

December 20, 1999

Turbodyne's auditors resign.

On December 9, 1999, Turbodyne Technologies, Inc. (Trading Symbol: TRBD) (Price: \$5.3437) announced the Board of Directors had retained a new Disclosure Committee. The Committee consisted of three members: Senator Lawrence L. Pressler, Charles R. McCarthy, Jr. and John M. Fedders. The terms of their retainer were not disclosed. Apparently, these men were not on the Board of Directors and have not been appointed to the Board. They are described as "independent experts."

Charles McCarthy and Lawrence Pressler are directors of American Technologies Group, Inc. (OTC BB Symbol: ATEG). They have been ATEG directors since 1998 and 1999, respectively. American Technologies has claimed to have numerous business activities and products including high energy particle beam technology, an alternative to conventional laundry detergents, gold mining interests, fuel additives and water purification technology. American Technologies' stock has traded at \$16.75 and is currently trading at \$0.30 per share. Charles McCarthy and Lawrence Pressler are also both partners in the law firm of O'Connor & Hannan.

John Fedders has represented Charles O. Huttoe, the former chairman and chief executive officer of Systems of Excellence, Inc. Systems of Excellence was the SEC's first case of Internet stock-touting fraud. At least five individuals have pled guilty to felony charges stemming from manipulation. In 1996, Mr. Huttoe pleaded guilty to criminal charges of violating securities laws and engaging in money laundering.

In the "Disclosure Committee" press release, Turbodyne announced that KPMG had resigned from its "client-auditor" relationship. Turbodyne stated they were pursuing the retention of another independent public accountant.

Turbodyne included its "patented pollution-reduction" claims at the end of the press release. We found the inclusion of Turbodyne's promotional self-description statement and the treatment of the resignation of its auditors as a secondary issue in a press release announcing a "New Disclosure Committee" that is supposed to approve releases to be very amusing.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.