

The IRS Values Trade Currency Equal to United States Currency for Tax Purposes. It Only Seems Fair That...

THE IRS ACCEPTS BARTER DOLLARS FOR TAXES!



by Lynnea Bylund

It's been the dream of organized barter clients and exchange owners for years... The IRS finally agrees to accept barter dollars in lieu of U.S. dollars, for tax liability. And, the realization of this ideal may not be too far off. In fact, there is strong legal precedent for the government to accept trade dollars instead of U.S. currency to satisfy both personal and business tax obligations.

According to the IRS Code, TITLE 26, Subtitle F, Chapter 64, Subchapter B, Section 6316. Payment by Foreign Currency:

"The Secretary is authorized in his discretion to allow payment of taxes in the currency of a foreign country under such circumstances and subject to such conditions as the Secretary may by regulations prescribe."

If the IRS will accept currency of foreign governments for tax purposes, it can be argued that he should accept domestic currency of U.S. Barter companies declared as equal to the dollar in taxable evaluation. Further statute law expands this rationale under:

TITLE 26 > Subtitle A > CHAPTER 1 > Subchapter N > PART III > Subpart J > Sec. 985. — Functional currency

(a) In general unless otherwise provided in regulations, all determinations under this subtitle shall be made in the taxpayer's functional currency.

(b) Functional currency

(1) In general For purposes of this subtitle, the term "functional currency" means — except as provided in subparagraph (B), the dollar, or in the case of a qualified business unit, the currency of the economic environment in which a significant part of such unit's activities are conducted and which is used by such unit in keeping its books and records.

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Barter's Biggest Bugaboo

PAR VALUE CURRENCY

"Among the obstacles the barter industry faces in getting the Internal Revenue Service to accept trade dollars for taxes, the greatest is the par value of trade exchange currencies," says Lynnea Bylund, Washington, D.C. lobbyist and President of Catalyst House, Inc., an international consulting and marketing firm. "In the United States, trade

currencies are issued by national trade exchange consortiums and city-wide mom-and-pop barter clubs alike. Though every barter member would like to think their barter dollars are equal to those issued by every other exchange, it simply is not true."

The Internal Revenue Service has declared that

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THE CATALYST!™

cat-a-lyst (kát'list) n. an agent or force that precipitates significant change.

The Mission of Catalyst House is to be an extraordinary agent of change and acceleration for its growing portfolio of clients, fomenting new ventures, wealth, and philanthropic influence while actualizing planetary equilibrium!

Catalyst This!

Client and Affiliate News

Mission Catalyst!

Catalyst!
cat*ə'lyst (kat'l-ist) n.

- 1: that which instigates an acceleration of forces,
- 2: something that causes important events to happen,
- 3: an agent who provokes or speeds significant change or action!

The Mission of Catalyst House is to be an extraordinary agent of change and acceleration for its growing portfolio of clients, fomenting new ventures, wealth, and philanthropic influence while actualizing planetary equilibrium!

Who-What?

Catalyst!House (CAT) is an international strategic teaming agency and a founding shareholder of Springboard Capital, an NASD registered broker dealer. CAT arranges Strategic Teaming Services for its clients, which include introductions to business opportunities, buyer and distributor relations, prospective strategic partners, and the arrangement of debt, equity, and hybrid business finance. CAT is dedicated to building, expanding, and maintaining global markets for small and medium-sized enterprises with an emphasis on emerging technologies and sustainable enterprise. Since its inception in the late 20th century, CAT Associates have assisted in the provision of over \$30 million in debt and equity to emerging technology and sustainable business enterprises.

Stirling Energy Systems with Eskom Showcased Solar Technology in Johannesburg, South Africa

The World Summit brings together tens of thousands of participants, including heads of state, national delegates, and leaders from non-governmental organizations (NGOs), and major businesses, to focus world attention on conserving resources while improving people's lives. Today many countries favor energy technologies that are non-polluting and that can meet the needs of rural electrification while alleviating poverty, such as the Stirling Energy Systems' (SES) solar dish system. The World Council for Renewable Energy called on the international community to phase out fossil fuels and nuclear-derived energy systems in favor of non-polluting systems. In July 2002, the SES solar dish was the first foreign installation to go on-line in Johannesburg, South Africa, demonstrating electrical power generation with no fuel cost or pollution. Today the company has systems in Las Vegas, Nevada, Tempe, Arizona and Albuquerque, New Mexico. Each solar dish generates enough electricity to power 6 to 10 American homes and can be located either on or off the electric grid. SES and Eskom plan to deploy this technology across South Africa, bringing clean, reliable and cost-competitive solar derived power to those in need throughout world.



Time Developments Pty. Ltd., of Australia, looks to create high-performance real estate projects with minimal environmental damage.

The Company's philosophy is a holistic view of property functions and dynamics, focusing on life-style development, which integrates technological sophistication with environmental sustainability. The ever-growing problems of high-fixed costs and low utilization rates have left most real estate companies with little chance to solve the problem of environmental damage. Time Developments has found that by integrating an Internet-based communications system with business networks and automation that results in a decisive edge in understanding the various aspects of property development. The key to the Company's success is its ability to understand and integrate its designs with commercial needs, town planning visions and construction realities. The Company has used this holistic approach to direct product development excellence and to co-ordinate the activities of the project team, ensuring that profits are maximized while environmental and safety risks are minimized. The Company's skills have lead to a strong following and excellent reputation in the property development industry.

