

# Judge Refuses To Toss Chinese Drywall Claims

Michael Kunzelman, Associated Press

NEW ORLEANS (AP) — A federal judge in New Orleans has refused to dismiss claims from homeowners who say a Chinese drywall manufacturer's product damaged their property.

Taishan Gypsum Co. Ltd. argued that U.S. courts don't have jurisdiction over claims against the Chinese company, but U.S. District Judge Eldon Fallon rejected that argument Tuesday.

Fallon also refused to vacate a \$2.6 million default judgment he entered against the company after it initially refused to respond to the suits.

Taishan believes Fallon's ruling is "in error for all the reasons reflected in our papers and discussed at the hearing," company attorney Joe Cyr wrote in an email. He declined to elaborate.

Taishan Gypsum made and sold more than 1.8 million sheets of drywall that were shipped to Virginia, Florida, Louisiana and other parts of the U.S. from 2005 to 2009.

The company claims it didn't know the ultimate buyer or user of its drywall in Virginia, but the 5th U.S. Circuit Court of Appeals has concluded that "such lack of knowledge does not insulate a foreign defendant from personal jurisdiction in the forum," Fallon wrote.

The judge said Taishan "possessed more than mere awareness or expectation that its drywall would be delivered, sold, and installed in Virginia."

Fallon presides over more than 10,000 claims involving Chinese drywall. His ruling also could benefit homebuilders who have been sued for using Chinese drywall and are seeking to recoup millions of dollars they've spent to repair damaged homes.

Taishan "is going to have to defend the quality of the product," said Hilarie Bass, a lead attorney for the homebuilders.

A different Chinese company, Knauf Plasterboard Tianjin Co., agreed in December to pay hundreds of millions of dollars to resolve related drywall claims.

Chinese drywall was used in the construction of thousands of homes, mainly in the South, after a series of hurricanes in 2005 and before the housing bubble burst. The problems it has caused range from a foul odor to corrosion of pipes and wiring.

The litigation against Taishan "has not followed the same trajectory or enjoyed the same measure of success" as the Knauf cases, Fallon wrote in his order Tuesday. Fallon said he had to travel to Hong Kong earlier this year to supervise a series of

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depositions of Taishan executives after an initial round of depositions, hamstrung by a language barrier and other problems, dissolved into "chaos."

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