

IMH FINANCIAL CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS

(Adopted on November 10, 2014)

Overview of the Code

Our reputation for honesty and integrity is among our most important assets. This Code of Business Conduct and Ethics, which may be referred to as the “Code,” is designed to provide you with a clear understanding of the conduct we expect from all our employees, directors and consultants. The Code applies to all directors, officers and employees of IMH Financial Corporation (the “Company” or “IMHFC”) and its subsidiaries, who, unless otherwise specified, are referred to together in the Code as “employees.”

You are required to review the Code carefully. All new employees of IMHFC must execute an acknowledgement stating that they agree to be bound by the Code. Existing employees will be asked from time to time to provide a similar acknowledgement. Failure to comply with the Code can result in disciplinary or enforcement action, which could include a termination of employment.

Purposes of the Code

We have adopted and implemented the Code to deter wrongdoing and promote the following:

- Honest and ethical conduct, including (i) the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) the ethical conduct of our business; and (iii) the ethical management of our relationships and transactions with customers, vendors and anyone with whom we conduct business.
- Full, fair, accurate, timely and understandable disclosure in reports and documents we file with, or submit to, the Securities and Exchange Commission and in other public communications we make.
- Compliance with applicable governmental laws, rules and regulations.
- Prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code.
- Accountability for adherence to the Code.

Highlights of the Code

The most important principle embodied in the Code is that as an employee of IMHFC, you are our representative, and you must act on behalf of IMHFC in all circumstances with honesty and integrity and in conformity with all applicable laws and regulations. Key requirements of the Code include those listed below:

- You are expected to conduct yourself and any business you are conducting on IMHFC's behalf in compliance with all applicable laws or regulations.
- You are expected to avoid conflicts of interest or the appearance of conflicts of interest.
- You are expected to insure that every business or financial record that you prepare or are involved with, whether related to internal or external transactions, is prepared timely and accurately. You must never falsify any IMHFC document or business record, take any other action that distorts the true nature of any transaction, or fail to report to appropriate personnel any information that is necessary to insure that IMHFC properly records and accounts for every business transaction.
- If you are involved in preparation of our financial statements and reports or other public disclosures, you must use all reasonable efforts to ensure that all information and disclosures are full, fair, accurate, timely and complete.
- You may not use assets of IMHFC, including confidential information, for your personal business or benefit.
- You are expected to deal with our customers, suppliers and other third parties with whom IMHFC has relationships, and with IMHFC's competitors, fairly and at arm's length and in compliance with all applicable laws, including those relating to competitive practices.
- You are expected to protect IMHFC's proprietary information as well as the proprietary information of third parties that IMHFC may obtain and must not use any such information for your personal benefit.
- You must never bribe or attempt to bribe or improperly influence a government official.
- You must report violations or suspected violations of the Code, including requests by any other employee or colleague to violate the Code, or any threats or retaliation against someone who has reported a potential violation or who is cooperating in any investigation.

- Violating the Code will result in disciplinary or enforcement action, which could include a termination of your employment.

Your Responsibilities

- You must at all times comply with the Code, both in letter and in spirit. Ignorance of the Code will not excuse you from its requirements.
- You must comply with the Code as well as other applicable policies of IMHFC. You will not be permitted to rely on technical arguments that an action was within the letter of the Code if it was clearly not within the spirit or intent of the Code.
- Some situations may seem ambiguous. No Code of Conduct or other policy can address every circumstance. IMHFC encourages you to trust your instincts, as you will be responsible for your actions. In evaluating a situation, you should obtain all relevant facts, assess the responsibilities and roles of those involved, and use your own judgment and common sense to evaluate whether an action is unethical or improper. If you are uncertain, seek guidance. You may discuss with your manager any questions or concerns you have about the Code or other policies of IMHFC and whether or not any proposed course of conduct or dealing is appropriate. If for any reason you are uncomfortable discussing it with your manager, you should consult with our in-house legal counsel.
- You should be alert to possible violations and must report them. The process for reporting possible violations is described in Section III of the Code.

This Code is not an express or implied contract of continued employment and does not create any contractual rights for any employee of IMHFC or its subsidiaries. All employees should understand that this Code does not modify their employment relationship, whether at will or governed by contract, except that the employee's compliance with the Code will be deemed a condition of continued employment with IMHFC.

