

Code of Professional Responsibility Of the International Members Association of Mid-America (IBBA-MA)

This Code of Professional Responsibility, also referred to as “The Code,” was adopted by the Board of Directors of the International Business Brokers Association of Mid-America (IBBA-MA). The Code is for use by all Business Intermediaries, Members, and Members of the Association as a means of establishing uniform professional practices when providing business intermediary and business brokerage services for the general public as well as between Members from other firms and the individuals, companies, and agencies they interact with.

As IBBA-MA membership includes membership in the IBBA, all association members are also expected to follow to the IBBA Code of Ethics. While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instances where the Code of Ethics, The Code, and the law conflict, the obligations of the law must take precedence. Modifications to The Code are approved from time to time by the Association. Readers are cautioned to ensure that the most recent version is utilized.

For definition and clarity, the term “Member(s)” refers to any person or entity which possesses a current and paid membership to the IBBA-MA and is a member in good standing. Member status may also be imbued under other types of membership, such as lifetime membership or ex-officio membership, as examples or as outlined within the Membership Policy.

Preamble

As Members, we adhere to a set of professional principles which provide a foundation of quality business intermediary, business Member, and related industry transactional services. We agree to support entrepreneurship and we believe the investment risk and effort required to build a profitable going business or enterprise deserves a fair valuation and a straightforward, professional, and honest presentation of a business opportunity to the client receiving or engaging in such services and other business intermediaries, Members, professional advisors related to, or involved in, the industry, and to the general public who utilize and benefit from the services offered by the Members.

The Code imposes obligations beyond those of ordinary commerce. Members should be zealous in maintaining and improving professional practices and sharing with their fellow Members a common responsibility for integrity and honor in their business transactions.

In recognition and appreciation of the obligations to clients, customers, the public, and each other, Members should continuously strive to become and remain informed on issues affecting the sale of businesses, and be willing to share their experience with others.

Members should strive to eliminate practices which may damage the public or which might discredit or bring dishonor to the business brokerage profession.

Members should urge sole and exclusive representation of clients, not attempt to gain any unfair advantage over competitors, and refrain from making unsolicited comments about other Members and practitioners.

Members should pledge to observe the spirit of The Code in all of their activities and to conduct their business in accordance with the tenets set forth below:

Article 1

Members must preserve and protect all confidential information provided by clients and prospective clients during any stage of the relationship, including following the termination or expiration of the listing agreement. The client's confidential information shall not at any time be disclosed or used to the disadvantage of client, nor for the advantage of the Member or third parties, unless:

- a. the client consents after full disclosure; or
- b. the Member is required by court order; or
- c. the client intends to commit a crime and the information is necessary to prevent the crime; or
- d. it is necessary to defend the Member, the association, or involved associates against an accusation of wrongful conduct.
- e. Members, when acting as principals in a transaction, remain obligated by the expectations imposed by The Code.
- f. The expectations imposed by The Code encompass all Member related activities and transactions whether conducted in person, electronically, or through any other means.

Article 2

Members must avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to properties and business transactions.

However, nothing herein shall be construed to obligate Members to discover latent defects, to advise on matters outside the scope of their expertise, or to disclose facts which are confidential under the scope of agency duties owed to their clients.

We acknowledge that Members are reliant on the client, and shall in no way be responsible for the content, accuracy, and truthfulness of information provided by the client. While Members are not required to audit or otherwise confirm pertinent information, reasonable care should be taken regarding the expectation of honesty.

Article 3

Members must make reasonable efforts to protect the public and all parties in a transaction against fraud, misrepresentation, or unethical practices in the area of business opportunity transactions. Members shall be honest and truthful in all communications and must not make false, misleading, or exaggerated claims about themselves, their firm, clients, franchisors, or their competitors. Members must follow all applicable laws of the jurisdictions in which they practice.

Article 4

Members shall not engage in activities that constitute the unauthorized practice of law or accounting. Members have a responsibility to recommend that clients obtain legal counsel or advice from a CPA for independent advice on transactions. Members shall not undertake to provide specialized professional services concerning a type of business or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of business or service, or unless the facts are fully disclosed to the client.

Article 5

Members should keep in a special bank account, separated from their own funds, monies coming into their possession in trust for other persons.

Article 6

Members should obtain terms and conditions of agreements in writing regarding business opportunity transactions and ensure that copies of such agreements are given to all parties involved.

