UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA, ATLANTA DIVISION

Equitymax, Inc. v. Parkway Law Group LLC

EquityMax · No. 1:25-cv-1938-MLB · Decided January 30, 2026

SUMMARY

The United States District Court for the Northern District of Georgia granted Parkway Law Group LLC's motion to dismiss EquityMax, Inc.'s professional negligence claim. The court held that EquityMax, a non-client lacking privity with Parkway, failed to plausibly allege that Parkway had actual awareness that EquityMax or a limited class of lenders would rely on the mistakenly recorded deed. The court concluded that foreseeability of third-party reliance was insufficient under Georgia's negligent misrepresentation exception to the privity requirement.

CASE DETAILS

COURT	United States District Court for the Northern District of Georgia, Atlanta Division
WRITING FOR THE COURT	Ma L. Brown
JURISDICTION	United States District Court for the Northern District of Georgia, Atlanta Division
DECIDED	January 30, 2026
DOCKET	1:25-cv-1938-MLB
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff brought a professional-negligence claim in Georgia state court. Defendant removed the action to federal court and moved to dismiss under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded facts as true and construes reasonable inferences in the plaintiff's favor, but a complaint must contain sufficient factual matter to state a facially plausible claim and may not rely on labels, conclusions, or a formulaic recitation of the elements.
PRECEDENTIAL VALUE	unpublished district court opinion

TOPICS

professional negligence · negligent misrepresentation · motions to dismiss · real estate · pleadings

PRACTICE AREAS

professional negligence · negligent misrepresentation · real estate · civil procedure

QUESTIONS PRESENTED

1. Whether EquityMax, a nonclient and nonparty to Parkway's closing engagement, plausibly alleged that Parkway owed it a professional-negligence duty under Georgia's negligent-misrepresentation exception to the privity requirement.
2. Whether general foreseeability that lenders might rely on a recorded deed satisfies Georgia's requirement that the professional have actual awareness that a known third party or limited class of third parties would rely on the information in a particular transaction.
3. Whether O.C.G.A. §§ 44-2-1 and 44-2-20(c) imposed a statutory duty of care to EquityMax sufficient to overcome the absence of privity.

HOLDINGS

1. Under Georgia law, a nonclient may pursue professional negligence based on negligent misrepresentation only when the professional had actual awareness that the information was prepared for reliance by a known third party or limited class of third parties in connection with a particular transaction; general foreseeability of third-party reliance is insufficient.
2. EquityMax failed to state a plausible claim because its allegations that lenders generally rely on accurate title records did not identify a known lender or limited class of lenders, or a particular transaction for which Parkway prepared or recorded the deed.
3. O.C.G.A. §§ 44-2-1 and 44-2-20(c) do not create a professional-negligence duty from a closing attorney to third-party lenders merely because the statutes regulate where deeds and related affidavits are recorded.

KEY QUOTATIONS

> *"To fall within this case, Plaintiff would have to allege—at the very least—that Parkway knew someone would extend a loan to Oceans Exotic based on the mistakenly recorded deed."*

> *"But they must be actually aware that a specific class of third parties will rely on their representations."*

> *"EquityMax fails to plead plausibly that Parkway had that knowledge."*

FACTUAL BACKGROUND

Parkway, the closing attorney's law firm, mistakenly recorded a deed conveying Fulton County property to Oceans Exotic even though the parties had agreed the deed would not be recorded until contractual obligations were performed. Parkway then recorded an affidavit of mistaken recording in the wrong county. Relying on a title report showing Oceans Exotic held fee-simple title, EquityMax loaned Oceans Exotic $350,000 and accepted a security deed. After Oceans Exotic defaulted, EquityMax discovered that the original owner still claimed title and sought to hold Parkway professionally liable.

PROCEDURAL HISTORY

EquityMax sued Parkway Law Group in state court after discovering that a deed mistakenly recorded by Parkway caused EquityMax to loan $350,000 to Oceans Exotic based on an inaccurate title record. Parkway removed the case to the United States District Court for the Northern District of Georgia and moved to dismiss the sole professional-negligence claim. The court granted the motion to dismiss because EquityMax did not plausibly allege that Parkway had the actual awareness required to owe a duty to a nonclient under Georgia's negligent-misrepresentation exception to privity.

DISPOSITION

dismissed

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 677-78 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 556, 570 (2007)
- Bryant v. Avado Brands, Inc., 187 F.3d 1271, 1273 n.1 (11th Cir. 1999)
- Martha H. West Trust v. Market Value of Atlanta, 584 S.E.2d 688, 690 (Ga. Ct. App. 2003)
- Smiley v. S & J Invs., Inc., 580 S.E.2d 283, 286 (Ga. Ct. App. 2003)
- Robert & Co. Associates v. Rhodes-Haverty Partnership, 300 S.E.2d 503, 504 (Ga. 1983)
- Hardaway Co. v. Parsons, Brinckerhoff, Quade & Douglas, Inc., 479 S.E.2d 727 (Ga. 1997)
- Badische Corp. v. Caylor, 356 S.E.2d 198, 200 (Ga. 1987)
- Travelers Cas. & Sur. Co. of Am. v. Reznick Group, P.C., 2007 WL 9735814, at *4 (N.D. Ga. Mar. 26, 2007), aff'd, 271 F. App'x 833 (11th Cir. 2008)
- Southeast Consultants, Inc. v. O'Pry, 404 S.E.2d 299, 300 (Ga. Ct. App. 1991)
- Reidling v. Holcomb, 483 S.E.2d 624, 625 (Ga. Ct. App. 1997)
- First Financial Savings & Loan Assoc. v. Title Ins. Co. of Minnesota, 557 F. Supp. 654, 660 (N.D. Ga. 1982)
- Neidiger/Tucker/Bruner, Inc. v. SunTrust Bank, 530 S.E.2d 18, 21 (Ga. Ct. App. 2000)