IMHFC reserves the rights to amend, alter or terminate this Code, or to rescind any waiver or consent granted hereunder, at any time and for any reason.

The policies in this Code do not constitute a complete list of IMHFC's policies or a complete list of the types of conduct that can result in disciplinary action, including termination of employment.

Part A and Part B of this Code taken together are intended to satisfy the definition of a "code of ethics" as set forth in Item 406 of Regulation S-K promulgated under the Securities Act of 1933, as amended. As such, any waiver or implicit waiver of the

provisions of Part A or Part B that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K for certain executive officers and financial personnel must be publicly disclosed in accordance with applicable rules and regulations.

To the extent that provisions of this Code are not permitted by the laws or regulations of any jurisdiction in which employees of the Company or its subsidiaries are based, this Code shall be deemed to be amended to comply with such laws and regulations solely with respect to employees based in such jurisdiction.

PART A: OVERVIEW

I. PURPOSE AND SCOPE

This Code of Business Conduct and Ethics (the “**Code**”) summarizes the ethical standards and key policies that guide the conduct of IMH Financial Corporation (the “**Company**” or “**IMHFC**”) in certain critical areas.

The purpose of this Code is to promote ethical conduct and deter wrongdoing. The policies outlined in this Code are designed to ensure that the Company’s employees, including its executive officers (“**employees**”) and members of its board of directors (“**directors**”) act in accordance with not only the letter but also the spirit of the laws and regulations that apply to the Company’s business. The Company expects its employees and directors to exercise good judgment to uphold these standards in their day-to-day activities and to comply with all applicable policies and procedures in the course of their relationship with the Company.

Employees and directors are expected to read the policies set forth in this Code and ensure that they understand and comply with them. The Code does not cover every issue that may arise, but it provides general guidelines for exercising good judgment. Employees and directors should refer to the Company’s other policies and procedures for implementing the general principles set forth below. Any questions about the Code or the appropriate course of conduct in a particular situation should be directed to the Company’s Chief Ethics Officer (defined below). Any violations of laws, rules, regulations or this Code should be reported immediately. The Company will not allow retaliation against an employee or director for such a report made in good faith. Employees and directors who violate this Code will be subject to disciplinary action, which may include a termination of employment.

Part A and Part B of this Code are, together, intended to constitute a “code of ethics” as described in Item 406 of Regulation S-K promulgated under the Securities Act of 1933, as amended. Part C of the Code and the entire portion of the Code preceding Part A are explicitly deemed not to be part of the Company’s “code of ethics” for the purposes of Item 406 and any related statutes or regulations.

II. STANDARDS OF CONDUCT

The Company expects all employees and directors to act with the highest standards of honesty and ethical conduct. The Company considers honest conduct to be conduct that is free from fraud or deception and is characterized by integrity. The Company considers ethical conduct to be conduct conforming to accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, as discussed below.

III. ACCOUNTABILITY AND REPORTING; IDENTIFYING VIOLATIONS

We expect employees to assist the Company in enforcing the Code and to report possible violations to appropriate personnel. Violations may occur as a result of someone's intentional act or, in some cases, because of an unintentional act, oversight, or error. Employees should report suspected violations regardless of whether they believe the violation is or was intentional. Suspected violations should be reported to the Company's in-house legal department.

If an employee has concerns relating to IMHFC's accounting, internal controls, auditing matters, financial record keeping, or public disclosures, he or she should also notify the Audit Committee of IMHFC's Board of Directors by sending a letter to: Chairman of the IMHFC Audit Committee, c/o IMH Financial Corporation, 7001 N. Scottsdale Road, Suite 2050, Scottsdale, Arizona 85253.

To the extent reasonably possible, IMHFC will attempt to preserve the confidentiality of the identity of a reporting person in connection with any investigation of a suspected violation. If an employee has concerns about anonymity, he or she may send an anonymous letter via mail to the personnel identified above, outlining the concerns and suspected violation and providing as much detail as possible to permit, if appropriate, an investigation into the issues raised. In addition, an employee should review IMHFC's Complaint Procedures for Accounting and Auditing Matters, which is available on IMHFC's internal and external websites. It is against IMHFC policy and this Code to retaliate in any manner, including harassment or threats, against any person who has in good faith reported a suspected violation of this Code or any other policy of IMHFC.

