



U.S. Customs Service

610 S. Canal Street
Chicago, IL 60607-4523

Pipeline 03-05
January 29, 2003

TO : Customhouse Brokers, Importers and Others Concerned

SUBJECT: General Order Merchandise Reporting Reminders

As part of the Customs Service commitment to protecting the homeland, there is a need to ensure General Order (G.O.) procedures are followed with regard to unentered merchandise. An essential aspect of port security is Customs control of unentered merchandise. An integral part of ensuring carriers and freight consolidators are in compliance with Customs Regulations regarding G.O. merchandise is through the audit process. The purpose of this pipeline is to serve as a reminder to the importing community of Customs Regulations and procedures relating to G.O. timelines, and the penalties for failure to properly report merchandise as G.O. eligible.

There are strict timelines for G.O. merchandise established by Customs Regulations. Carriers, Container Freight Stations (CFS) or transferees (for in-bond arrival) may hold unentered merchandise for 15 calendar days from arrival (direct landing or in-bond). No later than 20 calendar days from this arrival date the carrier, CFS or transferees must notify both Customs and a G.O. warehouse. Failure to meet these deadlines may subject the carrier to a penalty per bill of lading up to \$1000 (for direct arrival) or the CFS, carrier or transferee to liquidated damages of \$1000 per bill of lading. The G.O. warehouse proprietor has 5 calendar days from date of notification to transport and store G.O. merchandise or be subject to liquidated damages of \$1000 per bill of lading. Depending on the mode of transport, the following regulations apply: 19 CFR 4.37 (Vessel), 122.50 (Air) or 123.10 (Land). The citation for the penalty is 19 USC 1448.

Dual penalties and liquidated damages may be issued under the provisions listed above. For example, a bonded carrier arrives in-bond merchandise in the port. Customs and the G.O. warehouse are not notified. A Customs officer discovers this failure 30 days after arrival in the port. Liquidated damages of \$1000 may be assessed against the bonded carrier for failure to notify Customs within 20 days of in-bond arrival of unentered merchandise. An additional liquidated damages assessment of \$1000 should also be issued for failure to notify the G.O. warehouse. These are two separate violations and two liquidated damage assessments. In addition, due to the failure to notify and Customs discovery of the violation, no mitigation will be afforded for these violations. Mitigation may only be afforded for late notification prior to Customs discovery of the violation.

TRADITION

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SERVICE

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HONOR

When a carrier, CFS or transferee makes a notification, Customs receives a facsimile transmission that merchandise is eligible for G.O. This facsimile identifies the location of the merchandise, date of importation, bill of lading and date the facsimile was sent. Through review of these documents, Customs officers can ascertain whether the notification was timely. Customs officers should use these facsimiles to determine the compliance of carriers, CFS and transferee, track the levels of this compliance, and issue penalties or liquidated damages. All custodians of Customs bonded merchandise must fax to U.S. Customs at (847) 616-4087, ATTN: G.O. Inspector.

Enforcement of General Order reporting requirements is part of our commitment to the protection of our homeland. The Port of Chicago will physically conduct audits of carriers, CFS, and transferees of record to ensure compliance with G.O. timelines and other G.O. procedures.

If you have any questions regarding this pipeline or G.O. procedures, contact Supervisory Customs Inspector Anye Whyte, (847) 616-4060 x 113.

Robyn Dessaure
Port Director