

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT **FILED**

STEVE YORKS, Individually and On)
Behalf of All Others Similarly Situated,)
)
Plaintiff,)
)
vs.)
)
HOST AMERICA CORPORATION,)
GEOFFREY RAMSEY, DAVID)
MURPHY, ROGER LOCKHART, and)
PETER SARMANIAN,)
)
Defendants.)

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CIVIL ACTION NO.)
DISTRICT COURT)
STEFFORD, CT.)
305CV1250 **JBA**)
CLASS ACTION COMPLAINT)

JURY TRIAL DEMANDED

NATURE OF THE ACTION

1. This is a federal class action on behalf of those who purchased or otherwise acquired of the publicly traded securities of Host America Corporation. (“Host America” or the “Company”) between July 12, 2005 and July 22, 2005 (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

4. Venue is proper in this Judicial District pursuant to § 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in

substantial part in this Judicial District. Additionally, the Company maintains a principal executive office in this Judicial District.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly, or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications, and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, Steve Yorks, as set forth in the accompanying certification, incorporated by reference herein, purchased Host America securities at artificially inflated prices during the Class Period and has been damaged thereby.

7. Defendant Host America provides food service management, energy management conservation, and pre-employment background screening. The company operates in four divisions: Host America Business Dining, Lindley Food Service (Lindley), SelectForce, and GlobalNet Energy Investors (GlobalNet). The GlobalNet division markets, sells, and installs control panels and other electrical energy saving devices to commercial and industrial users. Host America was formed in 1986 under the name University Dining Services, Inc. and changed its name to Host America Corporation in 1998. The company's headquarters is located at 2 Broadway Hamden, Connecticut 06518-2697.

8. Defendant EnergyNSync is an entity controlled and owned by defendant Host America and the Individual Defendants (as defined below). Defendant EnergyNSync, a "principally inactive" company according to the Company's report filed with the SEC on Form 10-Q on May 20, 2005, is the owner of certain technology comprising the proprietary software used in products developed and manufactured by Host America's wholly-owned subsidiary, GlobalNet, and other

affiliates of Host America, under an exclusive contract. This includes the LightMasterPlus, the product which is at the center of the defendants false and misleading statements.

9. Defendant Geoffrey Ramsey was, at all relevant times, the Company's President and Chairman of the Board and Chief Executive Officer ("CEO") of Host America throughout the Class Period.

10. Defendant David Murphy was, at all relevant times, the Company's Chief Financial Officer and Executive Vice President.

11. Defendant Roger Lockhart was, at all relevant times, a shareholder of the Company, and a Director and controlling shareholders of EnergyNsync.

12. Defendant Peter Sarmanian was, at all relevant times, a Director of the Company, and a controlling shareholder of EnergySync.

13. Defendants Ramsey, Murphy, Lockhart, and Sarmanian are collectively referred to hereinafter as the "Individual Defendants."

14. The Individual Defendants, by reason of their management positions and membership and ownership of the Company's stock, were at all relevant times controlling persons of Host America within the meaning of Section 20(a) of the Exchange Act. The Individual Defendants had the power and influence to cause Host America to engage in the unlawful acts and conduct alleged herein, and did exercise such power and influence

PLAINTIFF'S CLASS ACTION ALLEGATIONS

15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of Host America between July 12, 2005 and July 22, 2005, inclusive (the

“Class Period”) and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Host America’s securities were actively traded on the National Association of Securities Dealers Automated Quotations (NASDAQ) market. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. During the Class Period, the Company had approximately 4.89 million shares outstanding, and the average daily volume was 16,721,667. Record owners and other members of the Class may be identified from records maintained by Host America or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

17. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants’ wrongful conduct in violation of federal law that is complained of herein.

18. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

19. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the

questions of law and fact common to the Class are:

- a) whether the federal securities laws were violated by defendants' acts as alleged herein;
- b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Host America; and
- c) to what extent the members of the Class have sustained damages and the proper measure of damages.

20. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Background

21. From May 12, 2004 to June 15, 2005, a period during which the Company often announced "key" agreements to install their LightMasterPlus product or perform other energy saving services for various companies. The Company claims that the LightMasterPlus "efficiently runs your lighting systems by reducing kilowatt consumption yet maintaining visible light. It also allows for fully automated dimming or accent lighting throughout your building."

22. Throughout this period, the Company announced the following "key" agreements and transactions involving their energy saving product LightMasterPlus:

A) On May 12, 2004, the Company announced:

GlobalNet Scheduled to Install its Motor & Light Master Controllers in "Four Beta Sites" in Southwest

HAMDEN, CT - May 12, 2004 -- Host America Corporation (NASDAQ-CAFÉ) The Company announced today that its subsidiary, GlobalNet Energy Investors, Inc. will install its EnergyNSync Motor Master Plus and Light Master Plus products into four major facilities. These include a national warehouse & distribution building, a dormitory that is part of a large university campus, a casual dining restaurant and a home super center. The warehouse, restaurant and super center are all part of large, national chains. Chain facilities lend themselves particular well to the installation of these energy saving products because of redundancy in engineering design and construction.

The four beta (test) sites selected the EnergyNSync products in order to substantially reduce electrical energy consumption. According to Geoffrey Ramsey, CEO of Host America, "If the expected savings in electrical consumption is realized, we anticipate installation rollouts of our equipment into many of our client's stores in the coming months. Selecting chain stores and similar operations has been the focus of our test site selection criteria because of the potential sales volume".

Agreements with each of these facilities are now in place that provide for contract negotiations to commence once the test period (30 - 60 days) is complete. It is expected that the Motor Master Plus and Light Master Plus will have a significant impact on lowering utility consumption.

B) On January 13, 2005, the Company announced:

RS Services signs \$1.1 Million in Sam's Club Business

HAMDEN, CT - January 13, 2005 - Host America Corporation (NASDAQ-CAFÉ) announced today that RS Services has won five (5) contracts to perform electrical control and renovations for Sam's Club, a division of Wal-Mart Stores, Inc., in Florida and Texas, under a prime contract agreement. The work is being performed by a new division, formed shortly after the RS Services merger was announced. Ronald Sparks, RS Services President, has been expanding the company to accommodate the newly anticipated control business by

hiring trained and qualified electricians who will install the products, with RS Services providing technical assistance. These short term projects will begin in January, 2005.

C) On January 20, 2005, the Company announced:

Host America and RS Services Sign Joint Venture Agreement with IPC for Energy Management Products \$3 Million Project to Begin January 24th, 2005

HAMDEN, CT - January 20, 2005 - Host America Corporation, (NASDAQ-CAFÉ) announced today that its energy subsidiary, RS Services signed a joint venture agreement with Innovative Performance Contracting (IPC) based in Texas and Oklahoma. IPC provides energy management solutions including the retrofitting of large commercial customers with energy efficient lighting systems and components such as those manufactured by RS Services. Work for the joint venture begins in Texas and Oklahoma this January on over \$3 Million in signed commercial management contracts. When completed, there is another \$3 Million in energy management work available for the joint venture from other IPC targeted accounts located throughout the country. Both companies believe that the LightMasterPlus will maximize the savings potential for their customers and provide RS Services with an established channel of distribution for their energy saving products. "We are extremely pleased to team up with IPC. They are bringing to RS Services a well established distribution network for the sale of our energy saving products, along with the experience, expertise and strong national customer base," said Geoffrey Ramsey, CEO of Host America.

D) On February 16, 2005, the Company announced:

**RS Services Completes the First of a Three Building Purchase Order for LightMasterPlus
Largest LightMasterPlus Installation to Date**

HAMDEN, CT - February 16, 2005 - Host America Corporation, (NASDAQ-CAFÉ) announced today that its merger candidate, RS Services, approved by shareholders on January 31, 2005, has completed the first phase of a three building installation with its LightMasterPlus energy saving device. This particular project called for eleven, 200 amp LightMasterPlus controllers to treat the total 305,000 square feet of office space. Currently it is saving the customer 15% on lighting, exceeding the customer's expectations.