T I M E ■ ■ ■ ■ ■

Time Development's aim is to create buildings and communities with an arrangement of interactive and adaptive elements, which in conjunction with their occupants create not only a machine for living but also an organism, which enhances the living process. By embracing manufacturing processes as a means of increasing affordability, Time Developments envisions the creation of more sustainable building spaces, which will enable greater realization of capital for investors while maintaining a high standard of life for both human and natural resources.

Bartercard Australia grows to a billion dollar international company. What happened here that started the barter market truly moving?

Over the past decade, Michelle Thompson watched Bartercard Australia grow from a small local company to the international billion-dollar monopoly it is today. In 1993, she began her Bartercard experience when she was office manager of her family's limousine and horse-drawn carriage company. A rival limousine company was already a member of Bartercard and she could see how that helped bring in extra business they were not getting. She set up a visit with the local Bartercard representative and "...the next day we became one of the early members of Bartercard Australia, but there were some challenges to be sure," Thompson said. "At first, we gained lots of extra business but were having difficulty in finding spending avenues. This situation lingered on for almost a year," she said. "Then a number of things changed, and before you knew it, we spent down our credits and were actively seeking additional Bartercard sales," she said.



Luckily, Bartercard increased their numbers of new sales venue and held networking and trading events for those who provided alternative spending avenues. Bartercard held trade nights, similar to business fairs, where members could purchase a stand, display their products or advertise their services. "These fairs were lots of fun, especially when other members would come armed with their plastic Bartercard ready to spend their barter dollars," Thompson said. They also held trading related competitions among the Bartercard staff which drove business tremendously. The sales 'Trade Pit' is another good example of where the best trade coordinators spent two days locked in a hotel room with no distractions. "The object is to get all of the clients in an area to make both a purchase and a sale. The only thing I can think of that would describe the energy levels of the Trade Pit is the floor of a stock exchange," she said.

"Eventually, I spread my wings and left the family business to take up a position in the Bartercard Australia national office," she said. "In early 1996, a snowball reaction took place and we signed our ten thousandth client and have not looked back since," she said. Bartercard continued to grow with the help of the media headlines and by August 2000, acquired its major National Competitor, IBEX. Bartercard in Australia currently has over 25,000 active clients and Thompson is happy to say that one of their happiest continues to be her father with his limousine and carriage company.

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In Our Own Backyard

Using Barter Currencies to Empower

THE CATALYST!

VOLUME 4, ISSUE 1

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While every effort has been made to assure the accuracy of information contained in this newsletter, publisher accepts no responsibility for any errors or omissions herein.

The Community Hospital of Long Beach closed down last year due to budget constraints. Catalyst House helped out when Fran Bylund asked her daughter Lynnea for assistance. Fran, the presi-



Lynnea Bylund and mother Fran

dent of Las Damas de la Plaza, a fundraising arm for the hospital, and Lynnea Bylund, the president of Catalyst House were determined and put their business savvy together by donating bartered items which were turned into cash for hospital

equipment. It demonstrates that barter dollars can contribute to the local community.

CHLB's, Las Damas de la Plaza, also installed new officers at Old Ranch Country Club in Seal Beach September 17, 2003 with 50 attending, including seven of the nine new members. Diane DeWalsche, chief operating officer of the hospital installed Fran Bylund as president; along with board members Carol Young, vice president; Esther Yellam, recording secretary; Phyllis Bowles, corresponding secretary; Merald Nosworthy and Bev Cook, membership chairs; Ann Sines and Betty Hill, hospitality chairs; Georgia Bechler publicity and newsletter chair; and Jean Stewart, communications chair.

The name of Las Damas de la Plaza (The Ladies of the Courtyard) reflects the Spanish-style entrance to Community Hospital of Long Beach on Termino Avenue. Las Damas de la Plaza was founded in 1984 as a support group to "fund-raise" and "friend raise." Since its founding, the group has raised more than a \$1 million to benefit hospital programs and purchase equipment.

Seen at the scene were Special guest Ray Jankowski, hospital president/CEO; Don Westerland, president/CEO of Community Hospital Foundation; Dr. Robert Schumacher, board chairman, CHLB Foundation; and Tom Stewart, incoming chairman of CHLB Foundation. Fran Bylund also serves as Director and Secretary of Catalyst House, Inc.

BARTER DOLLARS FOR TAXES!

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(2) Functional currency where activities are primarily conducted in dollars. The functional currency of any qualified business unit shall be the dollar if activities of such unit are primarily conducted in dollars.

(3) Election To the extent provided in regulations, the taxpayer may elect to use the dollar as the functional currency for any qualified business unit if –

- (a) such unit keeps its books and records in dollars, or
- (b) the taxpayer uses a method of accounting that approximates a separate transactions method.

Any such election shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

(4) Change in functional currency treated as a change in method of accounting.

Any change in the functional currency shall be treated as a change in the taxpayer's

method of accounting for purposes of section 481 under procedures to be established by the Secretary.

"If the Secretary will accept currency of foreign governments for tax purposes, it can be argued that he should accept domestic currency of U.S. Barter companies declared as equal to the U.S. dollar in taxable evaluation."

— Lynnea Bylund

In addition, methods of acceptable payment for IRS tax liability in lieu of U.S. currency are also allowed by statute:

TITLE 26 > Subtitle F > CHAPTER 64 > Subchapter B > Sec. 6311.

