

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:24-cv-08671-RGK-BFM Date May 1, 2025

Title *Weijie Xu v. Chenshi Zhuang et al.*

Present: The Honorable R. GARY KLAUSNER, UNITED STATES DISTRICT JUDGE

Joseph Remigio

Not Reported

N/A

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Petitioner:

Attorneys Present for Respondents:

Not Present

Not Present

Proceedings: (IN CHAMBERS) Order Re: Petition to Confirm Arbitration Award

On November 10, 2017, Weijie Xu (“Petitioner”) loaned Shenzhen Jianxin Fengyuan Industrial Co., Ltd. (“Borrower”) RMB ¥23,000,000.00 for a term of 12 months, at a monthly interest rate of 2%. This loan was guaranteed by certain Chinese corporate entities (“Corporate Guarantors”) financially backed by Chenshi Zhuang, Qufang Zhuang, Zhihui Zhuang, and Zhifeng Zhuang (collectively, “Zhuang Respondents”). Upon the loan’s maturity, Borrower and Corporate Guarantors defaulted. Pursuant to the terms of the loan agreement, Petitioner commenced arbitration before the Shenzhen Court of International Arbitration.

At some point prior to the arbitration, Zhuang Respondents made a payment of RMB ¥23,420,000 to Petitioner. At the arbitration, Zhuang Respondents argued that this payment was made in satisfaction of the loan. However, Petitioner argued that the bulk of this payment was for an unrelated loan that was not in dispute. The Shenzhen Court agreed with Petitioner and credited only part of this payment to the disputed loan. Accordingly, on December 1, 2021, the Shenzhen Court ordered that within 10 days:

- (i) Borrower pay Petitioner the outstanding principal loan amount of RMB ¥23,000,000.00;
- (ii) Borrower pay Petitioner interest on the principal loan amount, at the annual rate of 15.4% from June 30, 2021 until paid;
- (iii) Zhuang Respondents (along with Corporate Guarantors) bear joint and several repayment liability under (i) and (ii);
- (iv) all respondents, including Zhuang Respondents, reimburse Petitioner for RMB ¥20,625.00 for property preservation fees; and
- (v) all respondents, including Zhuang Respondents, pay RMB ¥28,874.00 in arbitration fees.

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Zhuang Respondents did not move to vacate the award within the six-month period set forth under Chinese law, or otherwise contest the award. Instead, they cut all ties with China and moved their assets to other countries, including the United States.

Unable to collect in China, on October 8, 2024, Petitioner filed a Petition for Confirmation, Recognition, and Enforcement of Foreign Arbitration Award against Zhuang Respondents. (ECF No. 1.) Petitioner seeks to confirm, recognize, and enforce the 2021 arbitration award pursuant to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 9 U.S.C. § 207.

On December 3, 2024, Petitioner filed an *Ex Parte* Application for Temporary Restraining Order (“TRO”). (ECF No. 12.) Petitioner sought to enjoin Zhuang Respondents from disposing of certain assets (the “Attachment Property”) located within or subject to jurisdiction in California that may be used to satisfy the arbitration award. On December 4, 2024, the Court granted the Application and issued a TRO ordering Zhuang Respondents to not take any steps to transfer, conceal, reduce, encumber, or otherwise make unavailable the Attachment Property. (ECF No. 13.) The Court also ordered Zhuang Respondents to show cause in writing why a preliminary injunction should not issue.

On January 6, 2025, Zhuang Respondents responded. (ECF No. 21.) Zhuang Respondents’ chief argument was that the arbitration award was unenforceable as contrary to public policy because the arbitrator failed to credit the RMB ¥23,420,000 payment toward the disputed loan, rendering the proceedings unfair, biased, and manifestly incorrect. *See Admart AG v. Stephen & Mart Birch Found., Inc.*, 457 F.3d 302, 307–08 (3d Cir. 2006). The Court rejected that argument, however, because Zhuang Respondents provided no reason to conclude that the arbitrator’s decision was a mistake, or that such a mistake could rise to the level of offending public policy. (ECF No. 35.)

Presently before the Court is Petitioner’s Petition for Confirmation, Recognition, and Enforcement of Foreign Arbitration Award. Under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, “[t]he court shall confirm the award unless it finds one of the grounds for refusal or deferral of recognition or enforcement of the award specified in the said Convention.” 9 U.S.C. § 207. Here, there is no dispute that the Shenzhen Court issued an arbitration award with the terms described above. Thus, Zhuang Respondents bear the burden of demonstrating that an enumerated ground for refusal or deferral applies. Zhuang Respondents fail to do so.