The lighting cost is a major portion of the electrical cost in the building. The terms for this Dallas, Texas project were not disclosed.

Ronald Sparks, President of RS Services said, ““This is our largest installation to date and we are currently providing a 15% savings. These large scale installations are further proof that our products perform in both large and small buildings. Three person crews are completing the installations on weekends, so as not to interfere with the customers. Each building takes approximately 1 ½½ days to complete.””

E) On May 6, 2005, the Company announced:

Host America's Energy Division Awarded Key Roll-out

HAMDEN, CT - May 6, 2005 - Host America Corporation (NASDAQ-CAFÉ) announced that its energy division, RS Services has been awarded a new large-scale strategic agreement for electrical controls to be installed in approximately 400 stores in the south and western United States. The roll-out is valued between \$6 Million - \$7.5 Million for this specific grouping of stores.

The switch gear roll-out is a highly specified project that requires the electrical specialties for which RS Services electricians are qualified. The program has already started but ramps up extensively June of 2005 through October of 2005.

RS Services now has three additional offices in Carrollton, TX, Phoenix, AZ and Hamden, CT to accommodate work with the LightMasterPlus as well as other energy management projects.

"Since our merger, RS Services has had record sales in February and March of this year," said Geoffrey Ramsey, CEO, of Host America. "It is impressive when you acquire a company that doubles their monthly sales in such a short time," continued Ramsey.

F) On May 11, 2005, the Company Announced:

Host America Installs LightMasterPlus in Manufacturing Plant

HAMDEN, CT - May 11, 2005 - Host America Corporation (NASDAQ-CAFÉ) announced today that its energy division, RS Services, Inc., has completed the installation of its LightMasterPlus controller into a 60,000 square foot assembly plant in Salado, TX, saving 150,000 - 200,000 KWH per year, a less than two year return

on investment for the customer. The job is valued at approximately \$45,000 for this lighting project. This is the Company's second assembly plant installation in addition to other retail and office building installations. A previous installation of a LightMasterPlus in a food assembly plant in Connecticut is receiving energy savings of 19% on their existing fluorescent lighting system.

"The fact that we can now provide the same visible light with no detectable reduction in brightness, where light is critical and save our customers money is significant. Interest in our product has increased since being successfully tested by the Department of Energy," said Geoffrey Ramsey, CEO. (See Press Release dated April 7, 2005 regarding Department of Energy Test Results) "We believe our major markets for the LightMasterPlus will be the big box retail stores as well as office buildings. We currently have two additional installations for the LightMasterPlus underway and will announce them when they are complete."

G) On June 15, 2005, the Company announced:

Host America's Energy Division Begins Two LightMasterPlus Installations for Texas Super Market Chain

HAMDEN, CT - June 15, 2005 - Host America Corporation (NASDAQ-CAFÉ) announced today that it has begun an installation of the LightMasterPlus in two stores for a retail supermarket chain in Texas. These first two stores are expected to save 659,000 kilowatts per year which is based on a field survey done at the site. The installation will be completed by June 23, 2005. Each store encompasses approximately 50,000 square feet. "Our sales group has begun discussions with supermarket management for a larger, second phase, ten-store rollout. We are focusing on large and mid-sized chain stores that can supply the company with additional installations upon the LightMasterPlus achieving the desired results for the customer" said Geoffrey Ramsey, CEO.

23. Throughout 2005, and despite the promising press releases announcing large installation contracts for the Company's LightMasterPlus product, trading volume of Host America stock was never significantly influenced, nor was the Company's stock price. Despite these announcements, the Company's highest daily trade volume reached only 248,000, far less than the

23,000,000 it reached during the Class Period. The average daily trading volume was only 12,760.41, and the Company's stock reached a high of \$5.40 per share, and a low of \$2.82 per share.

24. From May 12, 2004 to May 13, 2004, after the Company announced that "GlobalNet Scheduled to Install it's Motor & Light Master Controllers in 'Four Beta Sites' in Southwest," the Company's closing stock price decreased from \$5.51 to \$5.16, and from May 11, 2004 to May 12 2004, the trade volume decreased from 10,700 to 1,100.