Payment of tax by commercially acceptable means

(a) Authority to enter into contracts

Notwithstanding section 3718(f) of title 31, United States Code, the Secretary is authorized to enter into contracts to obtain services related to receiving payment by other means where cost beneficial to the Government. The Secretary may not pay any fee or provide any other consideration under any such contract for the use of credit, debit, or charge cards for the payment of taxes imposed by subtitle A.

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The Golden Hedge

Often considered only as an inflation hedge, gold may prove to be the best deflationary hedge that paper money can buy. Put some in your portfolio.

by Lynnea Bylund

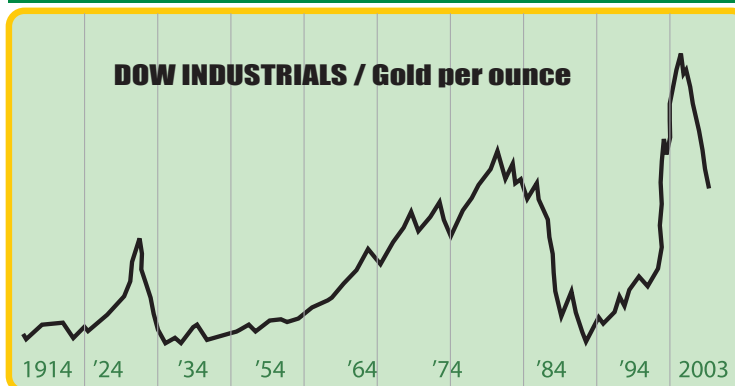
The reason why many investors overlook gold is simple: They think about all the "gold bugs," who held on to plummeting gold stocks in the late 1990s, and they don't want to make the same mistake. True, the gold bugs were dead wrong to hold on to gold stocks in 1996-2000 because the NASDAQ was the better deal. But you'll be dead wrong not to have gold stocks for the next 10 years. Precious metals, in general were widely scorned in recent years, but are showing signs of returning to their historical role as vital investment hedges. During the past year, precious metal stocks have been among the market's best performers and one of the very few places where you could have earned a decent return.

Gold is a unique asset class that doesn't appear as a liability on a balance sheet. Even paper money is a liability of the government that issues it. Gold is priced in dollars and as the dollar declines, which it has done daily for the past 18 months, gold's value rises. It would be a serious mistake to write off this performance as a fluke or bear market rally. Precious metals have begun a powerful up trend. Moreover, downside risk in most precious metal stocks is minimal and while we wouldn't bet the house on precious metal stocks, a portfolio weighting between 3 and 10 percent is reasonable. In fact, there's a much more pronounced relationship between weak dollar/strong gold prices than to high inflation/strong gold prices. Gold has registered big rallies in period of declining inflation as well as in period of rising inflation.

Gold's Glory Days

During the past century, there have been three major bull markets in gold. The conditions for those have been either a deflationary or inflationary environment where there's major stress to the financial system. All of the above are present today. We're convinced we're entering the fourth major gold bull market.

GOLD'S ON A ROLL



Dates	Gold Spot % of change	Ave Annual Inflation	Change from Last Period
Aug 76 to Sept 80	541	9.8	UP
Sept 80 to June 82	-52	8.6	DOWN
June 80 to Jan 83	57	1.6	DOWN
Jan 83 to Feb 85	-42	4.0	UP
Feb 85 to Nov 87	71	3.0	DOWN
Nov 87 to Feb 93	-33	4.1	UP
Feb 93 to Jan 96	23	2.7	DOWN
Jan 96 to Aug 99	-37	2.2	DOWN
Aug 99 to present	46	2.6	UP

The graph above, "Gold's On a Roll" depicts a very interesting relationship between financial assets and gold. It's simply the Dow Jones Industrial Average divided by the price of gold. The current economy is a lot like the economy we've lived in for most of the past 50 years. The implications for precious metals could be staggering. Gold has already outperformed in 2002, and this performance is likely to continue. The prior three gold bull markets lasted many years, so if gold bottomed in 2001, this phenomenon will take the better part of the next decade to play out. Keep in mind that it's impossible to get the timing of these events precisely right. Keep a reasonable exposure to gold and other precious metal stocks, which have provided both superior absolute and relative performance during the past two years. But don't go hog wild.

“
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”



CLIENT SPOTLIGHT
Bartercard Update

BARTERCARD UNITED STATES

Under license from Bartercard International, one of the largest retail barter exchanges in the world headquartered in Australia, Bartercard United States has set up operations in California. Bartercard International, transacts nearly a billion and a half dollars of trade worldwide with an annual growth expectation of 15 percent.



"The potential in the U.S. is huge," said Robin Maini, VP of Sales and Marketing and CEO. "Our challenge is to put together a solid management team to utilize a proven business model. Our goal is to grow Bartercard United States along the lines of success they have had in Australia, New Zealand, the UK and elsewhere."

A Canadian citizen, Robin Maini operated one of the largest exchanges in Canada and held executive positions with a European-based barter company. During his career in the barter industry his expertise was honed in training and business development. Mr. Maini's responsibilities at Bartercard include acquiring mid-sized clients internationally.

