



DEPARTMENT ADMINISTRATIVE ORDER NO. 06
Series of 2007

Pursuant to Title X, Book IV of E.O. No. 292, otherwise known as the Administrative Code of 1987 and to carry out more effectively the implementation of Article 164 (e) of Republic Act No. 7394, otherwise known as the Consumer Act of the Philippines, Section 6 (e) of Executive Order No. 913 and Section 10 (9) of Republic Act No. 7581, respectively, the rules provided under D.A.O No. 7, Series of 1999, are hereby modified for the information, guidance and compliance of all concerned.

ARTICLE I – TITLE

SECTION 1. Title – This Department Administrative Order is referred to as the REVISED SCHEDULE OF ADMINISTRATIVE FINES FOR VIOLATIONS OF THE CONSUMER ACT OF THE PHILIPPINES AND SOME TRADE AND INDUSTRY LAWS.

ARTICLE II – COVERAGE

SECTION 1. Scope and Coverage – This Order covers administrative fines imposed in decided cases for violation(s) of any of the following:

- a) R. A. No. 7394 (Consumer Act of the Philippines)
- b) E.O. No. 913, particularly on –
 - 1. R. A. No. 7581 (Price Act)
 - 2. R. A. No. 71 (Price Tag Law)
 - 3. Act No. 3883, as amended (Business Name Law)
 - 4. R. A. No. 3952 (Bulk Sales Law)
 - 5. Act No. 2728, as amended by Act Nos. 3715 and 3969 (Law on Brokerage)
 - 6. Act No. 3893 (Bonded Warehouse Act)

However violations of R.A. No. 4109 (Standards Law) and Chapter I, Title II of R.A. No. 7394 on Consumer Product Quality and Safety shall be covered by Department Administrative Order No. 02, Series of 2007.

SECTION 2. Applicability to Admission of Violation/s – This Order shall also be applied in the determination of fines should there be voluntary admission of violation of the above-enumerated laws in the course of enforcement or during preliminary investigation or mediation pending adjudication proceeding.

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ARTICLE III – INTERPRETATION

SECTION 1. **Interpretation** – In case of doubt, this Order shall be interpreted taking into consideration the best interest of the public.

ARTICLE IV – SCHEDULE OF FINES FOR R. A. No. 7394

SECTION 1. **Imposable fine for violation of the Consumer Act of the Philippines** – The administrative fine to be imposed for violation of the Consumer Act of the Philippines shall be in such amount as deemed reasonable by the Secretary of Trade and Industry which shall in no case be less than Five Hundred Pesos (P 500.00) nor more than Three Hundred Thousand Pesos (P 300,000.00), depending on the gravity of the offense, and an additional fine of not more than One Thousand Pesos (P 1,000.00) for each day of continuing violation.

This Section shall apply to the provisions of the Consumer Act on the following subjects:

1. Price Tag
2. Advertising and Sales Promotion
3. Labeling and Fair Packaging
4. Deceptive, Unfair and Unconscionable Sales Act and Practices
 - 4.1 Home Solicitation
 - 4.2 Referral Sales
 - 4.3 Chain Distribution
 - 4.4 Other Deceptive, Unfair and Unconscionable Sales Act and Practice
5. Consumer Product and Service Warranties
6. Liability for Products and Services
7. Regulation of Repair and Service Firms
8. Product Quality and Safety

SECTION 2. **Schedule of fines imposable for violation of the Consumer Act of the Philippines** – Without prejudice to all other considerations provided in this Order, the following schedule shall be the basis in the imposition of administrative fine for violation of the R.A. No. 7394, particularly on the provisions on Price Tag.

SCHEDULE I

	Range of Capitalization PhP	Minimum (Php)	Medium (Php)	Maximum (Php)
RETAILER	a. below 20,000.00	500.00	1,000.00	1,500.00
	b. 20,000.00 to 100,000.00	5,000.00	10,000.00	20,000.00
	c. above P100,00.00 to 200,000.00	10,000.00	20,000.00	30,000.00
	d. above 200,000.00	30,000.00	40,000.00	50,000.00

SECTION 3. Schedule of fines for violation of the Consumer Act of the Philippines – In addition to all other requirements provided in this Order, the following schedule shall be applied in cases of violation of the R.A. No. 7394 as provided in Section 1, Article IV, except (1), and its implementing rules.

