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.

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

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.

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