

**CODE OF BUSINESS CONDUCT AND
ETHICS**

**VERICHIP CORPORATION
AND SUBSIDIARIES
(The “Company”)**

For Fiscal Year Ending December 31, 2008

VERICHIP CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of VeriChip Corporation, a Delaware corporation, and its subsidiaries (collectively, the "Company"). The Company is committed to promoting the highest standards of honest, legal and ethical conduct, including: (1) the ethical handling of actual or apparent conflicts of interest; (2) full, fair, accurate, timely, and understandable disclosure in reports and documents filed with the Securities and Exchange Commission (the "SEC") and in other public communications; (3) compliance with applicable governmental laws, rules and regulations; (4) the prompt internal reporting of violations of this Code to persons identified in this Code; and (5) accountability for adherence to this Code.

This Code does not describe every law or regulation which will affect the Company and its business, but attempts to familiarize employees, officers, and directors with the rules and laws to which they must pay particular attention in an effort to assure the Company's compliance. Of course, employees, officers and directors are expected to comply with all applicable laws.

In meeting the standards set out in this Code, it is essential that each employee, officer and director conduct the Company's business with honesty and integrity. Each employee, officer and director contributes to the Company's overall reputation. Therefore, each employee, each officer and each director must accept individual responsibility for ensuring that these standards are implemented.

We have prepared this Code to help you understand the Company's standards of ethical business practices. No code could ever anticipate every ethical decision we may face in business. Whenever you are in doubt about any matter that may have ethical implications, you should seek guidance from the Company's Chief Financial Officer (the "CFO").

Violation of this Code is a serious matter and could subject you, the Company, or both, to civil liability or even criminal sanctions. It is important that you read this Code carefully and ask questions about anything you do not understand.

"We" is used in this Code to refer to the Company, and "you" is used to refer to the Company's directors, officers and employees, whether domestic or foreign, individually or as a collective group.

RESPONSIBILITY TO OUR ORGANIZATION

Compliance with Applicable Laws, Rules and Regulations

The Company will conduct its business in accordance with all applicable laws and regulations. Your violating or failure to comply with the law compromises the Company's ethical responsibilities, jeopardizes existing contracts, and subjects the Company to potential fines and penalties. When carrying out Company business, employees, officers and directors must avoid any and all activity that violates applicable laws or regulations. Anyone found willfully violating the law will be subject to disciplinary action up to and including termination, in addition to incurring possible civil or criminal liability.

Conflicts of Interest

Each employee, officer and director must avoid any activity or interest which conflicts with, or even appears to conflict with, the best interests of the Company and its stockholders. In other words, each employee, officer and director has a duty of loyalty, honesty and integrity to the Company. These obligations include, without limitation, your duty and responsibility to:

- Act in good faith with integrity, fidelity, and high standards of conduct;
- Deal openly with, and fully disclose to the Company, any situations that may relate to this Code;
- Not exploit personal monetary gain in conflict with the interests of the Company;
- Not exploit your position with the Company by converting to your own use money and other things of value which lawfully belong to the Company;
- Not accept a business opportunity from someone doing business or seeking to do business with the Company that is made available to you because of your position with the Company;
- Not accept bribes, kickbacks or the like;
- Not take for yourself a business opportunity belonging to the Company;
- Not engage in a business opportunity that competes with any of the Company's businesses; and
- Report mistakes or delays in processing work immediately, so corrective actions may be taken.

Any personal activities or interests of an employee that could negatively influence, or which could have the appearance of negatively influencing, his or her judgment, decisions or actions, must be disclosed to the Company's Chief Executive Officer (the "CEO") and the CFO, who will determine if there is a conflict and, if so, how to resolve it without compromising the Company's interests. *Prompt and full disclosure is always the correct first step towards identifying and resolving any potential conflict of interest or similar problem.* This policy applies to officers and directors of the Company to the same extent as employees. Conflicts involving officers, as well as "related-party" transactions, will be reviewed by either the Audit Committee of the Company's Board of Directors (the "Audit Committee") or the Nominating and Governance Committee of the Company's Board of Directors (the "Nominating and Governance Committee"). Conflicts involving the CEO and the President and directors will be reviewed by the Board.

This policy regarding conflicts of interest applies not only to each employee, officer and director, but also to members of your immediate family, any trust in which an employee (or a member of the employee's immediate family) has a beneficial interest, and any person with whom the employee (or a member of the employee's immediate family) has a substantial business relationship. For this purpose, immediate family includes any relatives (as defined below) of the employee, officer or director or such person's spouse who live in the same household as the employee, officer or director.