Article 7

Members should pledge to protect and promote the interests of their clients. This obligation of loyalty and honesty to the client's interest is primary, but it does not relieve Members from the obligation of dealing honestly and fairly with all parties, in accordance with higher fiduciary duties required within a relative and/or applicable jurisdiction. Members, when acting as principals in a transaction, remain obligated by the duties imposed by The Code.

Article 8

Members may represent both the seller and buyer in the same transaction, but must disclose that dual agency relationship to the parties of the transaction, and pledge to protect and promote the interest of their clients.

Article 9

Members having a present or contemplated interest concerning a business property or its value should disclose such interest to the principals of the transaction.

When seeking information from another Member concerning a business under a listing agreement, Members shall disclose their professional status and whether their interest is personal or on behalf of a client.

Members shall not acquire an interest in, buy, or present offers from themselves, any member of their immediate families, their firms, or any member thereof, or any entities in which they have any ownership interest without making their true position known to the owner and/or the owner's representative. Members should not undertake to make a valuation or appraisal or render an opinion of value on any project if they have a present or contemplated interest unless such an interest is specifically disclosed in the valuation or appraisal.

Article 10

Members, when acting as an agent, accepting any commission, rebate, referral fee, or profit due to expenditures made on behalf of the client, should disclose to the client.

Article 11

Members should not undertake to make a valuation or appraisal that is outside or beyond the scope of their experience without first obtaining the assistance of an authority on such types of business, property, or service unless the extent or lack of experience of the Member is fully disclosed to the client.

Members making a formal valuation or appraisal of a business opportunity should not render an opinion without careful and thorough analysis and interpretation of all market and economic factors affecting the value of the project. Furthermore, Members shall not deliberately mislead an owner regarding the market value of their business.

The engagement or fee must be set/disclosed prior to a valuation or appraisal.

Article 12

Members shall share the responsibilities in a transaction when cooperating (Co-Brokering) with other association Members. Members are encouraged, but not required, to cooperate with other members.

Article 13

Members shall not deny equal access of professional services to any person for reasons of race, color, age, religion, gender identity, sexual orientation, disability, or national origin. Members shall not be a party to any plan or agreement to discriminate against a person or persons on the basis of race, color, age, religion, gender identification, sexual orientation, disability, or national origin.

Article 14

Members must not submit or advertise business without current authority to do so and shall not use bait-and-switch techniques to lure buyers by advertising businesses they do not have for sale. In any offerings, the price quoted will be the offering price agreed upon with the owner. Members must always have written authorization to sell or purchase, as the case may be, from the prospective seller or purchaser.

The written documentation shall include obligation of confidentiality and all the material information related to the terms of the sale or purchase, including price, term of the agreement, and compensation to be paid to the Member.

Article 15

All bona fide written offers and counter-offers between the buyer and seller will be submitted objectively and promptly and within the timeframe designated in the offer, unless otherwise directed by the client, or as required by laws, rules, or regulations of the relative, and/or applicable authority.

Or, unless seller has agreed to a No Shop or Stop Shop with a different buyer. Unsolicited offers received during a No Shop or Stop Shop situation, will be held by the Member as a back-up, without presenting to the seller. The decision to accept or reject an offer always remains solely with the seller. Members may offer objective opinions and advice, but shall not unduly influence the seller's decision.

Members shall use reasonable care to ensure that documents pertaining to the purchase are kept current with written extensions or amendments.

Article 16

Members will not disclose the terms of one buyer's offer to another buyer.

Article 17

Members should seek no unfair advantage over fellow Members, and should willingly share with them the lessons of his/her experience and study.

Article 18

Members should conduct their business to avoid controversies with fellow Members, cooperate with IBBA-MA and its officers in all matters, including investigations, censure, discipline, or dismissal of members who, by their conduct, prejudice their professional status or the reputation of the IBBA-MA. If a member is charged with unethical practices, he or she should, in a timely manner, place all pertinent facts before the IBBA-MA Board of Directors or designated grievance committee for investigation and decision.

Members charged with unethical practices shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal.

Article 19

Members shall not knowingly or recklessly file false or unfounded ethics complaints.

Article 20

In the best interest of IBBA-MA, society, and associates, Members should be loyal to the community and active in its work. Members shall keep informed of trends, best practices, and changes affecting business services and opportunities.

Article 21

All business Member who are members of IBBA-MA are required to complete annual every other year ethics training, as defined and recognized by the association.

Article 22

Members must refrain from continued and prolonged association with individuals or

organizations which act in a manner contrary to The Code. Such continued association is deemed as denial of The Code and is reason for potential dismissal from IBBA-MA.