Robin Maini is currently serving as President of International Reciprocal Trade Association. He recently came on board with Bartercard United States as Vice President of Sales and Marketing. Maini is a seasoned business executive with more than 15 years of field proven, sales oriented, and results driven experience. He has served as a corporate executive, Executive Director of a non-profit organization, and founder and President of his own company. In addition, Mr. Maini has participated in various business initiatives including company start-ups, business development, developing and managing regional and national sales teams.



Mr. Maini has been quoted or appeared in a wide variety of respected publications such as Business Week, Entrepreneur.com, BarterNews, as well as several Business Journal and newspapers throughout the world. Mr. Maini has also served as a board member for several organizations.

"Our immediate focus is the productivity of established Bartercard franchisees in U.S. cities, to be attained through efficient and effective servicing of the underlying client base," Maini

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Barter's Biggest Bugaboo

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a barter dollar is equal to a U.S. dollar for revenue reporting and income tax purposes. The less valuable a barter currency is in real value, the greater the liability and burden on the barter member.

"The bottom line is that every type of currency is valued against cash, the U.S. dollar," says Tom McDowell, Executive Director of the National Association of Trade Exchanges (NATE). "I've never been able to figure out how somebody can pay three or four times what something is worth knowing they have a taxable event ahead of them. It's the most idiotic thing you can imagine, yet it happens every day."

If a taxpayer uses barter dollars for expenses that can be legitimately deducted off gross revenues, this problem is generally avoided. In fact, it may actually be an "advantage." It's the use of barter dollars for non-

deductible expenses that causes the greatest suffering when it comes time to pay the taxman. Another consideration is the sales tax and association fees. If you buy an item for \$30 that is really worth \$10, you must pay taxes and fees on the \$30 price not the \$10 market value.

Another problem in the barter business is the *de facto* unwritten practice of taking advantage of newer or less savvy members who think they can get top dollar for their excess inventory or unused production capacity. As barter exchanges and brokers are remunerated based on the amount of the transaction, there is little incentive to promote trading at less than full price. Goods and services selling at multiples of fair market value promote inflation in barter

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**SPRINGBOARD
CAPITAL** —
*where you're
always taken
care of.*

Springboard Capital Corporation (SCC) is a comprehensive financial services company dedicated to client care. Structured as a holding company, SCC contains five wholly owned subsidiary companies, an NASD registered broker dealer; a group of venture capital funds, and a diversified real state investment company. Within Springboard's Planning and Advisory Group, Inc., is a unique daily money management program that pays attention to its clients' portfolios. "Keeping the money you make in the stock market requires active money management strategies. Our track record verifies our program and products beyond doubt." *Jeremie McKee, Springboard Vice President, Operations.*

The Springboard Capital team is well-educated and experienced in all aspects of financial planning and investment management. Its professional track record has enabled clients to achieve substantial success in their personal and business ventures and to build long term wealth and financial stability.

"Springboard's vision is that every person on the planet has a sustainable economic future."

— Ron Dunham

Barter's Biggest Bugaboo

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Bush Administration Understands Women-Owned Businesses Create Jobs

President Bush said, "When it comes to entrepreneurship and job creation, ours is increasingly a woman's world," and he is right.

Women are starting new businesses at twice the rate of their male counterparts. The remarkable growth of women-owned small businesses has created thousands of new jobs. There are 6.2 million women-owned companies, employing an average of 9.2 people and generating \$1.15 trillion in sales.

currencies and across the board devaluation against the U.S. Dollar.

"As long as the trade exchanges are taking their fees off the top, we really don't have a downside on an inflationary monetary system," says McDowell. "This drives away the good ethical members and leaves what I call the 'barter whores' or 'barter moochers' vying for as much leverage as they can get. Half the time the stuff sent around the country isn't worth the cost of the freight it took to ship it."

These practices contrast with real dollar-for-dollar value offered by doctors, chiropractors and dentists. Blank spaces in the appointment book filled at the last minute with patients who pay in barter return something rather than nothing, though it may be heavily discounted off full-paying cash customers. Barter members who deal in services are usually some of the most successful, as barter augments rather than replaces cash business. Members who must outlay cash, to purchase hard goods they incorporate into products they sell for barter, can be particularly vulnerable to barter currency valuation disparities. Dealing in barter currency gives new meaning to the old slogan: *Caveat emptor* (let the buyer beware).

BARRIERS TO A UNIFORM BARTER CURRENCY

Four hundred barter groups in America with four hundred distinct currencies and four hundred different business philosophies defines the problem. The Euro took decades and only involves 11 member countries. What chance do the barter exchanges have?

"You would have to establish one trade currency as the standard and then value every other currency against it," says McDowell. "The problem is nobody wants to be the Peso (Mexico). Everybody wants to be the Yen or the Eurodollar."

Just as world currencies once backed by gold became backed by the confidence people had in a country's financial reputation, barter currencies rely ultimately on their liquidity strength – how easily currency can be converted into goods and services, and at what value.

"The real value of a barter exchange is the liquidity of its currency," says Robin Maini, CEO of Bartercard United States. "The easier it is for members to spend their trade dollars to obtain items at fair market value, the more liquid (valuable) the currency. Bartercard, one of the largest trade exchanges in the world, has 40,000 members in Australia, a nation with a population of 19 million people. That is

incredible market penetration that enables members to carry on trade business much like cash business. Reciprocal agreements with other major barter groups extends our range even further."