Zhuang Respondents, much like in their preliminary injunction briefing, argue that the arbitration award is unenforceable as contrary to public policy because the proceedings were unfair, biased, and manifestly incorrect. In making this argument, Zhuang Respondents, yet again, focus on the arbitrator’s supposed failure to credit the RMB ¥23,420,000 payment toward the disputed loan. But as the Court already explained, there is no basis to conclude that the arbitrator made a mistake, or that such a mistake could rise to the level of offending public policy. *See Asignacion v. Rickmers Genoa Schiffahrtsgesellschaft mbH & Cie KG*, 783 F.3d 1010, 1015 (5th Cir. 2015) (“[A] court reviewing an

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award under the Convention cannot refuse to enforce the award solely on the ground that the arbitrator may have made a mistake of law or fact.”); *Karaha Bodas Co., LLC v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara*, 364 F.3d 274, 306 (5th Cir. 2004) (“Erroneous legal reasoning or misapplication of law is generally not a violation of public policy.”). Thus, Zhuang Respondents’ argument fails.

Zhuang Respondents alternatively ask the Court to modify the award by subtracting the RMB ¥23,420,000 payment. According to Zhuang Respondents, this modification is necessary to correct the arbitrator’s clear mathematical error. But as explained above, the Court has no basis to conclude that the arbitrator’s decision not to credit the RMB ¥23,420,000 payment was in any way erroneous. Thus, this argument fails as well.

Having failed to demonstrate any grounds to refuse or defer enforcement of the arbitration award, the Court **GRANTS** the Petition. Petitioner shall have seven (7) days from the entry of this Order to lodge a proposed final judgment.

IT IS SO ORDERED.

Initials of Preparer

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JRE/sf

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Weijie Xu, an individual,

Case No. 2:24-cv-08671-RGK-BFM

Petitioner,

~~{PROPOSED}~~ **FINAL JUDGMENT**

vs.

Judge: Hon. R. Gary Klausner

Chenshi Zhuang, an individual; Qufang
Zhuang, an individual; Zhihui Zhuang, an
individual; and Zhifeng Zhuang, an
individual

Respondents.

Upon the Court's consideration of Petition for Confirmation, Recognition and Enforcement of Foreign Arbitration Award (Dkt. No. 1) filed by Petitioner Weijie Xu ("Mr. Xu" or "Petitioner"), Petitioner's Memorandum of Law in Support thereof (Dkt. No. 2), Counsel's declaration in support thereof and exhibits thereto (Dkt. No. 3), Petitioner's Notice of Motion and Motion to Enforce (Dkt. No. 36), Respondents' Memorandum in Opposition (Dkt. No. 40), Petitioner's Reply Memorandum (Dkt. No. 43), and all supporting documents submitted together with these documents.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT for the reasons set forth in this Court's In Chambers Order Granting Petition to Confirm Arbitration Award (Dkt. No. 44) dated May 1, 2025, the arbitral award (the "Award") dated December 1, 2021 and entered in favor of Weijie Xu and against Respondents Chenshi Zhuang; Qufang Zhuang; Zhihui Zhuang; and Zhifeng Zhuang by the Shenzhen Court of International Arbitration located in Shenzhen City, Guangdong Province, China is

PROPOSED FINAL JUDGMENT

confirmed and recognized pursuant to the Federal Arbitration Act, 9 U.S.C. §§ 201 *et seq.*, and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (commonly referred to as the “New York Convention”).

IT IS HEREBY ALSO ORDERED, ADJUDGED, AND DECREED THAT that final judgment is entered against Respondents Chenshi Zhuang; Qufang Zhuang; Zhihui Zhuang; and Zhifeng Zhuang and in favor of Petitioner Weijie Xu in the amount of **\$4,632,478.24 USD** (based on the prevailing currency conversion rate between the United States Dollar and the Chinese Yuan on December 1, 2021, the date of the Award), or RMB ¥29,482,569.63, which is comprised of:

- (1) loan principal in the amount of RMB ¥23,000,000.00;
- (2) interest in the amount of RMB ¥13,663,386.30 (from June 30, 2021 to May 8, 2025);
- (3) arbitration fee in the amount of RMB ¥286,874.00;
- (4) property preservation fees in the amount of RMB ¥20,625.00; and
- (5) a credit in the amount of RMB (¥7,488,315.67) reflecting collection that Mr. Xu has been able to make in China to satisfy the Award.

IT IS ALSO ORDERED, ADJUDGED, and DECREED that post-judgment interest to run on the above-mentioned amounts as provided by 28 U.S.C. § 1961.

IT IS ALSO ORDERED, ADJUDGED, and DECREED that Respondents Chenshi Zhuang; Qufang Zhuang; Zhihui Zhuang; and Zhifeng Zhuang are each jointly and severally liable for the above-mentioned amounts.

IT IS ALSO ORDERED, ADJUDGED, and DECREED that the Preliminary Injunction (Dkt. No. 45) entered by this Court shall continue in force to facilitate Mr. Xu’s enforcement of this Judgment.


IT IS ALSO ORDERED, ADJUDGED, and DECREED that Mr. Xu is awarded his costs of suit.

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1 **IT IS ALSO ORDERED, ADJUDGED, and DECREED** that Mr. Xu is directed
2 to file his Motion for Attorneys' Fees and Costs within fourteen (14) days in compliance
3 with Local Rule 54-7.

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5 Dated: 5/9/2025


6 HON. R. GARY KLAUSNER
7 United States District Judge
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PROPOSED FINAL JUDGMENT