IV. COMPLIANCE STANDARDS AND PROCEDURES

No code of business conduct and ethics can replace the thoughtful behavior of an ethical employee or director or provide definitive answers to all questions. Since the Company cannot anticipate every potential situation, certain policies and procedures have been put in place to help employees and directors approach questions or problems as they arise.

A. Designated Ethics Officer

The Company's Chief Executive Officer has been designated as the Company's Chief Ethics Officer with responsibility for overseeing and monitoring compliance with the Code. The Chief Ethics Officer will make periodic reports to the Company's Audit Committee regarding the implementation and effectiveness of this Code as well as the policies and procedures put in place to ensure compliance with the Code.

B. Seeking Guidance

Employees and directors are encouraged to seek guidance from supervisors, managers or other appropriate personnel when in doubt about the best course of action to take in a particular situation. In most instances, questions regarding the Code should be brought to the attention of the Company's Chief Ethics Officer.

C. Reporting Violations

If an employee or director knows of or suspects a violation of the Code, or of applicable laws and regulations, he or she must report it immediately as described under Section III (Accountability and Reporting) of this Part A.

Anyone that believes that questionable accounting or auditing conduct or practices have occurred or are occurring should refer to the Company's Complaint Procedures for Accounting and Auditing Matters.

D. No Retaliation

Any employee or director who observes possible unethical or illegal conduct is encouraged to report his or her concerns. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Any employees involved in retaliation will be subject to serious disciplinary action by the Company. Furthermore, the Company could be subject to criminal or civil actions for acts of retaliation against employees who report U.S. federal securities law violations and other federal offenses.

E. Investigations

Reported violations will be promptly investigated. The Board of Directors or its designated committee will be responsible for investigating violations and determining appropriate disciplinary action for matters involving members of the Board of Directors or executive officers. The Board of Directors or its designated committee may designate others to conduct or manage investigations on its behalf and recommend disciplinary action. Subject to the general authority of the Board of Directors to administer this Code, the Chief Ethics Officer and the Chief Executive Officer will be jointly responsible for

investigating violations and determining appropriate disciplinary action for other employees, agents and contractors. The Chief Ethics Officer and the Chief Executive Officer may designate others to conduct or manage investigations on their behalf and recommend disciplinary action. The Board of Directors reserves the right to investigate violations and determine appropriate disciplinary action on its own or to designate others to do so in place of, or in addition to, the Chief Executive Officer and the Chief Ethics Officer. It is imperative that the person reporting the violation not conduct an investigation on his or her own. However, employees and directors are expected to cooperate fully with any investigation made by the Company into reported violations.

F. Discipline/Penalties

Employees and directors who violate the laws or regulations governing the Company's business, this Code, or any other Company policy, procedure or requirement may be subject to disciplinary action, up to and including termination. Employees and directors who have knowledge of a violation and fail to move promptly to report or correct it, or who direct or approve violations, may also be subject to disciplinary action, up to and including termination. Furthermore, violations of some provisions of this Code are illegal and may subject the employee or director to civil and criminal liability.

V. AMENDMENT, MODIFICATION AND WAIVER

This Code may be amended or modified by the Board of Directors or a committee of the Board of Directors. Any amendments of Part A or Part B of this Code must be promptly disclosed to stockholders if and as required by law or the rules of the stock exchange or over the counter trading system on which the Company's stock is traded or quoted.

Any waiver of the provisions of Part A or Part B of this Code for a director, executive officer and any financial or accounting officer at the level of the principal accounting officer or controller or above, may be made only by the Board of Directors, and must be promptly disclosed to stockholders if and as required by law or the rules of the stock exchange or over the counter trading system on which the Company's stock is traded or quoted. Waivers with respect to other employees or applicable contractors may be made only by the Company's Chief Ethics Officer.

Any waiver of this Code with respect to a conflict of interest transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended, must be approved in advance by the Company's Audit Committee.