In the United States large barter groups act much like small countries in respect to the issuance and acceptability of their currencies. ITEX and BXI, two of the largest independent trade exchanges, have members in most all the states who are serviced by a network of local brokers. If a member wants something not available locally, their trade broker can search for it across the nation by contacting other brokerage offices or via the Internet and paying with ITEX dollars or BXI trade credits.

NATE (National Association of Trade Exchanges), CRUMP, and IRTA (International Reciprocal Trade Association) are international organizations whose members are independent trade exchanges and trade groups. These organizations serve as financial clearing-houses for currencies issued by their member groups and, in so doing, afford trade exchange members the opportunity to secure goods and services from other groups.

However, there are still barriers to trading between exchanges. NATE members cannot trade with IRTA members. ITEX members cannot trade with BXI members. In order to do a cross-exchange trade, one must go to a trade currency broker, individuals who often operate in the 'gray' markets on the fringes of legality where valuations are often small fractions of a trade currency's stated worth. And, far less than the recognized dollar-for-dollar evaluation of the IRS.

"That market is very small and unreliable," says NATE's McDowell. "The volume of transactions is very low. It doesn't offer a fair evaluation of barter currencies relative to one another because it is not an active ongoing market. For the gray market to be considered a fair means of evaluation, it would have to allow anyone to trade one currency for another at any time, not just when someone needed a particular currency to make a purchase."

UNIFORM BARTER CURRENCY (UBC) AND THE IRS

The benefits to having a Uniform Barter Currency (UBC) would be widespread across the industry. It would allow members to trade in areas where their exchange's currency doesn't have a strong presence. If a member wanted to go fishing in Minnesota, for example, where his Texas-based exchange had no offices, being able to do that using a uniform currency adds value to members. UBC would facilitate transactions, make all the currencies stronger and give members a wider range of trading opportunities. But first, trade exchanges and barter groups would have to agree

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The Solar Energy Industry

Overview

The energy industry is the largest in the world. This industry had revenues of \$218 billion in 1999 for the U.S. market. It has experienced steady growth of 2% to 4% for the past 10 years. Similar growth is expected over the next 20 years. The U.S. Department of Energy (U.S. DOE) predicts that increases in generating capacity will be 20,000 MW per year in the U.S., and that global capacity increases will be five times the U.S. number.

With the emergence of deregulation and various environmental issues, the energy industry is transforming into a dynamic and exciting business. Furthermore, the environmental issues continue to gain prominence in the industry. Because of these changes, many new business practices and technologies are gaining popularity, led by various types of renewable and distributed generation.

Renewable Energy Industry

Because of their environmental and sustainability benefits, renewable technologies, including solar, wind, geothermal and biomass, are gaining acceptance among the energy industry and the public. This acceptance is most noticeable in the capacity added in the past decade. Between 1990 and the end of 1999, installed capacity using renewable resources increased by 6% to 10% annually. Some individual technology types grew by as much as 15% to 30% per year.

Another indication of this acceptance is the shift in how the technology is used. In the past, technologies such as solar and wind were found only in remote areas. However, in the past five years, utilities have made substantial investments to add these technologies to their overall generation mix. Electricity from this kind of generation is used in green pricing programs where the customer purchases a portion of his electricity from renewable sources for a premium. Over 50 of these programs are in place in the U.S., and all have experienced strong customer interest and sales.

The most noticeable drivers behind the growth of the renewable energy industry are its environmental benefits and the public's demand for clean electricity. Most of the world's environmental experts feel that energy usage is our largest single environmental problem. This problem contributes the majority of the pollution and carbon waste to our atmosphere and causes global warming and a variety of health problems. Because of the pervasiveness of these problems, governments, companies and individuals have led a shift from traditional generation to generation using clean renewables. Many industrialized nations of the world have committed to reduce "greenhouse gas" (particularly carbon dioxide) emissions significantly over the next several years (in what has been termed the "Kyoto Protocol"). To support these commitments, many of these governments have passed various legislation covering net-metering, financing support, and/or carbon taxes to encourage the adoption of renewable generation. However, the most noticeable and powerful evidence that renewable power is coming of age has been seen in the private sector's demand for the electricity. Through studies conducted by utilities across the U.S., it has become clear that customers are willing to pay a premium for green energy, and more companies and individuals are signing up for it everyday.

Solar Industry

While still young, the solar industry, comprised of both photovoltaic and solar thermal technologies, is experiencing phenomenal growth and technological innovation.

Worldwide, the industry has 1,800 MW of generating capacity installed as of the end of 1999. Furthermore, the industry has grown between 25% and 41% annually for the past 20 years. These growth rates have been achieved and sustained through improvements in reliability, technology manufacturing, and materials. These improvements have reduced the cost of the solar electricity by 80% over the past 20 years. Many believe that the cost reductions will continue well into the new century as the industry grows and realizes the benefits of mass production. Many studies performed by the U.S. DOE and various industry groups project solar capacity to continue to grow at the same pace over the next 20 years.

Market expansion and technology transfer will accompany this future growth. In the past, the majority of solar generation was installed for remote-use applications. For these applications, photovoltaic (PV) panels have been the best-suited technology. PV panels were favored because they are an "install-and-leave" generation source requiring little operation and maintenance. However, as utilities gain more involvement with solar generation, solar thermal technologies, including Dish Stirling, trough, and power tower, will gain more attention. These technologies are much more cost-effective and practical than PV for centralized plants.