SCHEDULE II

	Range of Capitalization (PhP)	MINIMUM (PhP)	MEDIUM (PhP)	MAXIMUM (PhP)
RETAILER	a. Below 20,000.00	500.00	1,000.00	1,500.00
	b. 20,000.00 to P100,000.00	20,000.00	30,000.00	40,000.00
	c. Above 100,000.00 to 300,000.00	40,000.00	50,000.00	60,000.00
	d. Above 300,000.00 to 500,000.00	60,000.00	70,000.00	80,000.00
	e. Above 500,000.00 to 1 Million	100,000.00	140,000.00	180,000.00
	f. Above 1 Million to 5 Million	120,000.00	160,000.00	200,000.00
	g. Above 5 Million to 10 Million	240,000.00	260,000.00	280,000.00
	h. Above 10 Million	280,000.00	290,000.00	300,000.00
WHOLESALE, DISTRIBUTOR, MANUFACTURER, IMPORTER	a. a. Below 500,000.00	60,000.00	70,000.00	80,000.00
	b. Above 500,000.00 to 1 Million	100,000.00	140,000.00	180,000.00
	c. Above 1 Million to 5 Million	120,000.00	160,000.00	200,000.00
	d. Above 5 Million to 10 Million	240,000.00	260,000.00	280,000.00
	e. Above 10 Million	280,000.00	290,000.00	300,000.00

SECTION 4. Higher penalties to those engaged in two or more business activities - In the event the offender is engaged in two or more business activities, the activity to which a higher penalty corresponds shall be made the basis in imposing the appropriate penalty.

ARTICLE V – FINES IMPOSABLE UNDER E.O. No. 913

SECTION 1. Fines imposable under E.O. No. 913 – For violation of any Trade and Industry Laws under E.O. 913, the imposable administrative fine shall be in such amount as deemed reasonable by the Secretary of Trade and Industry, which shall in no case be less than Five Hundred Pesos (P500.00) nor more than One Hundred Fifty Thousand Pesos (P150,000.00) taking into consideration the surrounding circumstances.

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SECTION 2. Schedule of Fines for violation of any Trade and Industry Laws under E.O. 913 – The following Schedule of Fines shall apply to violations of laws mentioned in E.O. 913 and related implementing rules, after consideration of the attendant circumstances mentioned in Articles VII and VIII of this Order.

SCHEDULE III

	Range of Capitalization (PhP)	MINIMUM (PhP)	MEDIUM (PhP)	MAXIMUM (PhP)
RETAILER	a. Below 20,000.00	500.00	1,000.00	1,500.00
	b. P20,000.00 to P100,000.00	5,000.00	10,000.00	20,000.00
	c. Above 100,000.00 to 300,000.00	20,000.00	30,000.00	40,000.00
	d. Above 300,000.00 to 500,000.00	40,000.00	50,000.00	60,000.00
	e. Above 500,000.00 to 1 Million	60,000.00	80,000.00	100,000.00
	f. Above 1 Million	100,000.00	125,000.00	150,000.00
WHOLESALER, DISTRIBUTOR, MANUFACTURER, IMPORTER	a. 300,000.00 and below	20,000.00	30,000.00	40,000.00
	b. Above 300,000.00 to 500,000.00	40,000.00	50,000.00	60,000.00
	c. Above 500,000.00 to 1 Million	60,000.00	80,000.00	100,000.00
	d. Above 1 Million	100,000.00	125,000.00	150,000.00

SECTION 3. Schedule of Fines for violation of Act No. 2728 as amended- The following Schedule of Fines shall apply to violations of Act No. 2728, as amended, on regulation of real estate practice, and its implementing rules and regulations.

SCHEDULE IV

	Minimum (Php)	Medium (Php)	Maximum (Php)
a. LICENSED REAL ESTATE PRACTITIONERS (specifically Art. IX of M.O. No. 39, Series of 1985 as amended)	20,000.00	40,000.00	60,000.00
b. UNLICENSED INDIVIDUALS/ WITH EXPIRED LICENSE	40,000.00	80,000.00	120,000.00
c. REGISTERED OR UN-REGISTERED JURIDICAL PERSONS	60,000.00	100,000.00	150,000.00

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ARTICLE VI – FINES IMPOSABLE UNDER THE PRICE ACT

SECTION 1. Fines imposable pursuant to Section 10 (9) of R. A. 7581 – An administrative fine of not less than One Thousand Pesos (P1,000.00) nor more than One Million Pesos (P1,000,000.00) shall be imposed for violation of the Price Act subject to the circumstances provided herein and after due notice and hearing.

