

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES -- GENERAL

Case No. **CV 17-05446-JFW (JEM)**

Date: October 27, 2017

Title: Qinrong Qiu -v- Hongying Zhang et al.

---

---

**PRESENT:**

**HONORABLE JOHN F. WALTER, UNITED STATES DISTRICT JUDGE**

**Shannon Reilly**  
**Courtroom Deputy**

**None Present**  
**Court Reporter**

**ATTORNEYS PRESENT FOR PLAINTIFFS:**

None

**ATTORNEYS PRESENT FOR DEFENDANTS:**

None

**PROCEEDINGS (IN CHAMBERS):**

**ORDER GRANTING PLAINTIFF'S APPLICATION FOR  
DEFAULT JUDGMENT**  
**[filed 9/21/2017; Docket No. 23]**

On September 21, 2017, Plaintiff Qinrong Qiu ("Plaintiff") filed an Application for Default Judgment. Defendants Hongying Zhang ("Zhang"), Xinghua Yu ("X. Yu"), Jie Yu ("J. Yu"), and Boxwood International LLC (collectively, "Defendants") did not file an Opposition. Pursuant to Rule 78 of the Federal Rules of Civil Procedure and Local Rule 7-15, the Court finds that this matter is appropriate for decision without oral argument. The hearing calendared for October 30, 2017 is hereby vacated and the matter taken off calendar. After considering the moving papers, and the arguments therein, the Court rules as follows:

**I. Background**

On July 24, 2017, Plaintiff filed a Complaint alleging claims against Zhang and X. Yu for breach of contract and fraud and claims against Zhang and J. Yu for fraudulent transfer and constructive fraudulent transfer. Plaintiff also seeks recognition and enforcement of the civil judgment entered by the Suzhou Industrial Park People's Court ("Industrial People's Court") against Zhang and X. Yu on July 14, 2016. The judgment was affirmed on appeal on December 23, 2016 by the Intermediate People's Court of Suzhou City, Jiangsu Province ("Intermediate People's Court").

The events giving rise to the claims resolved by the Chinese court (the "China Action") relate to two loan agreements that Plaintiff entered into with Zhang and X. Yu in 2013. Pursuant to the loan agreements, Zhang and X. Yu, a married couple, borrowed 21 million RMB from Plaintiff and promised to repay this amount, plus interest, by April 6, 2014. Zhang and X. Yu defaulted on the loans. Accordingly, the Industrial People's Court determined that Zhang and X. Yu were liable to Plaintiff for failure to repay the loans and entered judgment in favor of Plaintiff for 19,899,412.68

RMB. After Plaintiff exhausted his efforts to collect on the judgment against Zhang and X. Yu's assets in China, the Industrial People's Court proceedings were terminated. The Industrial People's Court found that, as of May 17, 2015, Zhang and X. Yu owed Plaintiff 23,251,424.74 RMB, which includes interest. Based on the currency exchange ratio as of 11:29 a.m. EST on September 18, 2017, Zhang and X. Yu owe Plaintiff \$3,536,230.00.

According to Plaintiff, Zhang, X. Yu and Zhang's son, J. Yu, currently reside in Azusa, California. In November of 2012, Zhang and her son J. Yu acquired, as joint tenants, real property located at 604 E. Boxwood Lane in Asuza, California (the "Boxwood Property"). J. Yu was approximately 15 years old at the time. On October 8, 2015, articles of organization were filed with the State of California and Boxwood International LLC was registered as an LLC. J. Yu is listed as the sole member of the LLC and the registered agent for service of process. On October 9, 2015, Zhang and J. Yu transferred the Boxwood Property to Boxwood International LLC as a gift. Boxwood International LLC sold the Boxwood Property on June 27, 2017 to a third-party buyer for \$750,000. Plaintiff contends that Zhang and J. Yu's transfer and sale of the Boxwood Property was fraudulent.

Plaintiff filed this action to recover the amount that the Industrial People's Court has determined Zhang and X. Yu still owe to Plaintiff. Proofs of service were filed evidencing service on Defendants on July 28, 2017 [Docket Nos. 9–12]. After Defendants failed to appear, pursuant to Plaintiff's request, the clerk entered default against Defendants on August 25, 2017 and September 8, 2017 [Docket Nos. 19, 22]. Plaintiff now asks the Court to grant default judgment against Defendants.