25. From January 13, 2005 to January 14, 2005, after the market heard that "RS Services signs \$1.1 Million in Sam's Club Business," the Company's closing stock price decreased from \$4.27 to \$3.96, and from January 12, 2005 to January 13, 2005, the trade volume increased from 1,400 to 79,300.

26. From January 20, 2005 to January 21, 2005, after the Company announced that "Host America and RS Services Sign Joint Venture Agreement with IPC for Energy Management Products \$3 Million Project to Begin January 24th, 2005," the Company's closing stock price slightly increased from \$3.60 to \$3.75, and from January 19, 2005 to January 20, 2005, the trade volume increased from 17,000 to 248,200.

27. From February 16, 2005 to February 17, 2005, after the Company announced that "RS Services Completes the First of a Three Building Purchase Order for LightMasterPlus," which was the "Largest LightMasterPlus Installation to Date," the Company's closing stock price decreased from \$4.01 to \$3.90, and from February 15, 2005 to February 16, 2005, the trade volume increased from 11,600 to 17,000.

28. From May 6, 2005 to May 9, 2005, after the Company announced that "Host America's Energy Division Awarded Key Roll Out," the Company's closing stock price slightly increased from \$4.35 to \$4.45, and from May 5, 2005 to May 6, 2005, the trade volume actually

decreased from 45,700 to 39,100.

29. From May 11, 2005 to May 12, 2005, after the Company announced that “Host America Installs LightMasterPlus in Manufacturing Plant,” the Company’s closing stock price decreased from \$4.29 to \$4.15, and from May 10, 2005 to May 11, 2005, the trading volume increased only from 9,700 to 26,800.

30. Finally, from June 15, 2005 to June 16, 2005, after the Company announced that “Host America's Energy Division Begins Two LightMasterPlus Installations for Texas Super Market Chain,” the Company’s closing stock price decreased from \$3.45 to \$3.10, and from June 14, 2005 to June 15, 2005, the trade volume increased from 2,200 to 26,000.

31. The market’s reaction to the Company’s previous press releases was de minimis compared to the purported reaction of the market caused by the materially misleading statements issued in the Company’s July 12, 2005 Form 8-K and press release.

**Materially False and Misleading
Statements Issued During the Class Period**

32. On July 12, 2005, Host America issued a another press release, and filed a Form 8-K with the SEC, this time announcing a deal with Walmart, which would reportedly utilize the Company’s LightMasterPlus technology. The release stated:

**Host America's Energy Division Announces Wal-Mart Transaction
Ten Store First-Phase for LightMasterPlus**

HAMDEN, CT - July 12, 2005 - Host America Corporation (NASDAQ-CAFÉ) announced today that it will start surveying 10 Wal-Mart stores in the southwest, in preparation for installation of its LightMasterPlus on the fluorescent lighting system of each store. Details of the surveys will be released as they become available. The LightMasterPlus has been tested since November, 2004, at Oklahoma Gas & Electric, in Oklahoma City, averaging 22% energy savings when installed on T-8 & T-12 fluorescent lighting systems. Simultaneously, testing took place at one of the company's stores in Texas for over six months, which reported a 19% energy savings. Recently, the US Department of Energy at Oak Ridge National Laboratory, Oak Ridge, TN, conducted extensive testing of the product for energy savings and the effect on ballasts, fixtures and tubes. The

results showed the product saved 15% - 30% on fluorescent lighting and that it reduced temperatures in the ballast. This shows that it does not degrade the specific life expectancy of the ballast.

"This is a major event for our company, which we have been working towards since last year. We expect this prestigious customer will like the savings they receive from this first-phase roll-out and believe that the next phase will involve a significant number of stores," said Company CEO, Geoffrey Ramsey.

