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Attorneys for Defendant
Pizza Investment Entrepreneurs, LLC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SOLANO

JACQUELINE NAYYAR, an individual, on
behalf of herself and on behalf of all persons
similarly situated

Plaintiffs,

v.

PIZZA INVESTMENT ENTREPRENEURS
L.L.C., a Nevada limited liability company; and
DOES 1 through 50, Inclusive,

Defendants.

Case No. FCS056804

**DECLARATION OF MICHAEL SHEEHAN
RE DEFENDANT'S FINANCIAL
HARDSHIP**

Complaint Filed: July 14, 2021

I, Michael Sheehan, hereby declare as follows:

1. I have personal knowledge of the facts set forth in this Declaration and, if called as a witness, could and would testify competently to such facts under oath.

2. I am the managing member of Pizza Investment Entrepreneurs L.L.C. (the "Company"), and in this capacity, I am familiar with the Company's financial position and records. The information

1 contained in this Declaration is true and correct, and based on my personal knowledge and review of the
2 financial records maintained by the Company in the regular course of business.

3 3. Since the onset of the COVID-19 pandemic, the company has faced significant
4 operational challenges leading to a pronounced decline in business performance. In particular, customer
5 transactions have fallen by more than 20% annually, which has led to an overall sales decline of
6 approximately 16% per year since 2021.

7 4. Despite efforts to counteract declining sales through price increases, the Company's
8 financial health has significantly deteriorated, marked by an average annual decline in sales.
9 Additionally, PIE is burdened with roughly \$300,000 in short-term liabilities, including critical expenses
10 such as payroll, inventory, and leases, with two locations under lease guarantees exacerbating the
11 financial strain.

12 5. The financial ramifications of these operational challenges are stark. In particular, the
13 Company's monthly cash flow has been negative for over year, with monthly deficits in some months
14 reaching \$20,000 to \$30,000. The balance sheet's current state—reflecting more liabilities than assets—
15 underscores the acute distress the Company is experiencing.

16 6. Compounding the challenges and accelerating its financial decline is the AB1228
17 minimum wage increase, which has further inflated the Company's operating costs.

18 7. In light of the foregoing financial challenges, the Company's ability to meet its financial
19 obligations is severely compromised and its ability to continue as a going concern is uncertain.

20
21 I declare under penalty of perjury under the laws of California that the foregoing is true and
22 correct to the best of my knowledge and belief.

23
24 Executed on Sep 3, 2024 at Rancho Mirage, Ca.

25
26 *Michael Sheehan*

27 MICHAEL SHEEHAN