

AAPL Ethics Program

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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 DesignationProfessionalism
- Misuse of Confidential Information Offering Advice Outside Area of Expertise
 - Double Billing
- Unethical Practices / Failure to Disclose
- Fraud / Misrepresentation Self Dealing
- 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

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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

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The Grim Statistics...

Reporting Misconduct
Q&A and Wrap-up

 30% of all employees report they "know or suspect" ethical violations such as falsifying records, unfair treatment of employees, and lying to top management

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- 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
- Ignorance
 Power
- 4. Powe 5. Fear
- Fear
 Expediency
- 7. To Help Someone Else
- 8. To Harm Someone Else
- 9. Drug or Alcohol Problem
- 10. Covering a Mistake

AAPL Code of Ethics	Standards of Practice Standards of Practice	
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Code of Ethics and Standards of Practice

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 <u>all</u> members
- These principles govern the day-to-day activities essentially <u>all</u> business conduct for AAPL members



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MISREPRESENTATION / MISUSE OF CPL DESIGNATION

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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)
 - Cerified Professional Landman / Environmental Site Assessor (CPL / ESA)

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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

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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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

All reporte potential e Key reviewed b Takeaway! substantia action up t

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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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 explusion.

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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