



**Bennett, Kildow
& Co.**

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL SERVICE CORPORATION

May 30, 1990

Mr. Robert Whitefield, Treasurer
Chili Appreciation Society International
19909-16rd Ave. N.E.
Woodinville, WA 98072

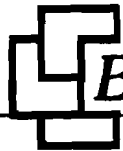
Dear Bob:

I am writing to you on behalf of Bob Whitefield, your treasurer to ask your approval of a change in the wording of CASI's bylaws to accommodate the application for recognition as a non-profit corporation by the IRS. I have been working with Bob since October on updating the CASI books and attempting to prepare them for the application. To that end, I recommended that your by-laws be amended to conform with the "organization" test and "dissolution" test required to obtain exemption.

My first recommended change in wording which you all approved at the ground breaking ceremonies at Terlingua was to state the purpose for a 501 (c) (7) exemption for a social and recreational club. Based on my review of the finances of the books in the past, this seemed the easiest way to obtain an exemption. The other category would be 501 (c) (3) for charitable, educational, fund-raisers and amateur athletic groups. This category is more difficult and does require you to continue to be a fund raiser.

When I began to prepare the application, it seemed that your finances had changed. Bob advised me that there was the possibility of some fairly sizeable corporate contributions coming our way this year. Well....., 501 (c) (7) limits the amount of revenue other than memberships to no less than 35% of your total revenue. In the years past, this was never a problem. This year it will be. Therefore, we must apply as a 501 (c) (3) organization. This also has its benefits. As a 501 (c) (3) all out of pocket expenses and contributions will be tax deductible. Yes!!! that's right!!!. We may gain some tax benefit from this after all!

Therefore, I am recommending that we amend paragraph 1.01 of the By-laws to read:



Bennett, Kildow & Co.

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL SERVICE CORPORATION

"C.A.S.I. - The Chili Appreciation Society International, Inc. is organized for the purpose of assisting in the raising of funds for various charitable organizations in the United States and participating foreign countries by the use of competition chili cooking events and for the purpose of educating the public in the furtherance and development of the food known as "chili", that food being indigenous to the United States and being of historic significance as part of our historic culture. An additional purpose is to work for the adoption of chili as the "National Food" of the United States."

Article 14 of your by-laws allows them to be amended provided the board of directors is given a 30 day written notice. Article 12 of your by-laws allows you to waive this notice provided that the waiver is in writing.

We are, therefore, asking you to sign the approval of the change on the bottom of this letter where indicated and also sign the waiver of notice below it. This will expedite the change in the by-laws and we then have everything ready to submit to the IRS for your exemption. If you have questions, please do not hesitate to call me at the number listed on the bottom of the stationery.

Your prompt reply in the enclosed return envelope will be greatly appreciated.

Sincerely,

Marleen Bennett, CPA
cc: CASI, Inc. & Bob Whitefield

I hereby approve the change in the by-laws of CASI, Inc. as stated above for the purpose of applying for exempt status from the Internal Revenue Service.

Robert Whitefield, Treasurer

I hereby waive my right to 30 days written notice of the above change as provided in article 12 of the current by-laws.

Robert Whitefield, Treasurer