

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

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

ORDER OF REVOCATION PROHIBITION AND SUSPENSION

TO THE RESPONDENT: Polite and Company (CRD # 18182)
C/O William Moran, Esquire
Stratton, Giganti, Stone and Kopec
725 South Fourth Street
Springfield, Illinois 62703

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

WHEREAS, the record of the above captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined;

WHEREAS, the following paragraph of the aforesaid Findings of Facts has been rejected in part as follows:

1. Pursuant to Section 8.E(3) of the Act, the Secretary rejects the portion of Paragraph No. 18 which finds that the period of suspension of the salesperson registration of Respondent Philip Lee Polite is to be effective as of the date of the entry of the Final Order of Suspension. The Secretary also rejects the portion of Paragraph No. 18

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which recommends the Secretary issue a probationary registration for a period of one (1) year upon application for the reinstatement of the salesperson registration of the Respondent Philip Lee Polite subject to the condition that Respondent Philip Lee Polite associate himself with the securities firm in good standing with the Department during said probationary period, as the Secretary has no authority under the Act or Rules to issue such probationary registration.

WHEREAS, the following proposed and revised Findings of Fact are correct and are adopted and accepted by the Secretary of State as follows:

1. The pleadings, Exhibits and testimony have been offered and received from the Department and the Respondents, and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. At all times relevant, the Respondent Phillip Lee Polite, CRD # 824866, was registered as a salesperson pursuant to Section 8 of the Act; the Respondent's salesperson registration was voluntarily withdrawn in Illinois on December 21, 2005.
5. At all times relevant, the Respondent Polite and Company, Inc., CRD # 18182, was registered as a dealer pursuant to Section 8 of the Act; the Respondent's dealer registration was voluntarily withdrawn in Illinois on December 21, 2005.
6. On November 26, 2003, the Respondents entered into a Consent Order with the Department which required the 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

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that the Respondents has completed all remaining actions stated in said Consent Order.

7. Upon the passing of the aforesaid time periods, the Respondents had not complied with the terms of the aforesaid Consent Order, in that the Respondents neither hired a Chief Compliance Officer nor submitted the aforesaid Statement to the Department.
8. On June 20, 2005, the Respondents entered into a Second Consent Order, which required the Respondents to complete all actions and requirements of the aforesaid Consent Order within six 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.
9. Over six months have passed since the entry of the Second Consent Order and the Respondents have failed to fully comply with the terms of either the Consent Order or the Second Consent Order, in that the Respondents have neither hired a Chief Compliance Officer nor submitted the aforesaid Statement to the Department.
10. 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.
11. 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 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.
12. At all times relevant hereto, the Respondents entered into a Consent Order and Second Consent Order with the Department which terms required the 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 the Respondent Philip Polite and the Compliance Officer that certified that the Respondents had completed all remaining actions stated in said Consent Order; that the Respondents failed to hire a Chief Compliance Officer and failed to file the aforesaid Statement with the

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Department within the specified time period and therefore violated the terms of the aforesaid Consent and Second Consent Orders.

13. By virtue of the foregoing, the Respondents have violated Sections 12.D and 8E.1(g) of the Act.
14. 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.
15. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities in this State, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change in circumstances justifying the amendment or termination of the order of permanent prohibition.
16. Section 11E(4) of the Act provides, inter alia, that in addition to any other sanction or remedy contained in subsection E, the Secretary of State may, after finding that any provision of the Act has been violated, impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, and may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses.
17. By virtue of the foregoing, the Respondents Polite and Company, Inc., its officers, directors, employees, affiliates, successors, agents and assigns, and Philip Lee Polite, are subject to the entry of an Order which revokes or suspends their dealer and salesperson registrations in the State of Illinois pursuant to the authority provided under Sections 8.E.1 and 11.E(2) of the Act, and that the Respondents Polite and Company, Inc., its officers, directors, employees, affiliates, successors, agents and assigns, and Philip Lee Polite are

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subject to the entry of an Order which imposes a fine of up to \$10,00.00 per violation, and the entry of an Order of public censure, and charge as costs of investigation of all reasonable expenses.

18. The entry of a Final Order of Revocation and permanent Prohibition as to the Dealer registration of the Respondent Polite and Company, Inc. is proper in this Matter. As to the salesperson registration of the Respondent Philip Lee Polite, the entry of a Final Order of Suspension effective as of the last date on which registration was effective, that being December 21, 2005, is proper in this Matter.

WHEREAS, the following paragraph of the aforesaid Conclusions of Law have been rejected in part as follows:

1. Pursuant to Section 8.E(3) of the Act, the Secretary rejects the portion of Paragraph No. 3(a) which finds that the period of suspension of the salesperson registration of Respondent Philip Lee Polite is to be effective as of the date of the entry of the Final Order of Suspension. The Secretary also rejects the portion of Paragraph No. 3(a) which recommends the Secretary issue a probationary registration for a period of one (1) year upon application for the reinstatement of the salesperson registration of the Respondent Philip Lee Polite subject to the condition that Respondent Philip Lee Polite associate himself with the securities firm in good standing with the Department during said probationary period, as the Secretary has no authority under the Act or Rules to issue such probationary registration.

WHEREAS, the following proposed and revised Conclusions of Law are correct and are adopted and accepted by the Secretary of State as follows:

1. The Actions, representations, and/or omissions of the Respondents made in connection with the consent Orders are violations of Section 8.E(1)(e) and (g) of the Act. The actions, representations, and/or omissions of the Respondents made in connection with the Consent Orders are violations of Section 12.D of the Act.
2. That by virtue of the foregoing, the Respondents are subject to an Order of Revocation, Suspension and/or a

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permanent Order of Prohibition in the State of Illinois, a fine of up to \$10,000.00 for each violation of the Act, and/or granting such other relief as may be authorized under the Act.

3. (a) Because of the Findings of Fact and Conclusions of law, the pleadings, Department Exhibits Nos. 1-14, and the testimony, the entry of a written Order of Revocation pursuant to Sections 8.E(1) and 11.E(2) of the Act which revokes the registration of the Respondent Polite and company, Inc. as a dealer of securities in the State of Illinois and an Order of Prohibition pursuant to Section 11.E(2) which permanently prohibits the offer or sale of securities by the Respondent Polite and Company, Inc. in the State of Illinois is proper in this Matter.

(b) The entry of a written Order of Suspension pursuant to Sections 8.E(1) and 11.E(2) of the Act which suspends the registration of the Respondent Philip Lee as a salesperson of securities in the State of Illinois for a period of thirty (30) days effective the last date on which registration was effective, that being December 21, 2005, is proper in this matter.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The dealer registration of Respondent Polite and Company, Inc. is hereby revoked and Respondent Polite and Company, Inc. is permanently prohibited from the offer and/or sale of securities in the State of Illinois; and
2. The salesperson registration of the Respondent Philip Lee Polite is hereby suspended for thirty (30) days effective December 21, 2005.

ENTERED: This 15th day of September, 2006



Jesse White
Secretary of State
State of Illinois

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NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 130.1123]. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
Johan Schripsema
Illinois Securities Department
300 West Jefferson Street, Suite 300A
Springfield, Illinois 62702
Telephone: (217) 524-1688