SCOTT & WHITEHEAD
Zachary M. Schwartz, State Bar No. 286498
Zschwartz@employerlaw.com
2601 Main Street, Suite 510
Irvine, California 92614
(949) 222-0166 FAX (949) 222-0113

Attorneys for Defendant,
ASAS Group, Inc.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE – CIVIL COMPLEX CENTER

MIGUEL A. HUERTA ALVAREZ, individually, and on behalf of all others similarly situated, Plaintiff, vs. ASAS GROUP, INC., a California corporation; and DOES 1 through 10, inclusive, Defendants.	Case No.: 30-2025-01487413-CU-OE-CXC Assigned for All Purposes to: Hon. David A. Hoffer Department CX103 **CLASS & REPRESENTATIVE ACTION** **DECLARATION OF ZACHARY SCHWARTZ IN SUPPORT OF MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT** Complaint Filed: June 3, 2025

I, Zachary M. Schwartz, declare as follows:

1. I am an attorney duly admitted to practice before the courts of the State of California and a partner with Scott & Whitehead, counsel of record for Defendant ASAS Group, Inc. ("ASAS" or "Defendant"). I have personal knowledge of the matters stated in this declaration, except where stated on information and belief, and if called as a witness I could and would testify competently to them.

2. I have represented ASAS in this action and participated in the negotiations that resulted in the Class Action and PAGA Settlement Agreement (the "Settlement Agreement"). I submit this declaration in response to the Court's request for an explanation why the parties allocated 20% of each Individual Class Payment to wages rather than at least 33 1/3%.

3. The Settlement Agreement provides for a non-reversionary Gross Settlement Amount of $225,000. Under paragraph 3.1, employer payroll taxes attributable to the wage portions of

Individual Class Payments are not included in the Gross Settlement Amount and must be paid separately by ASAS. Under paragraph 3.2.4.1, 20% of each Individual Class Payment is allocated to wages and reported on a Form W-2, and the remaining 80% is allocated to interest and penalties and reported on a Form 1099.

4. The 20% wage allocation was negotiated during mediation as part of the overall settlement and was material to ASAS. It was not inserted after the parties agreed on the Gross Settlement Amount. ASAS evaluated and authorized the settlement as an integrated economic package that included both the $225,000 Gross Settlement Amount and the separate employer-side payroll-tax obligation associated with the negotiated wage portion.

5. It was necessary and important for ASAS to understand what additional obligation it would have in excess of the agreed to Gross Settlement Amount and this was meaningful topic during negotiations.

6. The operative claims include alleged unpaid minimum and overtime wages, meal-period and rest-period premiums, unreimbursed business expenses, waiting-time penalties, wage-statement penalties, alleged record-production violations, claims under the Unfair Competition Law, civil penalties under PAGA, and related interest. ASAS disputes liability and damages. No court or trier of fact has determined that ASAS owes a particular amount of unpaid wages to any Class Member.

7. The settlement is a global compromise of disputed class and representative claims. Individual Class Payments are calculated by workweeks rather than by a reconstruction of unpaid hours or a determination of backpay allegedly owed to each Class Member. The 20% allocation therefore does not purport to be an adjudication of the tax character of any particular claim or payment. It reflects the parties' negotiated resolution of a mixed set of disputed wage, statutory, penalty, interest, and expense-reimbursement claims.

8. The damages assessment submitted with the original preliminary-approval papers also confirms that the case was evaluated as a mixed and highly disputed claim package. Plaintiff's counsel estimated a "realistic maximum recovery" of $358,933.92 only after applying substantial litigation-risk discounts, and that estimate included $99,914.72 in statutory and civil penalties, in addition to

alleged expense reimbursement and other categories. ASAS did not concede that assessment, but the assessment illustrates why the settlement consideration cannot be treated as a simple backpay fund.

9. Furthermore, the Settlement was entered into in part as a business decision and to avoid the costs associated with defending and litigating the claims. The Parties did not engage in formal discovery or depositions, and thus the claims and allocations between wages and penalties are highly disputed.

10. ASAS is an independently owned business operating one location. The $225,000 Gross Settlement Amount is substantial in relation to ASAS's operation, and ASAS must fund employer payroll taxes in addition to the Gross Settlement Amount. The wage allocation consequently affected the total cost ASAS considered when authorizing the settlement.

11. A 33 1/3% allocation would result in an approximate increase in the wage portion of the settlement by $14,068.

12. The estimated increase in ASAS's employer side tax obligations would likely be around one to two thousand dollars. While a couple thousand dollars compared to the Gross Settlement Amount of $225,000 might seem trivial to some, it is a significant added financial pressure on a small business owner who is already being pushed to the limits of financial ruin to try and fund this settlement.

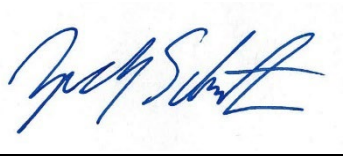
13. These figures are estimates, not administrator calculations. The final Net Settlement Amount will depend on the deductions approved by the Court, and actual employer taxes may vary based on employee-specific wage bases and applicable federal and California payroll-tax rules. Because no settlement administrator has yet been appointed, no administrator-certified calculation is presently available.

14. In my judgment as counsel who participated in the mediation, negotiated resolution, and obtained ASAS's authorization, increasing the allocation would alter a material economic term on which ASAS relied. The 20% allocation reflects the global compromise, the absence of adjudicated backpay, the disputed penalty and interest components, and the fact that employer payroll taxes are payable outside the Gross Settlement Amount.

/ / /

15. For those reasons, ASAS respectfully requests that the Court approve the negotiated 20% wage allocation.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on October 23, 2026, at Irvine, CA.



Zachary M. Schwartz
Attorneys for Defendant
ASAS Group, Inc.