SECTION 2. Schedule of imposable fine for violation of the Price Act – In determining the imposable fine for violation of the Price Act, the following shall be taken into consideration:

SCHEDULE V

	Range of Capitalization (PhP)	MINIMUM (PhP)	MEDIUM (PhP)	MAXIMUM (PhP)
RETAILER	a. Below 100,000.00	20,000.00	30,000.00	40,000.00
	b. 100,000.00 to 300,000.00	40,000.00	60,000.00	80,000.00
	c. Above 300,000.00 to 1 Million	100,000.00	150,000.00	200,000.00
	d. Above 1 Million to 5 Million	200,000.00	300,000.00	400,000.00
	e. Above 5 Million to 10 Million	400,000.00	500,000.00	600,000.00
	f. Above 10 Million	600,000.00	800,000.00	1 Million
WHOLESALE, DISTRIBUTOR, MANUFACTURER, IMPORTER	a. 300,000.00 and below	40,000.00	60,000.00	80,000.00
	b. Above 300,000.00 to 1 Million	100,000.00	150,000.00	200,000.00
	c. Above 1 Million to 5 Million	200,000.00	300,000.00	400,000.00
	d. Above 5 Million to 10 Million	400,000.00	500,000.00	600,000.00
	e. Above 10 Million	600,000.00	800,000.00	1 Million

SECTION 3. Higher fine imposed on those engaged in two or more business activities – Whenever the offender is engaged in two or more activities, the activity to which a higher fine is attached shall be imposed, subject to all other requirements of the law.

ARTICLE VII- CIRCUMSTANCES TO BE CONSIDERED IN THE IMPOSITION OF FINES

SECTION 1. Circumstances that are to be taken into account in the imposition of fines – In addition to all other considerations in the imposition of fines in this Order, circumstances such as mitigating, aggravating and alternative shall be taken into account to arrive at an appropriate fine for violation(s) of laws covered hereby.



SECTION 2. Mitigating Circumstances - The following are considered mitigating circumstances:

1. First offense;
2. Voluntary admission of guilt;
3. Readiness to propose a settlement or compromise;
4. As far as retailers are concerned, willingness to furnish evidence and/or testify against a supplier/wholesaler/manufacturer;
5. Willingness to execute an Undertaking to cease and desist from further committing acts in violation of the Consumer Act or any of the Trade and Industry Laws;
6. Lack of intention to commit the alleged violation;
7. Voluntary compliance with any preventive measure or preliminary order issued by DTI;
8. Any analogous circumstances.

SECTION 3. Aggravating Circumstances - The following circumstances are considered aggravating:

1. Second or habitual violation of the Consumer Act or any of the Trade and Industry Laws;
2. Violations of different Trade and Industry Laws or of the Consumer Act and a Trade and Industry Law at one instance;
3. Violation of the Consumer Act or another Trade and Industry Law while the proceedings for violation of any of the aforementioned laws are pending;
4. The violation was committed by means of deceit and/or misrepresentation, except if the violation involves deceptive sales acts and practices;
5. Falsification of documents or evidence or submission thereof to hide violation;
6. Non-issuance and/or refusal to issue Official Receipts and/or pertinent documents as required by law;
7. Unjustified absence or unjustified refusal to comply with any lawful orders or directives issued during mediation/arbitration/hearing;
8. Non-compliance and/or refusal to comply with preliminary agreements entered into during the mediation/arbitration/hearing
9. Employment of force, violence, intimidation by the respondent against the complainant in securing concession;
10. Taking advantage of the emergency situation and the like, except for violation of the Price Act;
11. Taking advantage of the lack of knowledge or education of the complainant;
12. Bribery or attempt to bribe adjudication officers or any DTI official or personnel in connection with a DTI case, without prejudice to the filing of appropriate criminal charge against the respondent and administrative and/or criminal charges against the public official or employee;
13. Concealment or attempt to conceal any evidence, such as but not limited to refusal access to business premises or business records;
14. Engagement in trade by respondent without a valid business license or permit or DTI Certificate of Registration or whose license/permit or registration had expired, cancelled or revoked by any government entity;
15. When offender is a government employee or official or a public official;