A conflict of interest occurs when your private interests interfere in any way with the interests of the Company, or give the appearance of interference. This Code sets out some of the more common conflicts that you may confront, and is intended to serve only as a guide to the standards to which all employees, officers and directors are expected to adhere. The list is unavoidably incomplete. It is the special responsibility of each employee, officer and director to use his or her best judgment to assess objectively whether a conflict, or the appearance of a conflict, exists—and to engage in open and candid communication with the Company about the conflict. In addition, you should be prudent about your personal investments and other activities to ensure that they do not put you in a position, financial or otherwise, which might influence, or give the appearance of influencing, your actions as a Company employee, officer or director.

Examples of when a conflict of interest may arise include, but are not limited to, the following:

- When a director, officer or employee conducts the Company's business with a relative, or with a business with which a relative is associated in any significant role. As used in this Code, "relatives" include one's spouse, parents, siblings, children, grandparents, aunts, uncles, nieces, nephews, and cousins, and includes relationships stemming from marriage and adoption.

- When a director, officer or employee works for, or serves as a director or advisor of, or has a business relationship with, a competitor, supplier, service provider or customer, unless the Company has explicitly approved such arrangement after full disclosure. An employee's arms-length purchases of goods and services for personal or familial use or an employee's normal arms-length dealings with companies, banks, insurance companies and utilities that have a relationship with the Company that is merely incidental to the Company's operations are permitted.
- When a director, officer or employee makes a material, direct or indirect, investment resulting in their holding a financial interest in a competitor, supplier, service provider, or customer. A "financial interest" includes any ownership (contingent or otherwise) or creditor interest. The factors used in determining whether or not an investment is "material" include: the size and nature of the investment, the ability to influence decisions of the Company or of the other company, the access to confidential information of the Company or of the other company, and the nature of the relationship between the Company and the other company. While this Code talks of a company causing the conflict, it could be a partnership, joint venture or any other entity or individual.
- When a director, officer or employee is in a situation in which performing his or her work objectively and effectively is difficult.

Conflicts of interest can compromise business ethics. We expect you to apply sound judgment to avoid conflicts of interest that could negatively affect the Company or its business. You are expected to disclose to the CFO any situations that may involve inappropriate or improper conflicts of interest affecting you personally or affecting other employees or those with whom we do business. You are also urged to discuss with the CFO any questions you may have about conflicts of interest.

Corporate Opportunities

Generally, you owe a duty to the Company to advance its legitimate interests. In satisfying this duty, employees may not exploit any opportunity for one's personal benefit that is discovered through the use of the Company's property, information or position without the informed written consent of an appropriate officer of the Company. A director or officer must obtain the informed written consent of an officer of the Company before taking such an action.

Internal Controls; Company Books and Records

Internal accounting controls and record-keeping policies have been established in order for the Company to meet both legal and business requirements. You are expected to maintain and adhere to these controls and policies.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal, accounting and tax requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained, unless permitted by applicable law or regulation and with the prior approval of the Audit Committee.

The falsification of any book, record or account relating to the business of the Company, its customers, or its suppliers, or to the disposition of its assets, its customers, or its suppliers, is prohibited. The submission of any false personal expense statement, claim for reimbursement of a non-business expense, or a false employee record or claim under an employee benefit plan is also prohibited.

Records should always be retained or destroyed according to the Company's record retention policies. Notwithstanding any other provision of record retention policies, no document or record may be destroyed if you have been advised, or otherwise should recognize, that it may be relevant to a pending or threatened legal, regulatory or other proceeding, except in accordance with procedures approved by the CEO or the CFO.

Accordingly, among other things:

- You must maintain all of the Company's records in a complete, accurate and truthful manner.
- You must comply with all applicable laws, accounting and tax practices in recording the Company's financial activities.
- You must never make false or misleading entries, records or documentation.
- You must keep proper records as they are essential to enable the Company and its officers to comply with their obligations to make full, fair, accurate, timely and understandable disclosures in the Company's SEC filings and in other public documents. You must not take any action that could result in causing the Company's financial statements or public disclosures to be misleading.

Public Disclosure of Information

The Company is required by law to publicly disclose certain information in various reports filed with the SEC. In addition, the Company, from time to time, makes other public communications, such as in press releases.

All directors, officers and employees who are involved in the preparation of SEC reports or other public documents must ensure that the information disclosed

in the reports or documents is complete, accurate, timely and in accordance with all applicable laws and regulations; they must not take any action that could result in the reports or documents being false or misleading. The Company has adopted certain disclosure controls and procedures in connection with its reporting and other public disclosures. You must strictly adhere to such controls and procedures.

