.

- I.1 First Violation - P50/document/day or P3,000, whichever is lower
- I.2 Second Violation - P75/document/day or P4,000, whichever is lower
- I.3 Third & Succeeding Violations - P100/document/day or P10,000, whichever is lower

II. Non-compliance with the following post-approval conditions:

1. The vessel shall be inspected/surveyed by a MARINA surveyor upon the vessel's arrival in any Philippine port:

- 1.1 First Violation - P5,000
- 1.2 Second Violation - P10,000
- 1.3 Third & Succeeding Violations - P25,000

2. Any change in corporate ownership or transfer of shares of stock of the bareboat charterer shall be subject to review and approval by MARINA:

- 2.1 First Violation - P5,000
- 2.2 Second Violation - P10,000
- 2.3 Third & Succeeding Violations - P25,000

3. The vessel shall be deleted from Philippine Registry/reverted to its foreign flag or registry only upon prior endorsement and/or approval by MARINA:

- 3.1 First Violation - P10,000 + warning
- 3.2 Second Violation - P20,000 + barred from bareboat chartering another vessel for a period of 1 year
- 3.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for a period of 5 years

4. Any change, modification/amendment on the bareboat charter party shall require prior MARINA approval:

- 4.1 First Violation - P10,000 + warning

- 4.2 Second Violation - P20,000 + barred from bareboat chartering another vessel for a period of 1 year
  - 4.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for a period of 5 years
5. Utilization by the vessel of the Philippine flag and call sign duly authorized by the PCG and the NTC, respectively, after the vessel's registration under Philippine flag:
- 5.1 First Violation - P10,000 + warning
  - 5.2 Second Violation - P20,000 + barred from bareboat chartering another vessel for a period of 1 year
  - 5.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for a period of 5 years
6. Complete manning of the bareboat chartered vessel by Filipino crew:
- 6.1 First Violation - P10,000 + warning
  - 6.2 Second Violation - P20,000 + barred from bareboat chartering another vessel for a period of 1 year
  - 6.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for a period of 5 years
7. Freedom from interference of foreign owners except insofar as such acts that shall directly protect rights as owners:
- 7.1 First Violation - P25,000 + warning
  - 7.2 Second Violation - P50,000 + barred from bareboat chartering another vessel for 5 years
8. Compliance with all laws, rules and regulations pertaining to Philippine flag vessels:
- 8.1 First Violation - P10,000 + warning
  - 8.2 Second Violation - P20,000 + barred from bareboat chartering another vessel within 1 year
  - 8.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for 5 years
9. Compliance with such other conditions that may be imposed by the MARINA:
- 9.1 First Violation - P10,000 + warning

- 9.2 Second Violation - P20,000 + barred from bareboat chartering another vessel for 1 year
- 9.3 Third Violation - P25,000 + barred from bareboat chartering another vessel for a period of 5 years

#### F. DUE PROCESS AND HEARING

1. For all the violations provided in this Memorandum Circular, a show cause order in writing shall be issued by the MARINA directing the Respondent to explain also in writing within a period provided in the show cause order why no administrative penalty or fine shall be imposed.
2. Notice and hearing shall be in accordance with the provision of MARINA Memorandum Circular No. 74, s. 1993. The provisions of the Rules of Court and the Administrative Code of 1987 (Executive Order No. 292 s. 1987) shall be suppletory to the provisions of Memorandum Circular No. 74.
3. For purposes of determining the number and repetitions of violations, it shall mean that a case shall have been decided finding a vessel or maritime enterprise liable of the charge.
4. Repeated violations committed by a vessel/maritime enterprise shall, in addition to the foregoing administrative fines, be subject to the suspension/revocation of the authority to operate (i.e. CPC, PA, SP, license).
5. Cases which involve violations of the Revised Penal Code shall be referred to the concerned Offices of the Prosecuting Service of the Government.

#### H. MISREPRESENTATION/FALSE INFORMATION

Any person who gives false or misleading data or information or willfully or through gross negligence, conceals, or falsifies a material fact, in any investigation, inquiry or hearing shall be held liable for an administrative fine of not more than P25,000, without prejudice to the provision of Item C.5 above.

#### I. REPEALING CLAUSE

The provisions of Memorandum Circular No. 50, s. 1989, are hereby repealed. The provisions of existing Memorandum Circulars, Implementing Rules and

Regulations and other issuances which are inconsistent with the provisions of this Circular are hereby amended accordingly.

J. EFFECTIVITY

This Memorandum Circular shall take effect fifteen (15) days after its publication once in a newspaper of general circulation.

PACIENCIO M. BALBON, JR.  
Administrator

SECRETARY'S CERTIFICATE

This is to certify that MEMORANDUM CIRCULAR NO. 50-A was approved in the meeting of the Maritime Industry Board held on 05 November 1993.

EMERSON M. LORENZO  
Deputy Board Secretary