

FOG CUTTER CAPITAL GROUP INC. CODE OF ETHICS

Updated March 30, 2004

Code of Ethics

1. Introduction

We are committed to maintaining the highest standards of ethical conduct. This Code of Ethics reflects the business practices and principles of behavior that support this commitment. Our Board of Directors is responsible for setting the standards of conduct contained in this Code and for updating these standards as appropriate to reflect legal and regulatory developments. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities. We will hold each of our employees, officers and directors accountable for adherence to this Code. Those who violate this Code will be subject to disciplinary action, which may include termination.

This Code does not describe every practice or principle related to honest and ethical conduct. This Code of Ethics is an integral part of our broader Code of Conduct set forth in our Employee Guidelines. The following additional policies of the Company supplement or amplify this Code in certain areas and should be read in conjunction with this Code: our Insider Trading Policy, our Corporate Communications Policy and our Foreign Corrupt Practices Act Policy. More information about these policies can be found in the Employee Guidelines.

2. Compliance Officer

The Company has designated the Chief Financial Officer as our Compliance Officer to administer this Code. Employees, officers or directors may, at their discretion, make any report or complaint provided for in this Code to the Compliance Officer. The Compliance Officer will refer complaints submitted, as appropriate, to the Board of Directors or an appropriate Committee of the Board.

3. Compliance With Applicable Laws

All employees, officers and directors of the Company must comply with all of the laws, rules and regulations of the United States and other countries, as well as the states, counties, cities and other jurisdictions, applicable to the Company or its business.

This Code does not summarize all laws, rules and regulations applicable to the Company or its business. You should consult the various guidelines the Company has prepared on specific laws, rules and regulations, which you can find summarized in the Employee Guidelines, including employment laws concerning equal employment and sexual and other types of harassment; antitrust laws; occupational health and safety laws; food and drug laws; securities laws concerning disclosure requirements and insider trading; and anti-bribery laws including foreign corrupt practices. Please consult with a supervisor or the Compliance Officer if you have questions about laws that you think may be applicable to the Company or its business.

4. Conflicts Of Interest

A “conflict of interest” may exist whenever the private interests of an employee, officer or director conflict in any way (or even appear to conflict) with the interests of the Company. While our employees, officers and directors should be free to make personal investments and enjoy social relations and normal business courtesies, they must not have any personal interests that adversely influence the performance of their job responsibilities. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively. Conflicts of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Gifts to, loans to, or guarantees of obligations of, employees, officers and directors and their respective family members may create conflicts of interest. Federal law prohibits personal loans from the Company to directors and executive officers. In addition, it is almost always a conflict of interest for a Company employee or officer to work simultaneously for a competitor, customer or supplier.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with a supervisor or the Compliance Officer. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor or the Compliance Officer.

5. Corporate Opportunity

Except as may be approved by the Board of Directors or a committee of independent directors, employees, officers and directors are prohibited from (a) taking for themselves personally opportunities that belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company.

6. Confidentiality

All employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized by the Company or required by laws, regulations or legal proceedings. The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed. Whenever feasible, employees, officers and directors should consult a supervisor or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.

7. Fair Dealing

Each employee, officer and director should endeavor to deal fairly with the Company’s customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Stealing proprietary information, misusing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited.

8. Protection And Proper Use Of Company Assets

All employees, officers and directors should protect the Company’s assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company’s profitability. All Company assets should be used for legitimate business purposes. Of course, limited personal use may be appropriate for certain Company assets, but you should check with a supervisor to determine what may be appropriate.

9. Accounting Complaints

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. The Company's Audit Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. Employees, officers or directors who have concerns or complaints regarding such matters are encouraged to promptly submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially.

Such submissions may be directed to the attention of the Audit Committee, or any director who is a member of the Audit Committee, at the principal executive offices of the Company.

10. Reporting Any Illegal Or Unethical Behavior

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Any employee, officer or director who believes that a violation of this Code or other illegal or unethical conduct by any employee, officer or director has occurred or may occur should promptly contact a supervisor, a corporate officer, or the Compliance Officer. Such reports may be made confidentially or anonymously. Confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

11. No Retaliation

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against reports or complaints made in good faith with a reasonable basis for believing that a violation of this Code or other illegal or unethical conduct has occurred.

12. Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be full, fair, accurate, timely and understandable. Depending on their respective positions with the Company, employees, officers or directors may be called upon to provide information necessary to assure that the Company's public reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements. The Company has formed a Disclosure Committee to oversee the preparation and review of public disclosure documents. The members of the Disclosure Committee will change from time to time, but will generally consist of certain key managers and may include our legal counsel. You must be especially responsive to inquiries and requests from members of our Disclosure Committee.

13. Reporting By Supervisors

When a supervisor receives reports of violations or questionable behavior pursuant to this Code of Ethics, that supervisor shall be responsible for bringing such reports to the attention of his or her supervisor, the Compliance Officer or to the Audit Committee, as appropriate, in accordance with the reporting procedures contained in this Code of Ethics. Supervisors must endeavor to honor any confidentiality or anonymity requests made by the reporting person, subject to applicable law, regulation or legal proceedings.

14. Amendment, Modification And Waiver

This Code may be amended, modified or waived by the Board of Directors, subject to the disclosure and other provisions of the Securities Exchange Act of 1934 and the rules thereunder and the applicable rules of the Nasdaq National Market.

FORM OF ANNUAL CERTIFICATION

Each employee, officer and director must certify on the following form at least annually or at such other times as requested to do so by the Company's management.

To: The Chief Financial Officer of Fog Cutter Capital Group Inc.

Subject: Code of Ethics

I, _____ ,
First Name Middle Name Last Name
(PLEASE PRINT)

As an employee, officer or director of Fog Cutter Capital Group Inc. or one of its subsidiaries or divisions, I do hereby acknowledge that I have received a copy of the Code of Ethics and that I have read and reviewed the Code of Ethics and understand its contents and understand that I am subject to all of its provisions. I further certify that I am not aware of any violations of the Code of Ethics that have not been duly reported pursuant to the provisions of the Code of Ethics as of the date of this certification.

Signature Date:

Title

Department Name Subsidiary