[DO NOT PUBLISH]

In the United States Court of Appeals

For the Eleventh Circuit

No. 23-10753

Non-Argument Calendar

ANA E. MEDINA ECKART,

Plaintiff-Appellant,

versus

ALLSTATE NORTHBROOK INDEMNITY COMPANY,

Defendant-Appellee.

Appeal from the United States District Court
for the Northern District of Georgia
D.C. Docket No. 1:22-cv-00281-JPB

Before JORDAN, ROSENBAUM, and JILL PRYOR, Circuit Judges.

PER CURIAM:

Plaintiff Ana Medina Eckart appeals the district court's dismissal with prejudice of her fraud lawsuit against defendant Allstate Northbrook Indemnity Company ("Allstate"). Because Eckart has failed to state a claim for relief, we affirm.

I. BACKGROUND

A. Allstate and Eckart's Insurance Settlement Negotiations

This lawsuit arises from insurance settlement negotiations following an automobile accident. Eckart collided with another driver, Crista Ballew, and sustained injuries in the crash. Allstate insured Ballew.

Seeking compensation for her injuries, Eckart entered settlement negotiations with Allstate. They reached a settlement that valued Eckart's claim at $16,378. An Allstate adjuster, Dwalyn Roberts, sent Eckart a letter reflecting the settlement and breaking down Eckart's claim. The letter said that Eckart would pay $15,818 of the settlement to her medical providers. Eckart would keep the remaining $560: $30 as reimbursement for prescriptions, $280 for lost wages, and $250 for personal compensation.

With the letter Roberts included a document entitled "Release of All Claims" ("Release"). Eckart says that Allstate required her to sign the Release before the settlement funds were disbursed, as consideration for the settlement. In the letter, Roberts

instructed, "It is important that you read the enclosed release before you sign . . . and return it to me." Doc. 9-2 at 2.[1] Above the signature line, the Release warned, "CAUTION-READ BEFORE SIGNING." Doc. 9-1 at 3.

The Release read that "in consideration of the sum of [$16,378]," Eckart released Ballew, Allstate, and all others "from any and all claims" and damages arising from the accident. *Id.* at 2. According to Roberts's letter, by signing the release, Eckart accepted $16,378 as the settlement amount. Doc. 9-2 at 2 ("Signing the release means you agree to accept the amount of money noted on the release[.]").

Eckart signed the release and emailed it to Allstate. By signing the Release, she agreed that no "representations regarding the nature and extent of legal liability or financial responsibility of any of the parties release[d] . . . have induced me to make this settlement." Doc. 9-1 at 2. Her signature on the Release also acknowledged receipt of the $16,378 and promised to pay her healthcare providers "prior to the final disbursement of the settlement proceeds," even though Roberts had not sent her any money. *Id.*

The day after Eckart returned the signed Release, Roberts informed Eckart by email that her emergency room bill from Cartersville Medical Center was adjusted downward by $12,595.50. Accordingly, Allstate adjusted the total settlement amount downward from $16,378 to $3,782.50. Allstate explained that Eckart would

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[1] "Doc." numbers refer to district court docket entries.

now be responsible for paying only $3,222.50 to her medical providers. Her direct compensation would remain at $560.

Allstate sent Eckart a check for the $3,782.50 settlement amount. Eckart sent the check back to Allstate and demanded rescission of the settlement agreement. Allstate did not respond.

B. Procedural History

Eckart filed this lawsuit in the Northern District of Georgia, asserting a claim against Allstate under Georgia state law for fraudulent inducement to enter a contract.[2] Eckart alleged that Allstate misrepresented that it would pay her the $16,378 settlement amount when it had no intention of doing so, solely to induce her to sign the Release and extinguish her claims against Allstate and Ballew. As a result, she was left humiliated and unable to pursue compensation for the injuries she suffered in the accident.

In her complaint, Eckart sought various remedies. On her claim that Allstate had fraudulently induced her to sign the Release, Eckart sought an order rescinding the contract. She also asked for compensatory damages for her injuries sustained in the accident, "general damages for her wounded feelings resulting from the

[2] Eckart also asserted claims against Allstate under the federal Racketeer Influenced and Corrupt Organizations (RICO) Act, 18 U.S.C. § 1961 *et seq.*, and Georgia's RICO statute, O.C.G.A § 16-14-1 *et seq.* Because Eckart does not argue on appeal that the district court erred in dismissing these claims, we discuss them no further.

fraud," "punitive damages for Allstate's intentional fraudulent conduct," and attorney's fees and costs. Doc. 1 at ¶ 65.

Allstate filed a motion to dismiss the complaint. It filed three exhibits to support its motion: the Release; Roberts's letter reflecting the $16,378 settlement offer; and Roberts's email reflecting the $3,782.50 adjusted settlement.