16. Connivance of a private respondent with a government personnel or official;
17. Resisting public officer from validly enforcing a lawful order;
18. Failure or refusal without justifiable reason to submit any undertaking (e.g. to desist from further violating the Consumer Act or any Trade and Industry Laws when required);
19. Assault upon the person, property or relatives within the fourth (4th) civil degree of the adjudication officer, approving DTI official or enforcing officer by reason of their respective functions;
20. Respondent, by means of fraudulent misrepresentation, orally or in writing, shall procure from any Bureau of DTI, license, authority and/or permit to conduct its business;
21. Any other analogous circumstances.

SECTION 4. Alternative Circumstances – The following circumstances are considered alternative which may either be mitigating or aggravating:

1. First offense, if involves small quantity, is considered mitigating; otherwise, aggravating.
2. Quantity/Volume of goods, if small, is considered mitigating, otherwise, aggravating;
3. Nature of goods involved, if basic and/or prime is considered aggravating; if for luxury, vanity or pleasure, it is mitigating.

ARTICLE IX- OTHER CIRCUMSTANCES

SECTION 1. Terms of Payment of Fines – In the payment of fines, it shall be made in lump sum, in cash or in manager's check, and not later than fifteen (15) days from the date of receipt of the decision, if respondent opts not to wait for the writ to be served, or from the service of the writ of execution. However, if the respondent is not financially capable to pay the fine in full, a sworn undertaking to pay the same in three (3) months enclosed with three (3) postdated checks shall be submitted by the respondent within five (5) days from receipt of the decision or from the service of the Writ of Execution.

SECTION 2. Additional Fine - For every day of continuing violation, the amount of not more than One Thousand Pesos (P1,000.00) shall be imposed over and above the administrative fine to be reckoned from the date when the Writ of Execution is served. The amount of fine for each day shall be equivalent to ten percent (10%) of the actual administrative fine but not less than One Hundred Pesos (P100.00) and not more than One Thousand Pesos (P1,000.00).

SECTION 3. Other Sanctions - In addition to the administrative fine imposed, other penalties such as but not limited to censure, confiscation, cancellation or suspension of any license, permit, authority or registration which may had been granted by the Department, may be imposed if the circumstances warrant.

SECTION 4. Determination of Capitalization - For the purpose of determining the paid-up capital of a juridical entity, reference to its recent Financial Statement and Articles of Incorporation, Partnership or Cooperation and its amendment, if any, shall be made; for single proprietorship, Business Name Registration record, LGU records and its recent Income Tax Return.



These documents shall be duly certified by competent authority and shall be submitted during the preliminary conference.

ARTICLE X – RULES IN THE COMPUTATION OF IMPOSABLE FINES

SECTION 1. Rules in the Determination of Imposable Fines – In order to determine the applicable fine, whether it shall be imposed in its minimum, medium or maximum, the following rules shall be applied:

1. When no mitigating and/or aggravating circumstance are present, fine shall be imposed in its medium.
2. When only mitigating circumstances are present, fine shall be imposed in its minimum.
3. When only aggravating circumstances are present, fine shall be imposed in its maximum.
4. When both mitigating and aggravating circumstances are present, the rule on offsetting shall be applied. Whatever remains shall be considered in imposing the fine.

ARTICLE XI – TRANSITORY AND FINAL PROVISION

SECTION 1. Repealing Clause – All rules and regulations or parts thereof that are inconsistent with this Department Administrative Order are hereby repealed or amended accordingly.

SECTION 2. Effectivity – This Order shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation.

Makati City, Philippines, August 24 2007.

APPROVED:



PETER B. FAVILA
Secretary

RECOMMENDING APPROVAL:



ZENAIDA CUISON MAGLAYA
Undersecretary
Consumer Welfare
and Trade Regulation Group



VICTORIO MARIO A. DIMAGIBA
Director
Bureau of Trade Regulation
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