If you have concerns or complaints regarding questionable accounting or auditing matters of the Company, then you are encouraged to submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee in accordance with the procedures established by the Company. Company employees, officers and directors are directed to the Company's Policy on Reporting Accounting and Audit-Related Ethics Complaints.

Insider Trading

You are not permitted to use or share "material non-public information" for stock trading purposes or for any purpose other than the conduct of our business. You should treat all non-public information about the Company as material non-public information. To use material non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical, but also illegal, and could result in civil liability, criminal liability, or both, in addition to the termination of your employment.

A copy of the Company's Insider Trading Policy, which further explains the restrictions on insider trading, has been distributed to each of you. If you have any questions, please consult with the CFO.

Confidential and Proprietary Information

During the course of performing your responsibilities, you may obtain, or be provided with, confidential information about the Company's business plans or operations that are not known by the general public or the Company's competitors. In addition, you may obtain confidential information concerning possible transactions with other companies or receive confidential information concerning other companies, such as our customers and suppliers, which the Company may be under an obligation to keep confidential.

“Confidential information” means any and all confidential or proprietary information about the Company or any of its subsidiaries that is not generally known to the public—and includes information relating to the Company’s clients, business partners and suppliers, as well as fellow employees. This information about the Company's business or the Company's financial affairs may include, but is not limited to:

- Company financial data;

- Marketing/sales information;
- Client payment information;
- Client or personal information;
- Client lists;
- Legal or regulatory matters;
- Training and operations material and memoranda;
- Personnel records;
- Computer code;
- Trade secrets;
- Pricing information; and
- Confidential information received from partners and vendors.

You should observe the following principles when dealing with information relating to the Company's business:

- Assume that most information that you have about the Company and its business, or about its past, present or prospective customers, suppliers, and associates, is confidential, unless the contrary is clear.
- Treat all personal information about individuals as confidential.
- Before sharing confidential information with others in the Company, be sure that you are permitted to do so. Do not disclose confidential customer information to other employees who are not involved with the transaction or service for which the information was provided to the Company—even if you believe the disclosure might be useful in the context of other Company business—unless you are authorized by the CFO to do so.
- Do not disclose confidential information to anyone outside the Company unless you are authorized to do so. Where such disclosure is authorized, a confidentiality or privacy agreement may be required.
- If you are permitted to share information, use your judgment to limit the amount of information shared, and disclose it only on a need-to-know basis in order to provide the services we are engaged to provide. Ensure that the recipient knows the information is confidential and has been instructed about restrictions on further use and dissemination.

- Comment or provide information on matters related to the Company's business only if it is part of your job function or you are otherwise authorized to do so.
- Protect confidential information when communicating electronically, for instance by e-mail or through the internet.
- Remember that all forms of communication are covered by this Code, including, without limitation, written, oral, telephonic, and electronic communications such as website chatrooms, e-mail, and instant messaging.
- Consult your supervisor if you have any questions about whether information can be shared.

If you are provided with any confidential information, you must maintain the confidentiality of this information, except when disclosure is authorized by your supervisor.

Protection of Company Assets

Proper use of the Company's property, facilities, equipment and other assets is your responsibility. Use and maintain these assets with the utmost care and respect, guarding against waste and abuse. Be cost-conscious and alert to opportunities for improving performance while reducing costs. The use of Company time, material, or facilities for purposes not directly related to Company business, or the removal or borrowing of Company property without appropriate permission, is prohibited. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be preserved and used for legitimate business purposes.

This obligation to protect, and properly use, the Company's assets includes the Company's customer relationships and intellectual property, such as information about products, services, customers, systems and people. These assets also include the Company's trademarks, patents, copyrights, trade secrets, business and marketing plans, records, compensation information, and any other proprietary information belonging to the Company. All property created, obtained or compiled by or on behalf of the Company, including customer lists, directories, files, reference materials and reports, computer software, data processing systems, computer programs and databases, belong to the Company.

Any invention, discovery, development, concept, idea, process or work related to the Company's business, written or otherwise, whether or not it can be patented or copyrighted, that you develop alone or with others during your employment with the Company or any of its subsidiaries (all of which are referred to as "Company Inventions") belongs to the Company. If a Company Invention is something that can be copyrighted and you create it as a part of your job with the Company or any

of its subsidiaries, or because the Company or a subsidiary asks you to create it, it is a "work made for hire." The Company is not required to acknowledge your role in the creation of any Company Inventions or need your permission to modify, expand, or benefit from it.