BARTER DOLLARS FOR TAXES!

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A WORKABLE PLAN

Thus, the barter community must provide a no-cost method for the government to collect and disburse barter currency paid by individuals and corporations to satisfy IRS tax liabilities. This can be done by establishing, within each major barter company or within barter associations (NATE and IRTA), a mechanism through which members can deposit funds for use by the U.S. Treasury. This mechanism should probably have these characteristics:

- A. An encoded interest bearing account with no charges to the government for its usage.
- B. An employee/accounting staff in charge of the account who maintains direct communication with the government agencies who will use the account.
- C. A staff of trade brokers who will locate goods and services for the government from among the membership and who will facilitate procurement.
- D. Public relations/consumer support to handle communication between the government, barter exchanges, barter members and the public in general.

WIN-WIN-WIN

If the above can be accomplished it will be a win-win-win situation for all concerned:

1. Government will collect taxes and have assisted access to a wide range of goods and services.
2. Barter exchanges will earn more commissions by spending government's money among membership and will attract new members, garner more fees.
3. Barter members will have an alternate way of paying taxes and will accept more barter business.

In addition, methods of acceptable payment for IRS tax liability in lieu of U.S. currency are also allowed by statute:

TITLE 26 > Subtitle F > CHAPTER 64 > Subchapter B > Sec. 6311. — Payment of tax by commercially acceptable means:

(a) Authority to receive

It shall be lawful for the Secretary to receive for internal revenue taxes (or in payment for internal revenue stamps) any commercially acceptable means that the Secretary deems appropriate to the extent and under the conditions provided in regulations prescribed by the Secretary.

From the above it is reasonable to assume, and can be argued, that barter currency is a viable medium of exchange that can be used to satisfy tax liability. However, the barter industry faces some steep challenges in getting itself ready to present the idea to the Secretary of the Treasury.

First and foremost is the establishment of a universal currency as currently trade dollars issued by the wide variety of barter exchanges and clubs are not created equal.



CNN's Gerris Wills and her "Top 5" money tips featured a barter tip: The tip was to enter into a barter club in your community and begin trading to augment cash business.

PAY TAXES WITH BARTER DOLLARS

What Do You Think?

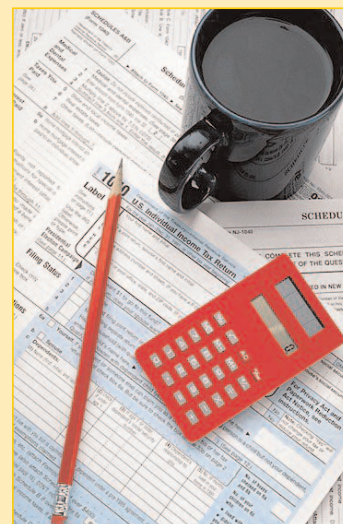
Catalyst House welcomes feedback from trade exchange members, trade brokers, lawyers, barter company owners, accountants, government officials, consumers and anyone else who has a viewpoint into this important issue. In order for the barter industry to legally present its case to the U.S. Secretary of the Treasury, we must unify our efforts as described in this issue. You may offer your suggestions, comments or willingness to assist us in several ways:

First, you can fill out the questionnaire on our website located at www.catalysthouse.com/barterIRS. You may respond with your name and title or anonymously. Secondly, you may write a letter stating your views to:

**Barter & The IRS, Catalyst House,
2550 E. Desert Inn Road, Suite 328
Las Vegas, NV 89121**

Or, you can email us at barterirs@catalysthouse.com. Your feedback is essential for us all to succeed.

Thank you! Lynnea Bylund, President



Catalyst This!

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International Trade



Catalyst house
in partnership with:



Department of Commerce



Commercial Foreign
Services



Federation of International
Trade Associations

Murrah Water Buffalo from Brazil to the US

Catalyst House is proud to announce that through its work with the Minister of Cattle and Agriculture of Brazil, Rogerio Os Rocha Loures, has been designated to set up the first US Certified Foot Mouth Disease Free Zone in that country. Rogerio Os Rocha Loures serves as the Catalyst House partner representative in Brazil, and as the President of the Brazilian Water Buffalo Association (BWBA). Rogerio runs a successful water buffalo farm outside of Brasilia, which supplies Buffalo Mozzarella to fine restaurants, as well as fast food chains such as McDonald's and Dominos in Brazil. CAT and BWBA are researching various international options, including the expansion of US-based water buffalo partnerships. There are strict guidelines regarding the importation of water buffalo livestock into the US. Currently, Brazil is designated as a foot-mouth disease region, and the US no longer has a facility open that accepts livestock for quarantine. The previous foot-mouth quarantine facility in Florida was closed down due to budget restraints. However, we can send semen or embryos from Brazil to the US, and can set up a zone where the livestock is free from this disease. The Brazilian Minister of Agriculture would make an application to the USDA showing that Brazil has set up a zone that is free of this disease. Then, the USDA has a site to visit in Brazil prior to approving/certifying the zone we set up. That process could take up to 2 years before US approval is actually given. An alternative would be to bring the animals into Canada where they accept livestock from foot-mouth region and quarantine them for 90 days before bringing them into the U.S.



