

## ***KILLION LAW FIRM***

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August 26, 2008

Mr. Bill Hall  
Executive Director and  
Pro Se Counsel for USCF, Inc.  
1190 Fred Ford Road  
Crossville, Tennessee 38571-0240.

Re: Cause No. 5:08-cv-00169-C; in the United States District Court for the Northern District of Texas, Lubbock Division; Susan Polgar v. United States of America Chess Federation, Inc., et al

Dear Mr. Hall:

On behalf of Susan Polgar, I am authorized to extend to the United States of American Chess Federation, Inc., the following unqualified demand of settlement relative to the above referenced litigation. Susan Polgar will compromise, settle and relieve all claims she may have against the United States of America Chess Federation, Inc., only in consideration of the following:

- (1) United States of America Chess Federation, Inc., will pay One Dollar (\$1.00) to Susan Polgar ;
- (2) United States of America Chess Federation, Inc., will issue a written public apology to Susan Polgar and to the USCF membership relative to its participation in the events, acts and/or omissions as alleged by Susan Polgar in the above referenced litigation; and
- (3) United States of America Chess Federation, Inc., will agree to the entry of an appropriate cease and desist order of the Court relative to any and all future acts of slander, slander per se, tortious interference with existing and future contracts, business disparagement, and tortious interference with any future business relationships of Susan Polgar.

In making this offer of compromise and settlement, Susan Polgar specifically retains and reserves any and all claims and causes of action she has or may have against all other persons, entities or parties including but not limited to those parties named in the above referenced litigation.

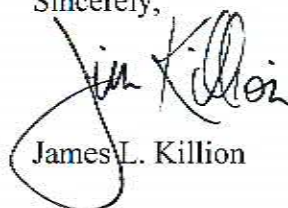
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Susan Polgar makes this offer of compromise and settlement solely for the purpose of allowing USCF, Inc., and its membership, to avoid the burden and expense of protracted litigation and with the knowledge and understanding that the mission, spirit and assets of the USCF have been grievously compromised and subverted by the actions of members of its Board, its Administration and its attorneys acting in furtherance of their personal interests.

Your prompt written response will be greatly appreciated.

Sincerely,

A handwritten signature in black ink that reads "Jim Killion". The signature is stylized and written in a cursive-like font.

James L. Killion

JLK/mhv

cc: Ms. Susan Polgar