33. Market reaction to this announcement, unlike reactions to previous announcements in 2004 and 2005 regarding potential contracts for installing LightMasterPlus, was drastic. Trading volume increased from 41,000 trades on July 11, 2005, to 13,813,100 on July 12, 2005. Furthermore, the Company's stock, which opened at \$4.25 on July 12, 2005 prior to the announcement, closed at \$6.35, after reaching a high of \$7.47.

34. Over the next eight trading days, volume reached a high of 32,569,600 shares on July 18, 2005, and the Company's stock price reached a high of \$16.88 on July 19, 2005.

35. The above statements in the July 12, 2005 Form 8-K and press release were false and misleading because they misrepresented the nature of the "Wal-Mart Transaction" as one whereby the Company had a firm commitment by Wal-Mart to purchase the Company's LIGHTMasterPlus for installation in Wal-Mart stores. The true facts which were not disclosed are that Wal-Mart was *not* a customer of the Company's in connection to purchasing the LightMasterPlus and that the "Wal-Mart Transaction" was limited to a test installation unrelated to any commitment by Wal-Mart to install the LightMasterPlus in any of its facilities on a permanent basis. In fact, Wal-Mart had made *no commitment* to purchase or install the LightMasterPlus outside of the test installation. As a result, defendants had no basis for stating that the test installation was a "first-phase roll-out" or that "the next phase will involve a significant number of stores." Moreover, defendants lacked any basis for

stating that the Wal-Mart test installation was a "major event for our company." In fact, such test installations in the past had resulted in no future customer relationship and no actual purchases of the LightMasterPlus by the party solicited for the test demonstration.

The Truth Begins To Be Revealed

36. On July 19, 2005, the Company filed a Form 8-K with the SEC, and issued a press release announcing, in part:

On July 19, 2005, Host America Corporation ("Host") was contacted informally by the Fort Worth Office of the Securities and Exchange Commission ("SEC"). The SEC has requested the voluntary provision of documents and related information regarding Host's press release of July 12, 2005, and its Form 8-K filing of that day to which the release was an exhibit, and into related developments in the trading of Host securities.

37. On July 22, 2005, the Company filed a Form 8-K with the SEC, and issued a press release announcing, in part:

Host America Corporation was informed by the Securities and Exchange Commission that the SEC has commenced a formal investigation of Host, certain of its officers, directors and others in connection with a press release issued by Host on July 12, 2005, relating to dealings between Host and Wal-Mart Stores, Inc.

38. On July 22, 2005, trading of Host America securities was halted, pending SEC review. In halting trading, the SEC cautioned brokers, dealers, shareholders, and prospective purchasers that they should carefully consider the foregoing information along with all other currently available information, and any information subsequently issued by the company," the SEC statement read. At the time of the trading halt, Host America stock was priced at \$13.92 per share.

39. On August 5, 2005, the Company issued the following press release stating:

HAMDEN, Conn., Aug. 5 /PRNewswire/ -- On August 5, 2005, Host America Corporation ("Host") was notified by The Nasdaq Stock

Market ("Nasdaq") that based on a review of public documents and information provided by Host to Nasdaq related to the issuance of a July 12, 2005 press release, the Staff of Nasdaq Listing Investigations and Listing Qualifications has determined that Host no longer qualifies for inclusion in the Nasdaq Stock Market and that its securities are therefore subject to delisting. Nasdaq Marketplace Rules 4300 and 4330(a)(3) provide the Staff with broad discretionary authority to deny continued inclusion of securities in order to maintain the quality of, and the public's confidence in, The Nasdaq Stock Market. Accordingly, Nasdaq has informed Host that its securities will be delisted from Nasdaq at the opening of business on August 16, 2005, unless Host requests a hearing in accordance with the Marketplace Rule 4800 Series.

Host will request a hearing before a Nasdaq Listing Qualifications Panel to review the Nasdaq Staff determination. Any such hearing request will stay the delisting of Host's securities pending the Panel's decision.

SCIENTER ALLEGATIONS

40. As alleged herein, defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Host America, their control over, and/or receipt and/or modification of Host America's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Host America, participated in the fraudulent scheme alleged herein.

