

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
<i>Plaintiff,</i>	§	Case No.:
	§	
vs.	§	
	§	
GREGORY TODD FRONING,	§	
	§	
<i>Defendant.</i>	§	

**COMPLAINT**

The United States Securities and Exchange Commission alleges:

**I.**  
**SUMMARY**

1. While working as a registered representative and investment adviser representative for SEC-registered broker-dealers and investment advisers, Defendant Gregory Todd Froning raised over \$850,000 from 15 brokerage customers and advisory clients. He did so through an unregistered offering of promissory notes secured by rights to convert to equity interests in a financial planning company he owns. Froning acted without the authorization or knowledge of his employers. At least once, a Froning advisory client liquidated other investments near the time she purchased promissory notes from Froning.

2. Froning told investors that their money would be used to fund operating expenses and growth of the financial planning company. In truth, Froning diverted their investments to a personal bank account and used them to pay personal expenses such as cash withdrawals, purchases from Internet retailers, adult entertainment, meals, and groceries. He also used investor funds to make Ponzi payments to some investors.

**II.**  
**JURISDICTION AND VENUE**

3. The Commission brings this action under Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78u(d)] to enjoin Froning from future violations of the federal securities laws. The Commission also seeks disgorgement of ill-gotten gains from Froning, plus prejudgment interest, and civil penalties under Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

4. The Court has jurisdiction over this action, and venue is proper, under Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78(aa)] and Title 28 U.S.C. §1331. One or more acts or transactions constituting the violations alleged herein occurred in this district. Among other things, Froning offered and sold the securities at issue in this district.

**III.**  
**THE DEFENDANT**

5. Gregory Todd Froning, 48, resides and may be served with process at 303 Hampton Court, Coppell, Texas 75019.

**IV.**  
**STATEMENT OF FACTS**

6. Froning worked as a registered representative associated with Commission-registered broker-dealers and investment advisors between at least January 1, 2005 and October 29, 2009.

7. During this period, Froning raised over \$850,000 from 15 brokerage customers and advisory clients through an unregistered offering of promissory notes secured by rights to convert to equity interests in Wealth Planning Partners, LLC, a now-defunct financial planning company he operated.

8. Froning provided investors promissory notes with terms lasting between one and five years. The notes recited that payment was secured by the holder's right to convert the note to an equity interest in Wealth Planning Partners.

9. Froning represented that offering proceeds would be used to fund the operating expenses and growth of Wealth Planning Partners. He further represented that investors would receive "guaranteed" interest payments under the promissory notes.

10. In truth, Froning diverted investors' proceeds to a personal bank account and used them both to pay personal expenses and to make Ponzi payments to some investors. Among Froning's personal expenditures were cash withdrawals, purchases from Internet retailers, adult entertainment, meals, and groceries. Froning never disclosed that he was using funds in this fashion and has never repaid a single promissory note.

11. Further, Froning never disclosed to investors that Wealth Planning Partners had no significant business and was essentially worthless. Nor did he disclose that his own financial condition was extremely precarious due, in part, to pending IRS liens.

**V.**  
**CLAIMS**

**FIRST CLAIM**

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**

12. Paragraphs 1 through 11 are realleged and incorporated by reference.

13. Froning, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails (a) has employed devices, schemes and artifices to defraud; (b) has made untrue statements of material facts and has omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) has engaged in acts, practices, and courses of business which operate as a fraud and deceit upon investors, prospective investors, and other persons.

14. As a part of and in furtherance of his scheme to defraud, Froning, directly and indirectly, prepared, disseminated, used, issued and made oral presentations, false and misleading account statements, and written offering documents that contained untrue statements of material facts and misrepresentations of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including those set forth above.

15. Froning made these misrepresentations and omissions knowingly or with severely reckless disregard for the truth.

16. By reason of the foregoing, Froning has violated and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder.

**SECOND CLAIM**

**Violations of Section 17(a) of the Securities Act**

17. Paragraphs 1 through 11 are realleged and incorporated by reference.

18. Froning, directly or indirectly, singly or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, has (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

19. As part of and in furtherance of this scheme, Froning, directly and indirectly, prepared, disseminated, used, issued and made oral presentations, written offering documents, promotional materials, and investor and other correspondence that contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including those statements and omissions set forth above.

20. Froning made these misrepresentations and omissions knowingly or with severely reckless disregard for the truth. Froning, in addition, was negligent in connection with the offer and sale of the securities alleged in this Complaint.

21. By reason of the foregoing, Froning violated, and unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

**VI.**  
**REQUEST FOR RELIEF**

The Commission respectfully requests that this Court:

(1) Permanently enjoin Froning from violating, directly or indirectly Section 10(b) [15 U.S.C. § 78j(b)], Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] and Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)];

(2) Order Froning to disgorge an amount equal to the funds and benefits he obtained as a result of the violations alleged, plus prejudgment interest on that amount;

(3) Order civil penalties against Froning pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] for his securities law violations; and

(4) Order such further relief as this Court may deem just and proper.

DATED: August 2, 2010.

Respectfully submitted,

*s/Toby M. Galloway*

Toby M. Galloway

Texas Bar No. 00790733

Jessica B. Magee

Texas Bar No. 24037757

SECURITIES AND EXCHANGE COMMISSION

Burnett Plaza, Suite 1900

801 Cherry Street, Unit #18

Fort Worth, TX 76102-6882

(817) 978-6447

(817) 978-4927 (fax)

[gallowayt@sec.gov](mailto:gallowayt@sec.gov)