PART B: ETHICS PROVISIONS

I. FINANCIAL RECORDS AND PUBLIC DISCLOSURE

Every IMHFC financial record – including sales records, time sheets, expense reports, books and ledgers and other financial data and records – must be accurately and timely prepared and must be prepared in accordance with all applicable laws, principles and standards. The integrity of our financial transactions and records is critical to the operation of our business and to maintaining the confidence and trust of our stockholders, customers, suppliers and employees.

General Principles Applicable to Employees

Each employee having any responsibility for, or involvement in, financial reporting or accounting must have an appropriate understanding of relevant accounting and financial reporting principles, standards, laws, rules and regulations as well as IMHFC's financial and accounting policies, controls and procedures.

Each employee having any responsibility for, or involvement in, the customer sales and support process or managing relationships with IMHFC's vendors must understand the accounting and financial reporting implications of IMHFC's transactions with these parties. All such employees should consult with the Company's Finance Department to discuss any requests for non-standard terms or conditions. All such employees are responsible for insuring the accuracy and completeness of all documentation relating to customer sales and support or vendor transactions. The terms and conditions of any transaction between IMHFC and any customer or vendor must be fully and completely reflected in the documentation governing the transaction. The existence of oral or written agreements or understandings of any kind that are not part of the documentation relating to the transaction and that are not reported to the Finance Department as part of such transaction will be considered a violation of this Code.

Even employees not directly involved in financial reporting, accounting, sales or purchasing will likely come into contact with financial records or reports or with other documents on which employees preparing financial statements will depend. These may include vouchers, time sheets, invoices or expense reports. We expect every employee, regardless of his or her familiarity or involvement with finance or accounting matters or principal job responsibilities or functions, to use all reasonable efforts to ensure that every business record or report with which he or she deals is accurate, complete, reliable and timely submitted.

Each employee is specifically required to use all reasonable efforts to ensure the following provisions of the Code are satisfied:

- All transactions must be recorded and classified in the proper accounting period and in the appropriate account and department. Delaying or prepaying invoices to meet budget goals is a violation of the Code.
- No employee may falsify any document or distort the true nature of any transaction.
- All transactions must be supported by complete and accurate documentation.
- Any information or statement in any report, filing, certification, application, or similar document that IMHFC may submit to any governmental authority or entity must be full, fair, accurate, timely and complete.
- Employees must cooperate fully with any investigation into the accuracy, completeness and timeliness of IMHFC's financial records.
- To the extent estimates and accruals are required to be made in IMHFC's reports and records, employees involved with such estimates and accruals will base them on good faith judgments supported by appropriate documentation.

Employees Controlling IMHFC Funds

Every employee of IMHFC is personally responsible for all IMHFC funds over which he or she exercises control. No employee may allow any agent or contractor of IMHFC to exercise control over any funds of IMHFC without the prior approval of the Chief Ethics Officer.

Dealing with Auditors

Our auditors have a duty to review our records in a fair and accurate manner. All employees must cooperate fully with our independent and internal auditors in good faith and in accordance with law. No employee may fraudulently induce, or influence, coerce, manipulate, or mislead, our independent or internal auditors regarding any financial record, process, control, procedure or other matter.

Public Communications and Reports

IMHFC files reports and other documents with the Securities and Exchange Commission and other governmental and regulatory agencies. In addition, from time to time, IMHFC makes other public announcements, such as issuing press releases.

Employees involved in the preparation of these reports, documents, or announcements are expected to use all reasonable efforts to ensure that IMHFC's disclosures are complete, accurate, objective, relevant, timely and understandable. In addition, employees are expected to comply with IMHFC's disclosure controls and

procedures, which are designed to ensure full, fair, accurate, timely and understandable disclosure in our public reports and communications.

If an employee believes that any public disclosure by IMHFC is materially false or misleading, or if any employee becomes aware of material information that he or she believes should be disclosed to the public, he or she should bring the information to the attention of the Chief Ethics Officer or the Audit Committee. An employee should take similar action if he or she believes that questionable accounting or auditing conduct or practices have occurred or are occurring.