## II. Legal Standard

Federal Rule of Civil Procedure 55(b) provides for a court-ordered default judgment following entry of default under 55(a). Local Rule 55-1 requires that the application for default judgment be accompanied by a declaration that includes: (1) when and against what party default was entered; (2) the identification of the pleading to which default was entered; (3) whether the defaulting party is an infant or incompetent person, and if so, whether that person is represented by a general guardian, committee, conservator or other representative; (4) that the Servicemembers Civil Relief Act does not apply; and (5) that notice has been served on the defaulting party, if required. L.R. 55-1.

The entry of default judgment is left to a court's sound discretion. *Aldabe v. Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980). Because granting or denying relief is entirely within the court's discretion, a defendant's default does not automatically entitle a plaintiff to a court ordered judgment. *Id.*; *Philip Morris USA Inc. v. Castworld Prods., Inc.*, 219 F.R.D. 494, 498 (C.D. Cal. 2003). In deciding whether to exercise discretion to enter a default judgment, courts may consider: (1) the possibility of prejudice to the plaintiff; (2) the merits of plaintiff's substantive claim; (3) the sufficiency of the complaint; (4) the sum of money at stake in the action; (5) the possibility of a dispute concerning material facts; (6) whether the default was due to excusable neglect; and (7) the strong policy underlying the Federal Rules of Civil Procedure favoring decisions on the merits. *Eitel v. McCool*, 782 F.2d 1470, 1471–72 (9th Cir. 1986). "In applying this discretionary

standard, default judgments are more often granted than denied." *PepsiCo v. Triunfo-Mex, Inc.*,

189 F.R.D. 431, 432 (C.D. Cal. 1999).

After default has been entered against a defendant, the well-pleaded factual allegations of the complaint are taken as true, except for those allegations relating to damages. *TeleVideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917–18 (9th Cir. 1987) (quoting *Geddes v. United Fin. Group*, 559 F.2d 557, 560 (9th Cir. 1977) (“The general rule of law is that upon default the factual allegations of the complaint, except those relating to the amount of damages, will be taken as true.”) In determining damages, the court may conduct a full evidentiary hearing, or rely on declarations submitted by the parties. Fed. R. Civ. 55(b)(2); L.R. 55-2. However, “[a] default judgment must not differ in kind from, or exceed in amount, what is demanded in the pleadings.” Fed. R. Civ. P. 54(c).

### III. Discussion

After considering the *Eitel* factors, the Court concludes that Plaintiff is entitled to default judgment on the claims alleged in the Complaint.<sup>1</sup> Based on the exhibits and other evidence Plaintiff submitted, included the translated trial transcripts, the Court concludes that Plaintiff’s breach of contract and fraud claims against Zhang and X. Yu were adjudicated in Plaintiff’s favor by the Chinese courts and subsumed in the judgment obtained in the China Action. In addition, Plaintiff’s fraudulent transfer and constructive fraudulent transfer claims against Zhang and her son J. Yu are meritorious and amply support the entry of default.

The Court also concludes that Plaintiff has also met his burden of showing that the judgment in the China Action is entitled to recognition under the Uniform Foreign-Country Money Judgments Recognition Act (the “UFCMJRA”). The UFCMJRA provides that a foreign-country judgment may be enforced under California law if the judgment “(1) grants or denies recovery of a sum of money and (2) [u]nder the law of the foreign country where rendered, is final, conclusive, and enforceable.” *Plata v. Barbun Enters. Inc.*, 2009 WL 3153747, at \*4 (S.D. Cal. Sept. 23, 2009) (internal quotation marks omitted). The evidence Plaintiff submitted demonstrates the Chinese court granted a monetary recovery and that the judgement is final, conclusive, and enforceable. Plaintiff has also demonstrated that the Chinese court was an impartial tribunal that had subject matter jurisdiction and personal jurisdiction over Zhang and X. Yu and that both defendants were afforded adequate due process in the China Action. See Cal. Civ. P. Code § 1716(b) (stating that a court must rejected a foreign-country judgment if the foreign court lacked subject matter jurisdiction, personal jurisdiction, impartial tribunals or due process).

Finally, the Court concludes that Plaintiff has established that Zhang and X. Yu are liable for \$3,536,230 and that Zhang’s son J. Yu is liable for \$750,000.

---

<sup>1</sup> The Court cannot enter default judgment against Boxwood International LLC because Plaintiff did not allege any claims against Boxwood International LLC in the Complaint.

**IV. Conclusion**

For the foregoing reasons, Plaintiff's Application for Default Judgment is **GRANTED** as to Defendants Zhang, X. Yu and J. Yu, and the Court signs the Judgment Granting Plaintiff's Application for Default.

IT IS SO ORDERED.