41. Defendants were also motivated during the Class Period to inflate the Company's financial performance in order to enable the Individual Defendants to sell their personally-held Harvey common stock to the unsuspecting market. During the Class Period, defendants engaged in

the following transactions:

a) On July 18, 2005, Roger Lockhart, the company's No. 2 shareholder, and a Director and controlling shareholder of EnergySync, sold off the majority of 94% of his stake in the Company's common shares, in trades worth \$5.4 million. This left him with only 24,500 shares. Prior to these sales, Mr. Lockhart owned about 9% of the Company's outstanding common stock. Mr. Lockhart also sold 135,400 warrants on the stock exercisable at \$5.50, in trades worth \$1.2 million. Lockhart, with the exception of the July 18 trades and another sale of 36,000 shares at \$4.17 in October, has sold no shares in the company for three years. Mr. Lockhart acquired his stake in Host America when the Company bought Select Force Inc., where he had served as a director;

b) On July 12, 2005, Peter Sarmanian, a Host America Director, sold 40,000 shares, decreasing his shares held from 60,500 to 20,500, and providing a financial gain totaling approximately \$256,000; and

c) On July 12, 2005, Gilbert Rossomando, a Host America Director, and Lindsey Food Service Corp. President, sold 4,500 shares of the Company's stock, approximately 10% of his stake, providing Mr. Rossomando with a gain of approximately \$29,000.

Applicability of Presumption of Reliance:

Fraud On The Market Doctrine

42. At all relevant times, the market for the Company's securities was an efficient market for the following reasons, among others:

a) The Company's stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

b) As a regulated issuer, the Company filed periodic public reports with the SEC and the NASDAQ;

c) The Company regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

d) The Company was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

43. As a result of the foregoing, the market for the Company's securities promptly digested current information regarding the Company from all publicly-available sources and reflected such information in the Company's stock price. Under these circumstances, all purchasers of the Company's securities during the Class Period suffered similar injury through their purchase of the Company's securities at artificially inflated prices and a presumption of reliance applies.

FIRST CLAIM

Violation Of Section 10 (b) Of The Exchange Act Against And Rule 10b-5 Promulgated Thereunder Against All Defendants

44. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

45. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (I) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Host America securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

46. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and © engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Host America securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

47. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Host America as specified herein.

48. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Host America value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make

the statements made about Host America and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Host America securities during the Class Period.

49. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (I) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

50. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Host America's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by

defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

51. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Host America securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Host America's publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, Plaintiff and the other members of the Class acquired Host America securities during the Class Period at artificially high prices and were damaged thereby.

52. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Host America was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Host America securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

53. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange

Act, and Rule 10b-5 promulgated thereunder.

54. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation Of Section 20 (a) Of The Exchange Act Against the Individual Defendants

55. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

56. The Individual Defendants acted as controlling persons of Host America within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contend are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

57. In particular, each of these defendants had direct and supervisory involvement in the

day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

58. As set forth above, Host America and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

1. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;
2. Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
3. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
4. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: August 8, 2005

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LLC**

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**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

I, Steve Yorks, ("Plaintiff") declare the following claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint and authorized its filing. Plaintiff retains the Law Offices of Bruce G. Murphy, P.C. and such co-counsel it deems appropriate to associate with to pursue such action on a contingent fee basis.
2. Plaintiff did not acquire the securities that are the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

| <u>No. of Shares</u> | <u>Stock Symbol</u> | <u>Buy/Sell</u> | <u>Date</u> | <u>Price Per Share</u> |
|----------------------|---------------------|-----------------|-----------------|------------------------|
| <u>498</u> | <u>CAFE</u> | <u>BUY</u> | <u>07/20/05</u> | <u>\$15.96</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

Please list other transactions on a separate sheet of paper, if necessary.

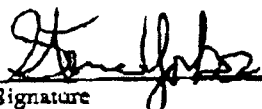
5. During the three years prior to the date of this Certificate, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below:

(NONE)

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 26th day of July, 2005.


Signature

Steve Yorks
Print Name