

LINDA M. MORONEY (SBN: 172668)
 NATALIE FUJIKAWA (SBN: 258724)
 GORDON REES SCULLY MANSUKHANI, LLP
 275 Battery Street, Suite 2000
 San Francisco, CA 94111
 Telephone: (415) 986-5900
 Facsimile: (415) 986-8054
 lmoroney@grsm.com
 nfujikawa@grsm.com

Attorneys for Defendant
 SF TIRE & SERVICE CENTRAL INC.

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN FRANCISCO

JOSHUA SWEET, individually and on behalf
 of those similarly situated,

Plaintiffs,

vs.

SF TIRE & SERVICE CENTRAL, INC., a
 California Corporation, and DOES 1 through
 10, inclusive,

Defendants

CASE NO. CGC-20-584213

**DECLARATION OF CHRIS
 MONTEVERDE IN SUPPORT OF
 PLAINTIFF'S MOTION FOR
 APPROVAL OF CLASS SETTLEMENT**

Complaint filed: April 22, 2020
 FAC Filed: June 3, 2020

I, Chris Monteverde, declare:

1. I am the Chief Executive Officer of Defendant SF Tire & Service Central, Inc. ("SF Tire" or "Defendant"). I am familiar with the issues set forth below, and if called upon as a witness, I could and would competently testify thereto.

2. I submit this Declaration in support of Plaintiff's Motion for Approval of Class Settlement.

3. Due to its financial condition, Defendant cannot withstand a settlement of the full value of the allegations set forth by Plaintiff on behalf of the entire putative class in this matter, and the parties have agreed to make this consideration in determining the settlement amount.

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1 4. SF Tire and Service Central was incorporated in 2013. As of January 2020, it
2 operated 10 stores throughout the San Francisco Bay Area. On average, each store had between
3 8 and 14 employees.

4 5. On or about March 19, 2020, Governor Gavin Newsom issued a “stay at home”
5 order to slow the spread of COVID-19. Although SF Tire was deemed an “essential” business,
6 which allowed it to stay open, SF Tire nevertheless experienced immediately and significant
7 business and economic losses.

8 6. The shutdown occurred toward the end of SF Tire’s first 2020 financial quarter
9 (Q1). By the end of Q2, store-level sales (average per store) dropped by **44%** compared to Q1.

10 7. Additionally, in Q2, SF Tire’s net income declined **33.51%** relative to Q1; and it
11 was **32%** less than it had been in Q2 2019.

12 8. At this time, in order to help employees keep their jobs, I personally took a salary
13 pay reduction of approximately 40%.

14 9. By the end of Q2, however, SF Tire was experiencing record low sales. When
15 combined with inventory and supply cost increases, SF Tire was required to reduce the hours of
16 operation across all locations; and close entirely on Sundays. SF Tire was also forced to reduce
17 its staff at all locations, which resulted in elimination of approximately 35% of its total labor
18 force.

19 10. By Q3, the situation had not improved. In fact, it got worse when, in December
20 2020 (Q4), Governor Newsom issued a second “stay at home” order. SF Tire was then required
21 to reduce its labor force by another 5%. This means that, by 2020 Q4, SF Tire’s employment
22 roster was approximately 60% of what it had been in Q4 of 2019.

23 11. Although the situation improved in 2021, sales remained depressed. As of 2021
24 Q3, year-to-date revenues have not recovered to pre-pandemic levels. Presently, year-to-date
25 revenues are down approximately 20% from what they were in Q3 2019.

26 12. As of this date, the prognosis for a full recovery remains uncertain. Not only is
27 OSHA implementing new emergency orders commencing in 2022, but it is very well known
28 that people are generally driving less than they did before the pandemic. Many companies, in

1 fact, are not requiring workers to return to work, and may workers plan to continue working
2 from home for the foreseeable future.

3 13. Lastly, even if SF Tire's income returns to pre-pandemic levels, it will not have
4 recovered the significant losses it experienced throughout the aforementioned period.

5 I declare under penalty of perjury under the laws of the State of California that the
6 foregoing is true and correct.

7 Executed this 8th day of November 2021, in San Francisco, California.

8 DocuSigned by:
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11 Chris Monteverde

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