Intentional Misconduct

Intentional misrepresentations of the Company's financial performance or any other action by an employee that intentionally compromises the integrity of IMHFC's reports (financial or otherwise), records, or public disclosures is a specific and extremely severe violation of this Code. Any violation of this Code arising from an intentional misrepresentation, including failure to report potential misrepresentations by others, will be viewed as severe misconduct and will be subject to severe penalties, including termination of employment. Examples of such intentional misconduct would include, but are not limited to, the following:

- Reporting any information or entering any information in IMHFC's books, records, or reports that fraudulently or intentionally hides, misrepresents, or disguises the true nature of any financial or non-financial transaction.
- Agreeing orally or in writing to any term or condition of any transaction with a customer or vendor that is not reflected in the documentation provided to the Company's Accounting Department or failing to disclose to the Company's Accounting Department that any customer or vendor either intends to breach or otherwise fail to honor any term or condition as reflected in such documentation or has an understanding of any term or condition that is inconsistent with the understanding of the Company.
- Establishing any undisclosed or unrecorded fund, account, asset, or liability for any improper purpose.
- Entering into any transaction or agreement that accelerates, postpones, or otherwise manipulates the accurate and timely reporting of the Company's revenues and expenses.
- Intentionally misclassifying Company-related transactions as to accounts, business units, or accounting periods.
- Intentionally destroying or altering any Company document or record that the employee has been notified is subject to a legal hold.
- Knowingly assisting others in any of the above.

II. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Employees and directors must comply with all laws, rules and regulations applicable to the Company and its business, as well as applicable Company policies and procedures. Each employee and director must acquire appropriate knowledge of the legal requirements relating to his or her duties sufficient to enable him or her to recognize potential problems and to know when to seek advice from the Company's Chief Ethics Officer. Violations of laws, rules and regulations may subject the violator to individual criminal or civil liability, as well as to discipline by the Company. These violations may also subject the Company to civil or criminal liability or the loss of business.

Any questions as to the applicability of any law, rule or regulation should be directed to the Company's Chief Ethics Officer.

III. CONFLICTS OF INTEREST

An employee's personal activities and relationships must not conflict, or appear to conflict, with those of IMHFC. An employee's decisions and actions in the course of employment should be based on the best interests of IMHFC, not based on his or her own personal relationships or business and financial interests.

We expect each employee to evaluate his or her personal relationships and activities to determine whether a conflict exists or could appear to exist and to avoid such relationships and activities. Common conflicts arise through the employment or business activities of a spouse, significant other, or other relative or through personal or business relationships through which an employee or a spouse, significant other, or relative may have a personal or economic relationship. Any situation where it may be difficult for an employee to perform his or her work impartially, objectively, or effectively and in the best interests of IMHFC could suggest that a conflict exists.

Each employee is required to disclose immediately to a supervisor or the Chief Ethics Officer if he or she becomes aware that any personal relationship or business or financial interest conflicts, or may appear to conflict, with those of IMHFC. Supervisors with concerns that any actual or suspected conflict, whether their own or related to a reporting employee, would violate the Code should contact the Chief Ethics Officer.

Employee Conflicts

Conflicts arise in numerous situations, and it is not possible to categorize every potential conflict. Again, the employee is responsible to evaluate these situations and confer with his or her supervisor or finance or human resources personnel. Conflicts such as those relating to an employee's work schedule, duties and responsibilities are specifically described in the employee handbook. In connection with the Code, we have also adopted the following conflicts policies relating to business or financial interests of employees (for the following purposes, "employee" does not include non-employee directors of IMHFC):

- **Investments in Public Companies**

- No employee may have a significant financial interest (indirect ownership, direct ownership or otherwise) in a public company (a) whose business is one in which IMHFC is engaged or contemplates engaging or (b) with whom IMHFC has an actual or potential business relationship. A “significant financial interest” means (i) ownership of greater than 3% of the equity of the company (computed on a undiluted basis) or (ii) an interest or investment large enough in absolute dollars or as a percentage of the individual’s total investment portfolio that it creates the appearance of, or results in, a conflict of interest. Any such investment must not involve the use of confidential “inside” or proprietary information, such as confidential information that might have been learned about the other company by virtue of IMHFC’s relationship with the other company. Investments in diversified publicly traded mutual funds, exchange traded funds or diversified investment limited partnerships (as a limited partner) are not deemed subject to these conflict of interest guidelines, provided the confidentiality requirements are observed.