After the motion to dismiss was fully briefed, the district court dismissed Eckart's complaint. As an initial matter, the district court concluded that the exhibits Allstate filed were "incorporate[ed] by reference" into Eckart's complaint and therefore could be considered in evaluating the motion to dismiss. Doc. 16 at 2–3. It then dismissed Eckart's fraudulent inducement claim for two alternative reasons: (1) under Georgia law, Eckart could not bring an action directly against Allstate for money damages; and (2) Eckart failed to state a claim for relief.

First, the district court ruled that Eckart could not collect damages from Allstate under Georgia law. It relied on Georgia law providing that an injured person may not bring an action for damages directly against the insurer of the party who allegedly caused the injury, except under circumstances not present here.

Second, the district court concluded that Eckart failed to state a claim for fraudulent inducement. Because Eckart only pled "[t]hreadbare recitals" of the elements of fraud in the inducement, and not facts substantiating her allegations, she failed to state a claim for relief. *Id.* at 16 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)). And because Eckart failed to state a claim for fraudulent

inducement, the district court concluded that she was not entitled to the remedy of rescission.

This is Eckart's appeal.

II. STANDARD OF REVIEW

We review *de novo* the district court's grant of a Rule 12(b)(6) motion to dismiss for failure to state a claim, accepting the complaint's allegations as true and construing them in the light most favorable to the plaintiff. *Marquez v. Amazon.com, Inc.*, 69 F.4th 1262, 1269 (11th Cir. 2023).

III. DISCUSSION

The issue before us in this appeal is whether Eckart's complaint stated a claim for fraudulent inducement under Georgia law.[3] To state a Georgia-law claim for fraudulent inducement, Eckart had to allege that: (1) Allstate misrepresented that $16,378 was the settlement amount; (2) Allstate knew its statement of the settlement amount was false when it presented the offer (the scienter requirement); (3) Allstate intended to induce Eckart to sign the Release based on the $16,378 offer; (4) Eckart justifiably relied on the $16,378 offer; and (5) Allstate's fraudulent inducement caused Eckart damage. *See Scarbrough v. Hallam*, 525 S.E.2d 377, 379 (Ga. Ct. App. 1999).

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[3] Eckart brought her fraudulent inducement claim under Georgia law. Allstate does not dispute that Georgia law applies.

We focus here on whether Eckart's complaint adequately alleged the second element, scienter. In analyzing the sufficiency of Eckart's allegations, we turn to Federal Rule of Civil Procedure 8.[4] Rule 8 requires that a pleading must contain "a short and plain statement" of the claim alleged, "showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). To satisfy this requirement and survive a motion to dismiss, the "complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Iqbal*, 556 U.S. at 678 (internal quotation marks omitted). A complaint is insufficient if it "tenders naked assertions devoid of further factual enhancement." *Id.* (alteration adopted) (internal quotation marks omitted). And "labels and conclusions" or a "formulaic recitation of the elements of a cause of action will not do." *Id.* (internal quotation marks omitted). To survive a motion to dismiss, the plaintiff must plead "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.*

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[4] Because the complaint alleged fraud, Eckart's pleadings are also subject to the heightened standard of Federal Rule of Civil Procedure 9(b), which requires a plaintiff to state with particularity the circumstances constituting fraud. *Am. United Life Ins. Co. v. Martinez*, 480 F.3d 1043, 1066–67 (11th Cir. 2007) (citing Fed. R. Civ. P. 9(b)). But we need not discuss Rule 9's heightened standard further, for two reasons. First, as we explain below, Eckart's claim fails under the less demanding strictures of Rule 8. Second, her complaint fails to allege adequately the element of scienter, which is subject to Rule 8 only, even in fraud cases. *Iqbal*, 556 U.S. at 686–87.

We conclude that the allegations in Eckart's complaint fail to support a reasonable inference that Allstate acted with scienter—that is, that Allstate knew that it would not pay the amount presented in its initial settlement offer ($16,378) at the time it made the offer. True, Eckart repeatedly alleged that "Allstate . . . had no intention . . . of actually paying the $16,378.00 settlement amount" when it was offered to her. Doc. 1 at ¶¶ 20, 60, 62. But these allegations were conclusory and simply a "formulaic recitation of [an] element[] of a cause of action." *Iqbal*, 556 U.S. at 678 (internal quotation marks omitted). Stripping Eckart's complaint of the conclusory allegation that Allstate had no intention of paying the offered amount when the offer was made, we are left with the following facts: Eckart sent Allstate the signed Release reflecting a settlement amount of $16,378, and the next day Allstate responded, lowering the settlement amount to $3,782.50.

