AAPL Ethics Program

Disclaimer

AAPL’s ethics program, video vignettes and associated materials are for educational purposes only. Program information is presented for instructional purposes and is intended solely as an overview of issues which may be encountered by land professionals. AAPL makes no representation with respect to program content, and specifically disclaims any express or implied warranties of accuracy, usefulness, fitness or completeness for any particular application or purpose.

The events, characters, companies and situations presented in the video vignettes are fictional. Any similarity to actual events, persons or companies is coincidental.

AAPL makes NO warranty or representations and assumes NO responsibility or liability as to the usefulness, reliability, correctness and/or acceptability of the information, ideas, concepts and/or interpretations of the written/oral material presented herein. Anyone relying upon, or applying ideas or concepts from, the statements, contents and/or comments in this program, video(s) or associated materials does so at his/her own sole cost, risk and expense and agrees to indemnify and hold harmless AAPL and program presenters.

© 2015 by AAPL. All rights reserved. No part of this program or associated materials may be reproduced in any form or by any means without permission in writing from AAPL.

AAPL Ethics Program

AAPl’s New Ethics Offerings

The AAPL’s 3 new interactive Ethics programs feature professionally produced situational videos showing members dealing with issues landmen might encounter in the scope of their work:

- **Ethics 360° or the Full Program** includes all 9 vignettes and carries 4 CEU credits (2.0 Ethics and 2.0 General)
  - Misuse of CPL Designation
  - Professionalism
  - Double Billing
  - Fraud / Misrepresentation
  - Self Dealing
  - Misuse of Confidential Information
  - Offering Advice Outside Area of Expertise
  - Unethical Practices / Failure to Disclose
  - Breaking the Law

- **America’s Landmen® or the Short Program** is a promotional and instructional video to help Land Managers, supervisors and business owners set expectations and facilitate Ethics discussions. Featuring 3 vignettes, it carries 1.5 Ethics credits

- **Institute-Length or “Mini” Programs** are specifically designed for regional land institutes and include 3 vignettes each; they carry 1.0 CEUs
Today’s Program – Session Overview

Today’s Agenda

- Video Introduction and Don Key Welcome
- What You Need to Know
  - AAPL Code of Ethics and Standards of Practice
- Video Vignettes - What Would You Do?
  - Misuse of CPL Designation
  - Fraud / Misrepresentation
  - Self-Dealing
- Don Key Concluding Remarks
- AAPL’s Role in Ethics
  - Reporting Misconduct
- Q&A and Wrap-up

The Grim Statistics...

- 30% of all employees report they “know or suspect” ethical violations such as falsifying records, unfair treatment of employees, and lying to top management
- 41% of employees in the private sector and 57% of employees in the public/government sector are aware of ethical misconduct or illegal activities
- 66% of employees say they know but have not reported incidences of misconduct in their organizations
- 76% of MBA graduates reported they were willing to commit fraud to enhance profit reports to management, investors, and the public

Causes of Ethical Misconduct...

1. Greed
2. Stress
3. Ignorance
4. Power
5. Fear
6. Expediency
7. To Help Someone Else
8. To Harm Someone Else
9. Drug or Alcohol Problem
10. Covering a Mistake
Accountability
- The AAPL Code of Ethics embodies the ethical principles we endorse and the Standards of Practice provide specific guidelines for conduct.
- These policies define the roles and responsibilities – the expectations for conduct – for all members.
- These principles govern the day-to-day activities – essentially all business conduct – for AAPL members.

Key Takeaway!
Because all AAPL Landmen are accountable under the standards they set, you should carefully study the Code of Ethics and the Standards of Practice and familiarize yourself with the entire content.

MISREPRESENTATION / MISUSE OF CPL DESIGNATION
This fictional scenario demonstrates an unpleasant reality: a single infraction may violate multiple provisions of the Code of Ethics and/or Standards of Practice. Be familiar with the entire content of both documents since in practice – as in jurisprudence – ignorance of the law is no excuse.

If you have knowledge of a member misusing or claiming a designation that he or she hasn’t earned or did not properly recertify, you are obligated to disclose relevant facts to the AAPL.