- **Investments in Private Companies**

- IMHFC employees may find themselves in a position to invest in IMHFC’s clients, partners or suppliers. It is imperative that employees presented with such opportunities understand the potential conflict of interest that may occur in these circumstances. IMHFC’s employees must always serve our shareholders first. Investing in private companies with which IMHFC has an actual or potential business relationship may not be in our shareholders’ best interests. The following guidelines are intended to cover such circumstances:
- IMHFC employees may not invest in privately held companies that are IMHFC clients, partners or suppliers without advance disclosure to the Corporate Ethics Officer. Where the employee has responsibility to affect or implement IMHFC’s relationship with the other company – either directly or through people in his/her chain of command – prior approval is required for the investment as follows: employees who are not executive officers must obtain such approval from the Chief Ethics Officer; employees who are executive officers or members of IMHFC’s Board must obtain approval from the IMHFC Board or a designated committee of the Board.

- If an investment is made and/or approval is granted, and the employee subsequently finds himself or herself in a potentially conflicted position due to his or her job responsibilities or those of others in his or her chain of command, the IMHFC employee is expected to recuse himself or herself from any involvement in IMHFC's relationship with that company. If the conflict is so fundamental as to undermine the employee's ability to undertake an important job activity, a discussion of possible divestiture may be required. Furthermore, with respect to any investment or financial interest in a third party, employees should be extremely careful to avoid activities such as recommending or introducing the third party to other parts of the IMHFC organization unless there is a clear disclosure of the financial interest.
- If an employee has an investment in a company and then later transitions into a role that would place him/her in a conflict of interest position, the employee should then disclose the situation in writing to his/her supervisor with a copy to the Company's Chief Ethics Officer. Efforts will be made to resolve the situation equitably on a case-by-case basis.
- **Financial Interest in a Company Transaction.** Employees must disclose any financial interest they may have in a transaction between IMHFC and a third party, and that interest must be approved by the Chief Ethics Officer prior to the transaction or, in the case of an executive officer, by the Audit Committee. If the financial interest relates solely to the fact that a spouse or other relative works at the third party, then for employees other than executive officers, no prior approval will be required unless the employee deals with the supplier or customer, or the spouse or significant other or other relative deals with IMHFC or any subsidiary of IMHFC. Nevertheless, the employee must still disclose to his or her supervisor the potential interest in any proposed transaction of which he or she has knowledge.
- **No Usurpation of Company Opportunities.** No employee may directly or indirectly exploit for personal gain any opportunities that are discovered through the use of the Company's property or information, or as a result of that employee's position, unless the opportunity is fully disclosed in writing to the Board of Directors and the Board of Directors declines to pursue the opportunity.
- **Restrictions on Loans.** Loans from IMHFC to any director or officer of IMHFC or any relative of any officer or director are prohibited. Loans to any other employee or employee relative must be approved in advance by the Board of Directors or a designated committee (excluding travel

advances and similar payments made in connection with IMHFC's business expense reimbursement policies).

- **No Services for Competitors.** No employee may perform services as a director, employee, agent, or contractor for any competitor of IMHFC.
- **Restriction on Services for Customers and Suppliers.** No employee may perform any services as a director, employee, agent, or contractor for any customer, supplier, or any other entity that has a business relationship with IMHFC, without the prior approval of the Chief Ethics Officer or, in the case of any officer of IMHFC, the prior approval of the Audit Committee.
- **Outside Service Restrictions.** Employees may on their own time serve as officers, directors, or consultants to businesses that are not competitors, customers, or suppliers of IMHFC, but any service must be disclosed to and approved by the employee's supervisor or, in the case of an officer, disclosed to and approved by the Audit Committee. In addition, such service must not otherwise interfere with the employee's responsibilities to IMHFC. Notwithstanding the foregoing, employees may serve on boards of charitable organizations or educational, political, community, or religious institutions so long as such service does not otherwise create a conflict of interest or interfere with responsibilities to IMHFC.
- **Restriction on Regulatory Activities.** No employee may serve on the decision-making or rule-making panel of any local, regulatory or advisory body of any governmental entity whose rules or decisions have application to IMHFC's business activities, without the prior approval of the Audit Committee. Employees may serve in an elected or appointed public office, however, so long as the position does not create or appear to create a conflict of interest and does not interfere with the employee's responsibilities to IMHFC.