Rogerio Loures (l) pictured with Brazilian President Luiz Inacio "Lula" da Silva

Liberty Bloom, England – Customer Ramps up Revenues

CAT's British strategic partner, Liberty Bloom, has begun generating revenues by successfully completing agreements and software build-outs with its first seven bands in Manchester, England. Using the name of renowned musician and Liberty Bloom Founder, Sir Bob Geldof, helped accomplish the Company's "call to action" by paving the way for European and US bands to sign up. Liberty Bloom's initial focus is to serve the SME (small-to-medium sized enterprise) and micro-business music market niche in the US/UK/Europe. These businesses include independent record companies, major label and independent artist management companies, unsigned artists and music agencies such as Manchester City Music Network.



"Liberty Suite", the Company's initial software platform, is for physical music product and merchandising. Following discussions with Manchester City Music Network, Liberty Bloom decided to commence the physical product with digital download scheduled for the first part of 2004. The Company hopes to sign up its first 100 customers targeting the largest-sized SME music companies and developing an automated, scalable for volume, version of its software for release in 2004. "In December 2003, the initial bands went live on Liberty Suite," said Phil Harrington of Liberty Bloom. "We are in negotiation with the European division (of 40,000+ clients) with a major Japanese-based hosting company (with 600,000+ clients) for them to offer Liberty Suite to their customers."

Liberty Bloom has also set up an office in Beijing, China staffed by Ping Cheng who is doing the ground work to localize Liberty Suite with a rollout date of Oct. 2004. Cheng is working with ShoppingList.com, Clickover Inc., and the 3DO Company to date. Sir Bob Geldof, co-founder, has suggested that Liberty Bloom offer Liberty Suite to developing world entrepreneurs on a preferential basis to give them a head start. Suggestions are welcome! Check out the website at: www.liberty-bloom.com.

LeadShareTM Liberty Bloom's proprietary software which is at the heart of Liberty Suite collects and manage users' visitor and customer data and in turn allows them to leverage leads and sales. Liberty Bloom gathers this marketing data on behalf of store owner/merchants and offers referral commissions and co-marketing "commercial dating" services to them. Liberty Bloom is actively looking for individuals, companies, and SME/Microenterprise agencies with whom to partner.

Fresh Creations - Bermuda-based Catalyst House client launches TV station

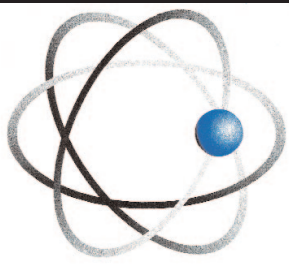
Fresh Creations, has now become Bermuda's third broadcasting company, hitting the airwaves this last spring. The launch comes after the Ministry of Telecommunications granted Fresh TV use of Channel 3 free of charge for a one-year trial period. Elmore Warren, owner of Fresh Creations, announced the launch of a minimum of five local shows by this fall. Gregory Swan, director of telecommunications, said the ministry is



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Barter's Biggest Bugaboo

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on a fair exchange rate, much like the Europe countries did in hammering out the details of the "Euro."

"I think representatives from different barter group are going to have different opinions on what will work or not work," says Krista Vardabash, IRTA's Executive Director. "NATE has the BANC that facilitates member transactions, and IRTA has Universal Currency. Is one BANC dollar worth one UC, is one UC worth one Crump, is one Crump worth one Alliance Barter dollar, and on down the line. The IRS has already established that one trade credit is worth one U.S. Dollar, but among barter groups there is no perceived parity of value. Everybody thinks their dollar is worth more."

Establishing a UBC would be the first step to getting the IRS to accept trade dollars for tax liability, all or in part. Legislation is on the books that allows the Secretary of the Treasury latitude in accepting foreign currencies for taxes owed. Why not barter currency?

"What would be the government's motivation to do this?" Says McDowell, playing Devil's Advocate. "The Government is getting cash now. Why would they want to take barter dollars that are worth less? However, if I could tell businesses that they could pay their taxes in barter, I would have a line up at my door of people to sign up and I couldn't get enough bodies to handle the paperwork."

Maybe a halfway measure would be the place to start. Taxes owed on barter transactions, both state and federal, could be paid with the same currency that incurred the liability, i.e. barter dollars.

"I don't know if anyone has ever approached them to hammer home any type of legislation that would make it feasible," says Krista. "The organized barter industry has come a long way, but it still has a long way to go. The fact that we are split between two major associations of barter groups shows that the industry has not collectively come together to hammer home the true power of barter."

Then again, if some legislation was to be passed, it might open up the barter industry to the same kind of scrutiny and regulation financial institutions must endure. But, would that be bad? Putting trade exchanges on par with the cash-based economy would only raise the level and worth of barter. And, the barter industry would also have to set up a mechanism to facilitate the government's expenditure of barter dollars, a weighty prospect, at the least.

What do you think? Catalyst House wants to know your views on a Uniform Barter Currency, on the IRS taking barter, on how the barter industry can work together to improve the value and viability of barter in all its aspects. Log onto www.catalysthouse.com and click on the link "Barter Survey" to bring up the questionnaire. It just takes a couple minutes to fill it out. Your thoughts and ideas will be shared and discussed in future issues of The Catalyst!™.

HAPPY 100TH BIRTHDAY!