The exhibits Allstate submitted in support of its motion to dismiss, which were properly considered as part of the pleadings under the incorporation-by-reference doctrine,[5] render any inference of scienter implausible. They support instead the alternative

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[5] Under the doctrine of incorporation by reference, a court may consider a document attached to a motion to dismiss as part of the pleadings without converting the motion into one for summary judgment so long as the document meets certain requirements. *Hi-Tech Pharms., Inc. v. HBS Int'l Corp.*, 910 F.3d 1186, 1189 (11th Cir. 2018). To be incorporated, a document must be (1) referred to in the complaint; (2) central to the plaintiff's claim; and (3) of undisputed authenticity. *Id.* On appeal, Eckart does not contest that Allstate's exhibits met these requirements.

explanation that Allstate initially intended to pay the larger settlement but then readjusted the amount to account for the reduction in Eckart's medical bills. *See Iqbal*, 556 U.S. at 681 (concluding that "more likely explanations" rendered plaintiff's allegations of discriminatory purpose implausible). Roberts's email explained that after making the initial settlement offer, Allstate reduced the settlement amount because Cartersville Medical Center adjusted Eckart's emergency room bill downward by more than $12,000. Indeed, Allstate's initial offer letter contained an itemized breakdown of the settlement amount with the full, unadjusted emergency room bill. The settlement amount changed in the precise amount of the adjustment to the medical bill, indicating an honest adjustment. What is more, even after this adjustment, Eckart's net recovery of $560 remained the same because the settlement agreement obligated her to pay her medical providers out of the settlement proceeds.

Eckart pled no facts to support a conclusion that Allstate intentionally misrepresented the settlement amount. Given the minimal allegations in the complaint, it would be speculative to infer that Allstate did not intend to pay the $16,378 when offered; thus, the scienter allegations were deficient under Rule 8. *See Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (explaining that to survive a motion to dismiss, the factual allegations pled "must be enough to raise the right to relief above the speculative level").

Eckart resists this analysis by arguing that we cannot look to Allstate's documents to "discredit" the allegations in her complaint.

Appellant's Br. at 12. She contends that the district court's consideration of these documents improperly converted Allstate's motion to dismiss into one for summary judgment. *Id.* at 13. But a court may look to an incorporated document at the motion to dismiss stage. *See Hi-Tech Pharms., Inc. v. HBS Int'l Corp.*, 910 F.3d 1186, 1189 (11th Cir. 2018). And facts from a document incorporated by reference may dispel a plaintiff's conclusory allegations. *See Day v. Taylor*, 400 F.3d 1272, 1276 (11th Cir. 2005) (concluding that plaintiffs failed to state a claim after analyzing pled facts against an incorporated contract, dispelling plaintiffs' conclusory allegations). Importantly, we do not consider the incorporated documents to dispel or discredit any well-pled facts about scienter here, because there were no well-pled facts about scienter. We need not ignore the facts in the incorporated documents in favor of Eckart's conclusory assertions of fraud. *See Griffin Indus., Inc. v. Irvin*, 496 F.3d 1189, 1207 (11th Cir. 2007).

Eckart nevertheless argues that her complaint sufficiently alleged scienter because it stated that Allstate and its employees were engaged in a "fraudulent scheme and artifice" in which Allstate would "routinely enter[] into firm, binding settlement agreements" and "upon receipt of releases from [] injured claimants . . . forward[] settlement checks . . . in amounts far below the agreed upon settlement amounts." *See* Doc. 1 at ¶¶ 20, 23. But Eckart alleged no facts that would raise an inference that such a scheme existed. A conclusory allegation that such a scheme existed is not enough. *See, e.g.*, *Twombly*, 550 U.S. at 554–56 (ruling that complaint failed to state claim because plaintiffs did not allege sufficient facts to infer illegal

agreement and dispel idea that companies were acting independently).

Because Eckart failed to allege facts sufficient to raise an inference that Allstate acted with the requisite scienter, we agree with the district court that she failed to state a claim for fraudulent inducement.[6]

IV. CONCLUSION

For the above reasons, we affirm the district court's judgment.[7]

AFFIRMED.

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[6] Because Eckart failed to state a claim for fraudulent inducement, it follows that she was not entitled to the remedy of rescission of the contract. Though Eckart stylized her request for rescission as a separate claim, Georgia law treats rescission as a remedy for fraudulent inducement. *See Legacy Acad., Inc. v. Mamilove, LLC*, 771 S.E.2d 868, 870 (Ga. 2015).

[7] Because we conclude that Eckart failed to state a claim for fraudulent inducement, we need not address the district court's alternative conclusion that Eckart lacked statutory standing under Georgia law.