- **Actions of Family Members.** The actions of family members outside the workplace may also give rise to the conflicts of interest because they may influence an employee's objectivity in making appropriate decisions on behalf of IMHFC. IMHFC requires that each employee disclose to the Chief Ethics Officer if an employee's family member becomes or is employed by, sits on the board of directors of, or has a significant financial interest in, a company that is a major client, supplier or competitor of IMHFC. A "significant financial interest" in a company for the purpose of determining family member conflicts, is an ownership interest of greater than 10% of the outstanding securities of the other entity. You should never discuss IMHFC's confidential information with members of your family. For purposes of this policy, "family members" or "members of your family" include your spouse or life-partner, brothers, sisters and parents, in-laws and children, whether such relationships are by blood or adoption.
- **Inventions, Public Speaking, Books and Publications.** Employees must receive written permission from the Chief Executive Officer before developing, outside of IMHFC, any products, software, or intellectual property that is or may be related to any business in which IMHFC is engaged or contemplates engaging. If you desire to publish the results of your work for IMHFC through literature or speeches, you must first submit the literature to the Chief Executive Officer and in-house legal department at least ten days before dissemination of the information for a determination of whether such disclosure may jeopardize any trade secret protection for such work or otherwise be prejudicial to the interests of IMHFC.

The foregoing list of conflicts is not exclusive, and other situations or circumstances that are not listed could give rise to conflicts. It is the responsibility of each employee to identify potential conflicts and consult with his or her supervisor or other appropriate personnel concerning conflicts.

IMHFC may, in its sole and absolute discretion, rescind any approval granted with respect to an actual or potential conflict of interest if for any reason IMHFC determines it to be in the best interests of the Company.

Additional Conflict Provisions Relating to Non-Employee Directors

Members of IMHFC's Board of Directors who are not also employees have special responsibilities to IMHFC but are also prominent individuals with substantial other responsibilities. Members of the Board will be required to disclose to other directors any personal, financial, business, or other economic interest they may have in any transaction submitted for approval by the Board and must recuse themselves from participating in any decision in which there exists a conflict of interest between their personal interests and the interests of IMHFC. Each non-employee director must promptly inform IMHFC if he or she performs services as a director, employee, consultant, contractor, or agent for any customer, supplier, or other third party with whom IMHFC has a business relationship. No

non-employee director may serve as a director, employee, consultant, contractor, or agent for any competitor of IMHFC.

IV. NO LOANS TO EXECUTIVE OFFICERS OR DIRECTORS

As indicated under “Conflicts of Interest,” it is the policy of the Company not to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company. Any questions about whether a loan has been made to a director or executive officer in violation of this policy should be directed to the Company’s Ethics Officer.

V. DISCLOSURE

The information in the Company’s public communications, including filings with the Securities and Exchange Commission, must be full, fair, accurate, timely, and understandable. All employees and directors are responsible for acting in furtherance of this policy. In particular, each employee and director is responsible for complying with the Company’s disclosure controls and procedures and internal controls for financial reporting. Any questions concerning the Company’s disclosure controls and procedures and internal controls for financial reporting should be directed to the Company’s Chief Ethics Officer. Anyone that believes that questionable accounting or auditing conduct or practices have occurred or are occurring should refer to the Company’s Complaint Procedures for Accounting and Auditing Matters.

PART C: EMPLOYEE CONDUCT PROVISIONS

I. FAIR DEALING

The Company seeks to excel while operating fairly and honestly, never through unethical or illegal business practices. Each employee and director should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

II. CLIENT RELATIONSHIPS

Employees must act in a manner that creates value for the Company's clients and helps to build a relationship based upon trust. The Company and its employees have provided executive search services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and Company employees must act to preserve and enhance the Company's reputation.

III. GIFTS AND ENTERTAINMENT

Business gifts and entertainment are designed to build goodwill and sound working relationships among business partners. A problem may arise if:

- The receipt by one of our employees of a gift or entertainment would compromise, or could reasonably be viewed as compromising, that person's ability to make objective and fair business decisions on behalf of the Company.
- The offering by one of our employees of a gift or entertainment would appear to be an attempt to obtain business through improper means or to gain any special advantage in our business relationships, or could reasonably be viewed as such an attempt.

