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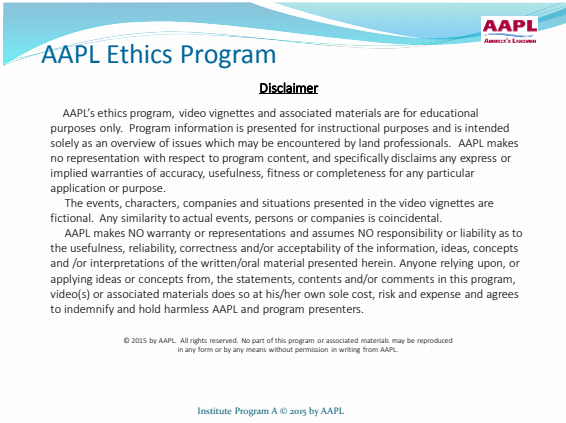
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## Today's Program – Session Overview

### 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**

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## 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
- 60% 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

Chandler, Robert C., PhD. "Avoiding Ethical Misconduct Disasters." *Graziadio School of Business and Management*. Pepperdine University. n.d. Web: 28 May 2015.

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## 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

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## Misuse of CPL – Key Messages

- 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

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## 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)

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AAPL Ethics Program

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## FRAUD / MISREPRESENTATION

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## 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

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## 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 ...”

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## SELF-DEALING

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## 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 *upfront* 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

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## 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 ..."

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## Don Key Closing Comments

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## 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.

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## 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

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## 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.

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### 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.*

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### Thank you!

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

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