As a condition of your employment, you assign exclusively to the Company all of your right, title and interest in any future Company Inventions. You further agree to assist the Company in obtaining for its own benefit intellectual property rights, including any patents and copyrights, in the Company Inventions—and agree to deliver any documents that may be requested to assure, record or perfect your assignment of the Company Inventions to the Company.

Gifts, Favors, Entertainment and Payments

You should not seek or accept any gifts, favors, entertainment, services or payments without a legitimate business purpose. You may accept common courtesies usually associated with customary business practices. However, any item received with a value greater than \$250 must be approved in advance by an officer of the Company. You should not at any time offer to any actual or potential clients or vendors, any gifts, favors, services, entertainment or payments that may be construed in any way as a bribe or payoff. Any item offered to a client with a value greater than \$250 must be approved in advance by an officer of the Company.

An event (such as a business lunch, golf outing, sporting event, etc.) may be sponsored by the Company provided there is a reasonable business purpose for hosting such an event. At least one employee must attend the event with the other party in order for the expense to be considered a proper entertainment expense and be eligible for reimbursement. Any event in excess of \$250 must be approved in advance by an officer of the Company. All entertainment expenses submitted to the Company for reimbursement must be accompanied by an original receipt with the name of the other company, individuals in attendance and business purpose written on the receipt. All expenses for customer entertainment must be within the budgetary guidelines established by the individual business unit in order to be eligible for reimbursement.

The provisions of this section do not apply to courtesies openly offered and given as part of routine business, such as holiday gifts or business luncheons as long as no individual is given a gift with a value that exceeds \$250 and in the aggregate, the total value of the gifts given to one individual in a calendar year may not exceed \$600. Any gift to be given in excess of these amounts must have prior approval from the Audit Committee.

Please remember that local, state, federal and foreign laws often impose special rules on relations with government personnel, customers and suppliers which may differ from commercial relations. Payments for expenses or gifts, favors

or entertainment of government representatives must be reviewed by the CEO or the CFO (or the authorized designee of the CEO or the CFO) in advance of such payments.

Employment of Relatives

If you have a relative that is employed in any capacity by the Company, its divisions, parent, subsidiaries or affiliates, this must be disclosed by submitting a Receipt and Disclosure Certificate to the Human Resources Manager at the time you accept such employment and each year to the Internal Audit Department when this Code is distributed for signature.

Board Memberships

Occasionally, you may be asked to serve on the Board of another business organization. You must disclose Board memberships by submitting a Receipt and Disclosure Certificate to the Internal Audit Department at the time of your appointment to the Board. Your service as a director, trustee, officer or representative as a volunteer without compensation for a non-profit organization does not require approval.

Political Activities and Contributions

Political activity, although encouraged, must be in your name and not in the name of the Company or any of its subsidiaries, divisions or affiliates. You must disclose to the Company any public office position immediately upon acceptance of appointment or election by submitting a Receipt and Disclosure Certificate to the Internal Auditing Department. No payment by the Company (contribution, gift, advertising, admissions, or otherwise) will be made, or use of Company assets permitted, either in the United States or in any other country, in connection with any political campaign or for any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections, or referenda, unless approved by the Board of Directors of the Company.

Contract Authorization

The Company expects its employees to compete fairly and ethically for all business opportunities. Employees involved in the negotiation of agreements and contracts must ensure that all statements, communications, and representations are accurate and truthful. Employees are expected to know, understand, and honor the terms of the Company's contractual agreements.

Appropriate approvals are to be obtained before contracts are executed, modified or amended. Approvals should be obtained from your supervisor, their

supervisor, or from the CFO, as appropriate and subject to the signing authority set forth below. No unauthorized contracts or modifications of contracts such as unapproved "side letters" or oral agreements constituting modifying or amending contracts may be entered into. Entering into unauthorized side letters or oral agreements is grounds for disciplinary action, up to and including termination.

Only certain Company employees are authorized to sign contracts that legally bind the Company. Before any document legally binding the Company is signed, you must ensure that the person signing such document has signing authority. Only the executive officers of the Company have the authority to sign documents on behalf of the Company. If you are uncertain who has signing authority, please contact the CFO. If you are authorized to sign documents on behalf of the Company, you may not delegate this authority to another employee without the approval of the CEO or the CFO.

CHARITABLE SOLICITATIONS AT WORK; CHARITABLE CONTRIBUTIONS

While the Company encourages its directors, officers and employees to become involved with charitable organizations, there are restrictions on the solicitation of customers, suppliers, and fellow employees for contributions. You should become familiar with the relevant policies before engaging in any such activities.