Employees must use good judgment and ensure there is no violation of these principles. Any questions about whether any gifts or proposed gifts are appropriate should be directed to the Company's Chief Ethics Officer.

IV. GOVERNMENT BUSINESS

Employees should understand that special requirements might apply when contracting with any governmental body (including national, state, provincial, municipal, or other similar governmental divisions on local jurisdictions). Because government officials are obligated to follow specific codes of conduct and laws, special care must be taken in government procurement. Some key requirements for doing business with government are:

- Accurately representing which Company products are covered by government contracts.
- Not improperly soliciting or obtaining confidential information, such as sealed competitors' bids, from government officials prior to the award of a contract.
- Hiring present and former government personnel may only occur in compliance with applicable laws and regulations (as well as consulting the Company's Chief Ethics Officer).

When dealing with public officials, employees and directors must avoid any activity that is or appears illegal or unethical. Promising, offering or giving of favors, gratuities or gifts, including meals, entertainment, transportation and lodging, to government officials in the various branches of U.S. government, as well as state and local governments, is restricted by law. Employees and directors must obtain pre-approval from the Company's Ethics Officer before providing anything of value to a U.S. government official or employee. The foregoing does not apply to lawful personal political contributions.

In addition, the U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Illegal payments to government officials of any country are strictly prohibited.

V. POLITICAL CONTRIBUTIONS

It is the Company's policy to comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Company's Chief Ethics Officer and, if required, the Company's Board of Directors.

VI. PROTECTION AND PROPER USE OF COMPANY ASSETS

Theft, carelessness and waste have a direct impact on the Company's profitability. Employees and directors should protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes.

VII. USE OF COMPUTERS AND OTHER EQUIPMENT

The Company strives to furnish employees with the equipment necessary to efficiently and effectively perform their jobs. Employees must care for that equipment and use it responsibly and only for Company business purposes. If employees use Company equipment at their home or off site, precautions must be taken to protect such Company equipment from theft or damage. Employees must immediately return all Company equipment when their employment relationship with the Company ends. While computers

and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote our interests, all such computers and electronic devices, whether used entirely or partially on the Company's premises or with the aid of the Company's equipment or resources, must remain fully accessible to the Company and will remain the sole and exclusive property of the Company.

Employees should not maintain any expectation of privacy with respect to any electronic communications made using Company equipment. To the extent permitted by applicable law, the Company retains the right to gain access to any such information, at any time, with or without your knowledge, consent or approval.

VIII. USE OF SOFTWARE

All software used by employees to conduct Company business must be appropriately licensed. Employee should never make or use illegal or unauthorized copies of any software, whether in the office, at home, or on the road, since doing so may constitute copyright infringement and may expose the employee and the Company to potential civil and criminal liability. The Company's information technology department will inspect Company computers periodically to verify that only approved and licensed software has been installed. Any non-licensed/supported software will be removed.

IX. USE OF ELECTRONIC COMMUNICATIONS

Employees must use electronic communication devices in a legal, ethical and appropriate manner. Electronic communications devices include computers, e-mail, connections to the Internet, intranet, and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, telephones or future types of electronic communication. Employees may not post or discuss information concerning Company products or business on the Internet without the prior written consent of the Company's Chief Ethics Officer. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Employees are therefore encouraged to use sound judgment whenever using any feature of the Company's communications systems.

X. CONFIDENTIALITY

Employees and directors should maintain the confidentiality of information entrusted to them by the Company or its affiliates, customers, partners, distributors and suppliers, except when disclosure is specifically authorized by the Company's Chief Ethics Officer or required by law.

Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its affiliates, customers, partners, distributors and suppliers if disclosed. Any questions about whether information is confidential should be directed to the Company's Chief Ethics Officer.

XI. RECORDS ON LEGAL HOLD

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Chief Ethics Officer determines and identifies what types of Company records or documents are required to be placed under a legal hold and will notify employees if a legal hold is placed on records for which they are responsible. Employees must not destroy, alter or modify records or supporting documents that have been placed under a legal hold under any circumstances. A legal hold remains effective until it is officially released in writing by the Company's Chief Ethics Officer. If an employee is unsure whether a document has been placed under a legal hold, such employee should preserve and protect that document while the Chief Ethics Officer is contacted.

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