Winnie B. Anderson, grandmother of Lynnea Bylund and Congresswoman Sanchez

Congresswoman Loretta Sanchez honored Winnie at her 100th birthday party, Feb. 1, 2004 at her home in Anaheim, California with a certificate from Congress. Sanchez said during the celebration that "...barter is hot, very hot and has tremendous future possibilities" during a conversation with Winnie's granddaughter, Catalyst House founder Lynnea Bylund. Winnie also was honored with a card from President George W. Bush and First Lady Laura Bush.

Catalyst This!

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IN MEMORIAM



LYNNE WEAVER
Malibu, California

A beloved community member and friend of Catalyst House, Lynne A. Weaver, daughter in law of actor Dennis Weaver, was one of 10 people killed by a tragic run-a-way driver at the Santa Monica Farmers' Market in July 2003. Weaver was a civic leader whose accomplishments with non-profit groups are too many to list, including her recent position as Chief Operating Officer of After-School All-Stars, a children's support group founded by Governor Arnold Schwarzenegger.

"This woman was loved by everybody," said close friend, and Women in Film President, Candace Bowen. "She was a starter and always had her hand in the future." Weaver was the executive producer for "The Christmas Card," which won Platinum Best of Show in the 1998 Aurora Awards. She also produced and coordinated "Earthship," a PBS documentary and was active in the Institute of Ecolonomics."

"satisfied with what Fresh TV anticipates to include in their initial launch" and is "hopeful and excited about the Bermudian content."

Fresh TV plans to provide a selection of drama, plays, news and comedy shows with a local twist. The license stipulates that 35 per cent of its programming be of local content."

Sakow & Tripp International

Catalyst House introduces a new player on the team: Event Producers Sakow & Tripp have produced high-profile corporate and non-profit events with and for: Jacqueline Kennedy Onassis; Presidents Nixon, Carter and Reagan; the Rockefeller Family; Henry Kissinger; Katherine Graham; Bill Cosby; Phil Donahue; Ozzy Osbourne; and HRH Prince Albert of Monaco. Sakow & Tripp's non-profit events include AIDS Project Los Angeles' "Summer Party" for 5,000 guests on Universal's back-lot movie sets; a gala pre-and-post concert reception for "Elton John and Friends" at Universal Studios Hollywood; the SPCA 125th Anniversary launch at Hugh Hefner's Playboy Mansion, as well as Hollywood Halloween for 80,000 trick-or-treater's on historic Hollywood Boulevard. Los Angeles Magazine asked Sakow & Tripp to help produce the "Best of LA" for both 2002 and 2003, as a preeminent food and wine event.



BARTERCARD UNITED STATES

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said. "Our charge is to make sure that each of our operations is successful and profitable. Then, we will be ready to offer franchises to those interested parties within and without the barter community. For those outside the industry, we offer an opportunity in streamlined growth organization where franchisees can grow their own companies with unlimited upside potential."

Bartercard United States starts with a client base of members spread across multiple venues: Tallahassee, FL; Las Vegas, NV; La Mesa, CA; Los Angeles, CA; Riverside, CA; Ventura, CA; and Fresno, CA. Bartercard United States expects to launch new offices in the middle of 2004 and triple its member base by the end of the year.

"The Bartercard business model is unparalleled in the industry and has proven to work in every country in the world where it has been implemented," confided Maini. "Every office treats every member equally. They are contacted regularly, get invited to all events, can access accounts and information via the Internet. We also can tap into the vast resources of Bartercard International for training and support whenever and wherever it might be required."

"In Bartercard, we are able give our members worldwide access to goods and services, something that strictly local-based exchanges cannot do," Maini said. "But it all begins with sales. The more members we have, the more trading opportunities, the more trading opportunities, the more people will trade and so forth. Our job and challenge is to assure support for U.S. members in terms of new business and providing reliable administration for sales recording and bookkeeping."

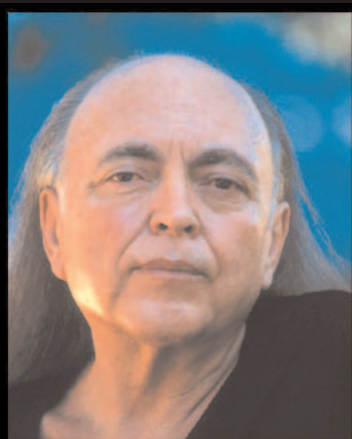
Bartercard is a major player in the global barter market. The Bartercard currency is recognized through the English speaking world as well as in countries such as Jordan, Egypt, Hong Kong, Sri Lanka, Malaysia, Thailand. Bartercard has 60,000 members worldwide and is growing annually at 15 percent. "With the addition of Bartercard United States, the overall organization should experience a growth acceleration," concluded Maini.

CATALYTIC QUOTES

WHO SAID THIS?

1. Genius is one percent inspiration and 99-percent perspiration.
2. Success depends on three things: who says it, what he says, how he says it; and of these three things, what he says is the least important.
3. The physician can bury his mistakes, but the architect can only advise his clients to plant vines.
4. Wealth is not without its advantages and the case to the contrary, although it has often been made, has never proved widely persuasive.
5. It seems that the analysis of character is the highest human entertainment. And literature does it, unlike gossip, without mentioning real names.

1. Thomas Alva Edison (1847-1931); 2. John, Viscount Morley of Blackburn (1838-1923); 3. Frank Lloyd Wright (1869-1959); 4. John Kenneth Galbraith (1908-); 5. Isaac Bashevis Singer (1904-1991).



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— Lynnea Bylund



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