

# FORM 4

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <b>KOTLER KENNETH K</b>			2. Issuer Name <b>and</b> Ticker or Trading Symbol <b>FOG CUTTER CAPITAL GROUP INC [ FCCG.PK ]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 12/29/2006					
C/O FOG CUTTER CAPITAL GROUP INC. 1410 SW JEFFERSON STREET			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
(Street)								
PORTLAND	OR	97201						
(City)	(State)	(Zip)						

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock option (right to buy)	\$2.7	12/29/2006		D		500		(1)	12/31/2011	Common Stock	500	\$0	0	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock option (right to buy)	\$2.59	12/29/2006		D			1,000	<sup>(2)</sup>	03/31/2012	Common Stock	1,000	\$0	0	D	
Stock Option (right to buy)	\$3.47	12/29/2006		D			1,000	<sup>(3)</sup>	06/30/2012	Common Stock	1,000	\$0	0	D	
Stock option (right to buy)	\$3.33	12/29/2006		D			1,000	<sup>(4)</sup>	09/30/2012	Common Stock	1,000	\$0	0	D	
Stock option (right to buy)	\$4.05	12/29/2006		D			1,000	<sup>(5)</sup>	12/31/2012	Common Stock	1,000	\$0	0	D	
Stock option (right to buy)	\$5.92	12/29/2006		D			1,500	<sup>(6)</sup>	03/31/2013	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$5.83	12/29/2006		D			1,500	<sup>(7)</sup>	06/30/2013	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$5.58	12/29/2006		D			1,500	<sup>(8)</sup>	09/30/2013	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$5.72	12/29/2006		D			1,500	<sup>(9)</sup>	12/31/2013	Common Stock	1,500	\$0	0	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
buy)															
Stock option (right to buy)	\$6.55	12/29/2006		D			1,500	( <sup>10</sup> )	03/31/2014	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$4.29	12/29/2006		D			1,500	( <sup>11</sup> )	06/30/2014	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$4.27	12/29/2006		D			50,000	( <sup>12</sup> )	07/23/2014	Common Stock	50,000	\$0	0	D	
Stock option (right to buy)	\$4.4	12/29/2006		D			1,500	( <sup>13</sup> )	09/30/2014	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$3.41	12/29/2006		D			1,500	( <sup>14</sup> )	12/31/2014	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$4.07	12/29/2006		D			1,500	( <sup>15</sup> )	03/31/2015	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$3.96	12/29/2006		D			1,500	( <sup>16</sup> )	06/30/2015	Common Stock	1,500	\$0	0	D	
Stock	\$3.85	12/29/2006		D			1,500	( <sup>17</sup> )	09/30/2015	Common	1,500	\$0	0	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
option (right to buy)										Stock					
Stock option (right to buy)	\$4.07	12/29/2006		D			1,500	<sup>(18)</sup>	12/31/2015	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$3.85	12/29/2006		D			1,500	<sup>(19)</sup>	03/31/2016	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$2.78	12/29/2006		D			1,500	<sup>(20)</sup>	06/30/2016	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$2.64	12/29/2006		D			100,000	<sup>(21)</sup>	08/08/2016	Common Stock	100,000	\$0	0	D	
Stock option (right to buy)	\$1.6	12/29/2006		D			1,500	<sup>(22)</sup>	09/30/2016	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$1.32	12/29/2006		A			1,500	<sup>(23)</sup>	12/31/2016	Common Stock	1,500	\$0	0	D	
Stock option (right to buy)	\$1.32	12/29/2006		A			177,000	<sup>(24)</sup>	12/31/2016	Common Stock	177,000	<sup>(25)</sup>	178,500	D	

## Explanation of Responses:

1. Option vests in three equal annual installments beginning on December 31, 2002.
2. Option vests in three equal annual installments beginning on March 31, 2003.
3. Option vests in three equal annual installments beginning on June 30, 2003.
4. Option vests in three equal annual installments beginning on September 30, 2003.
5. Option vests in three equal annual installments beginning on December 31, 2003.
6. Option vests in three equal annual installments beginning on March 31, 2004.
7. Option vests in three equal annual installments beginning on June 30, 2004.
8. Option vests in three equal annual installments beginning on September 30, 2004.
9. Option vests in three equal annual installments beginning on December 31, 2004.
10. Option vests in three equal annual installments beginning on March 31, 2005.
11. Option vests in three equal annual installments beginning on June 30, 2005.
12. Option vests in three equal annual installments beginning on July 23, 2005.
13. Option vests in three equal annual installments beginning on September 30, 2005.
14. Option vests in three equal annual installments beginning on December 31, 2005.
15. Option vests in three equal annual installments beginning on March 31, 2006.
16. Option vests in three equal annual installments beginning on June 30, 2006.
17. Option vests in three equal annual installments beginning on September 30, 2006.
18. Option vests in three equal annual installments beginning on December 31, 2006.
19. Option vests in three equal annual installments beginning on March 31, 2007.
20. Option vests in three equal annual installments beginning on June 30, 2007.
21. Option vests in three equal annual installments beginning on August 8, 2007.
22. Option vests in three equal annual installments beginning on September 30, 2007.
23. Option vests in three equal annual installments beginning on December 31, 2007.
24. Option vests in three equal annual installments beginning on December 31, 2007.
25. On December 29, 2006, the issuer cancelled, pursuant to the issuer's option exchange program, unexercised options granted to the reporting person prior to December 29, 2006. In exchange for the options, the reporting person received these options to purchase the issuer's Common Stock.

/s/ K. Kenneth Kotler

01/04/2007

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**