Scenario 1 – Applicable Standards

- **Standard #2** Members have a duty to “protect the members of the public ... against fraud, misrepresentation, and unethical practices ... which could be damaging to the public or bring discredit” to our industry.
- **Standard #13** By continuing to portray himself as a CPL without recertifying, Ed failed to represent himself accurately to the public.
- **Standard #14** Finally, any unauthorized or improper use of an AAPL title is an ethical violation. These designations include:
  - Certified Professional Landman (CPL)
  - Registered Professional Landman (RPL)
  - Registered Landman (RL)
  - Certified Professional Landman / Environmental Site Assessor (CPL / ESA)
Fraud – Key Messages

- Clearly, external pressures can be strong motivators and drive our behavior. Fear of failure at work – of disappointing others or not measuring up – can significantly impact our ability to make good choices.
- Instead of subterfuge and deceit, the correct actions would be:
  - Identify available options
  - Engage the expertise and support of others early on
  - Align on a workable solution
  - Enlist Management buy-in for the forward plan
- Resist the urge to pursue a dishonest or unethical solution for the sake of expediency

Scenario 2 – Applicable Standards

- Standards of Practice, Article B  Landmen are compelled to adhere to "a high standard of conduct in fulfilling ... fiduciary responsibilities to a principal"
- Standard #2  Land Professionals are obligated to "protect the members of the public ... against fraud, misrepresentation, and unethical practices ... which could be damaging to the public or bring discredit to our industry"
- Standard #3  Landmen have a duty to "protect and promote the interests of his employer" and to "act in an ethical manner"
- Standard #12  Land Professionals are prohibited from "business activity which may conflict with the interests of his employer ..."
In our industry, Land Professionals are compensated in a variety of ways; typically, a structured salary program or day rate plus expenses. Historically and currently, Landmen are also paid via overriding royalty interests, commissions, payments out of production, rebates or a percentage of profits. All these methods of payment are legitimate and acceptable, because the compensation package is negotiated up front and all parties have an opportunity to agree on terms before project work commences.

Acquiring interests without your employer’s or client’s knowledge and consent or using misappropriated information for personal profit is unscrupulous and unethical.

Self-Dealing – Key Messages

- In our industry, Land Professionals are compensated in a variety of ways; typically, a structured salary program or day rate plus expenses.
- Historically and currently, Landmen are also paid via overriding royalty interests, commissions, payments out of production, rebates or a percentage of profits.
- All these methods of payment are legitimate and acceptable, because the compensation package is negotiated up front and all parties have an opportunity to agree on terms before project work commences.
- Acquiring interests without your employer’s or client’s knowledge and consent or using misappropriated information for personal profit is unscrupulous and unethical.

Scenario 3 – Applicable Standards

- **Standard #2** Landmen have a duty to “protect the members of the public … against fraud, misrepresentation, and unethical practices.
- **Standard #7** Land Professionals “shall not undertake … services concerning a property or a transaction where he has a present or contemplated interest, unless such interest is specifically disclosed to all affected parties.”
- **Standard #8** Landmen “shall not acquire for himself or others an interest … which he is [purchasing] for his principal, employer or client, without [their] consent. He shall disclose his interest … which might be in conflict with his principal, employer or client.”
- **Standard #10** Landmen may not “accept any commission, rebate, interest, overriding royalty or other profit on transactions made for an employer or client without [their] knowledge and consent.”
- **Standard #12** Land Professionals are prohibited from “business activity which may conflict with the interests of his employer …”

Don Key Closing Comments
The AAPL’s Role in Ethics

- Investigation and Enforcement of Ethical Violations
  - Part of the AAPL’s mission is to safeguard the interests of landowners and mineral owners by rigorously enforcing the Code of Ethics and Standards of Practice
  - In addition, the AAPL encourages landowners to contact our offices to determine if a landman is a member in good standing and to report incidents of questionable conduct

Key Takeaway:

All reported occurrences of questionable conduct or potential ethical violations are taken seriously and reviewed by the appropriate investigative authority. If substantiated, members are subject to severe disciplinary action up to and including sanction, censure and expulsion.

Reporting Ethical Misconduct

- Reports of alleged misconduct must conform with explicit criteria; to be considered, a “Formal Complaint” must:
  - be submitted in writing to the AAPL EVP
  - specify which ethical provisions or standards were violated
  - include any evidence to support the charge

Complaints may not be reported anonymously. Reports not conforming to Formal Complaint criteria are dismissed.

By majority vote, the Ethics Committee decides whether to request more information. If warranted, an Investigating Committee is appointed and the Disciplinary Process proceeds.

In Closing … Key Messages

ACCOUNTABILITY
- The AAPL Code of Ethics contains the ethical principles we endorse and the Standards of Practice provide specific guidelines for conduct. They govern the roles and responsibilities of all AAPL members and you are accountable under the standards they set. Carefully study both documents and familiarize yourself with the entire content.

DISCIPLINARY PROCEDURES
- Part of the AAPL’s mission is to safeguard the interests of landowners through rigorous enforcement of the association’s ethical standards. All occurrences of questionable conduct or potential ethical violations are taken seriously and reviewed by the appropriate investigative authority. If substantiated, members are subject to severe disciplinary action up to and including sanction, censure and expulsion.
A Final Thought...

There's a word for doing the right thing when no one is looking...

It's called character.

Our nation, our profession and our families could all use a lot more of it right now.

Thank you!

As always, your comments, feedback and perspectives are invited and valued.