

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: POLITE AND COMPANY, INC., )  
ITS OFFICERS, DIRECTORS, ) File No. 0300194  
EMPLOYEES, AFFILIATES, SUCCESSORS, )  
AGENTS AND ASSIGNS, )  
AND PHILIP LEE POLITE )  
)

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NOTICE OF HEARING

TO THE RESPONDENTS: Polite and Company (CRD # 18182)  
156 North Main  
Suite 204  
Edwardsville, Illinois 62025

Philip L. Polite (CRD # 824866)  
156 North Main  
Suite 204  
Edwardsville, Illinois 62025

Philip L. Polite (CRD #824866)  
#5 N. Deer Park Drive  
Dorsey, Illinois 62021

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1], et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702 on the 15<sup>th</sup> day of March, 2006, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order should be entered which revokes the Dealer registration of Polite and Company and salesperson registration of Philip Lee Polite (the "Respondents") in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount of \$10,000 pursuant to Section 11.E.4 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

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1. That at all times relevant, the Respondent, Philip Polite, CRD # 824866, was registered as a salesperson pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act"); Respondent's salesperson registration was voluntarily withdrawn in Illinois on December 21, 2005;
2. That at all times relevant, the Respondent, Polite and Company, CRD # 18182, was registered as a Dealer pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act"); Respondent's Dealer registration was voluntarily withdrawn in Illinois on December 21, 2005;
3. That on November 26, 2003, Respondents Philip Polite and Polite and Company ("Respondents") entered into a Consent Order with the Illinois Securities Department ("Department") which required Respondents to complete various actions within specified time periods, including, but not limited to, hiring an individual to act as a Chief Compliance Officer as well as filing a statement with the Department signed by Philip Polite and the Compliance Officer that certified that Respondents had completed all remaining actions stated in said Consent Order ("Statement") (see Exhibit A);
4. That upon the passing of the aforesaid time periods, Respondents had not complied with the terms of the aforesaid Consent Order, in that Respondents neither hired a Chief Compliance Officer nor submitted the aforesaid Statement to the Department;
5. That on June 20, 2005, Respondents entered into a Second Consent Order, which required Respondents to complete all actions and requirements of the aforesaid Consent Order within 6 months of the entry of the Second Consent Order; this Second Consent Order also stated that failure to fully comply would result in the issuance of an Order of Revocation (see Exhibit B);
6. That over 6 months have passed since the entry of the Second Consent Order and Respondents have failed to fully comply with the terms of either the Consent Order or the Second Consent Order, in that Respondents have neither hired a Chief Compliance Officer nor submitted the aforesaid Statement to the Department;

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7. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 of the Act;
8. That at all times relevant hereto, Respondents Polite and Company, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, and Philip Polite, entered into a Consent Order and Second Consent Order with the Department which terms required Respondents to complete various actions within a specified time period, including, but not limited to, hiring a Chief Compliance Officer and filing a Statement with the Department signed by both Respondent Philip Polite and the Compliance Officer that certified that Respondents had completed all remaining actions stated in said Consent Order; that Respondents failed to hire a Chief Compliance Officer and failed to file the aforesaid Statement with the Department within the specified time period and therefore violated the terms of the aforesaid Consent and Second Consent Orders;
9. That by virtue of the foregoing, Respondents Polite and Company, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, and Philip Polite, have violated Section 12.D of the Act;
10. That Section 8.E.1(g) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a Dealer or a salesperson may be suspended or revoked if the Secretary of State finds that the Dealer or salesperson has violated any of the provisions of the Act;
11. That Section 8.E(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective;
12. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for

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each violation of the Act, as well as an order of censure and the costs of investigation and reasonable expenses;


13. That by virtue of the foregoing, the Respondents are subject to the entry of an Order which revokes their Dealer and salesperson registrations in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(g) of the Act as well as a fine in the amount of \$10,000, an order of censure, and the costs of investigation and reasonable expenses;

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer, special appearance or other responsive pleading to the allegations outlined above within thirty days of the receipt of this notice. A failure to file an answer, special appearance or other responsive pleading within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any respondent has upon due notice moved for and obtained a continuance.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated this 14 day of February, 2006.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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Hearing Officer:

Jon K. Ellis

Attorney at Law

1035 South Second Street

Springfield, Illinois 62704