Occasionally, customers or suppliers ask that the Company make a contribution to a charity or not-for-profit organization. If it is believed to be a good idea, you should contact the CFO to help determine the appropriate level of contribution, including consideration of whether the Company has already made a contribution to the organization.

LOANS TO EMPLOYEES, OFFICERS AND DIRECTORS

The Company is prohibited from directly or indirectly extending credit, or arranging an extension of credit, for directors, officers and employees except in compliance with all applicable laws.

MEDIA, PRESS AND STREET INQUIRIES

Absent prior approval from the CFO, you are not permitted to make statements to the public, or respond to inquiries from the media, press, the "street" or anyone else concerning the business or affairs of the Company. The Company has established policies and procedures for responding to any such inquiries, and

any such inquiries received by you should be promptly forwarded to the Company's Vice President of Investor Relations.

RESPONSIBILITY TO OUR PEOPLE

Promote a Positive Work Environment

All employees want and deserve a work place where they feel respected, satisfied, and appreciated. Harassment or discrimination of any kind including, but not limited to, race, color, religion, gender, age, national origin, disability, veteran, marital status, or other protected status, are unacceptable in our work place environment. Discrimination and harassment complaints will be promptly investigated, and, where appropriate, disciplinary action to stop the inappropriate conduct and prevent its recurrence will be taken.

Providing an environment that supports the honesty, integrity, trust, responsibility, and citizenship of every employee permits us the opportunity to achieve excellence in our work place. While everyone who works for the Company must contribute to the creation and maintenance of such an environment, our executives and management personnel assume special responsibility for fostering a context for work that will bring out the best in all of us.

Work Safety

We are committed to providing a drug-free, safe, and healthy work environment. Each of us is responsible for compliance with environmental, health, and safety laws and regulations, domestic and foreign. Observe posted warnings and regulations. Report immediately to the appropriate member of management any accident or injury sustained on the job, or any environmental or safety concern you may have.

IMPLEMENTATION OF THIS CODE

Accountability

You are accountable to the Company for your individual adherence to this Code. A failure to observe the terms of this Code, including the obligation to report known violations, may result in disciplinary action, up to and including termination of employment. Violations of this Code may also constitute violations of law and may result in civil and criminal action against the Company and/or you.

Responsibilities – Reporting Violations of this Code

You are responsible for reporting any violations of this Code to the CFO without delay. You are also strongly urged to report to the CFO any questions or concerns about the activities of the Company or any of its employees.

The Company prohibits retaliation against anyone who in good faith raises a concern regarding a violation of this Code or cooperates in a Company investigation regarding this Code. Any officer, director or employee of the Company who attempts to retaliate, or is responsible for reprisals against, individuals who in good faith report known or suspected violations will be subject to disciplinary action. On the other hand, the submission of a report known to be false constitutes a violation of this Code and will also result in disciplinary action.

When you report a suspected violation, the Company will assign resources to investigate the concern, take appropriate action to address any violation of this Code, and provide feedback to you. If you do not believe your concern has been adequately addressed, please raise it with another of those resources listed above.

If the suspected violation relates to accounting or auditing matters, you should report such violation to the Company's Board of Directors.

If you become aware of a matter you think is inappropriate, you also have the option to report your concerns to a neutral third party by calling Values Line at 888-475-8376 or 704-540-3799. Such situations may pertain to matters including but not limited to accounting, financial reporting, Insider trading, conflicts of interest, breaches of confidentiality, harassment or discrimination, or safety or security hazards.

Waiver

You may obtain a waiver of this Code from the Audit Committee. The Audit Committee is responsible for approving in advance any waivers of the Code for directors, executive officers and senior financial officers. Requests for waivers must be made in writing to the applicable group prior to the occurrence of any violation of this Code. Any waiver may be promptly disclosed to the Company's stockholders, along with the reasons for the waiver, to the extent and in the manner required by applicable law.

Oversight and Amendment

Both the Audit Committee and the Nominating and Governance Committee of the Board of Directors are authorized to approve, review and monitor this Code, as well as the programs that management has established to ensure compliance with the Code. Both Committees are likewise authorized to approve any amendments to the Code. In addition, both Committees are authorized to address any proposed related-party transactions, conflicts of interest and any other transactions for which independent review is necessary or desirable. Where applicable, however, the Nominating and Governance Committee may also take actions with respect to addressing governance and compliance issues.

For More Information

This Code is not all-encompassing, and questions about situations not discussed in this Code may be addressed to the CFO.

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