

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 )

---

NOTICE OF HEARING

TO THE RESPONDENT: 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

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 520 South Second Street, Suite 200 Springfield, Illinois 62701 on the 17<sup>th</sup> day of September, 2003, 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. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order should be entered which revokes the broker/dealer/salesperson registration of Polite and Company and 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:

1. That the Respondent Polite and Company is a registered broker/dealer firm with a last known address of 156 North Main, Suite 204, Edwardsville 62025;

Notice of Hearing

-2-

2. That, at all times relevant the Respondent Philip Polite was an officer, director, agent or employee of Polite and Company;
3. That the Respondent Philip Polite was a salesperson for, and president of, Polite and Company on or about March 13 and 14, 2003, and was registered as a salesperson in the State of Illinois during those dates pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act");
4. That on or about March 13 and 14, 2003, an audit of Respondents was performed by Susan LaRussa ("LaRussa") and Jim Schneider ("Schneider"), both employees of the Illinois Secretary of State, Securities Department ("Department");
5. That Respondents were the subject of previous audits and deficiencies were made known to Respondents at the time of said previous audits;
6. That as a result of the aforementioned audit, the following deficiencies were found as follows:
  - a.) Customer files were incomplete or missing;
  - b.) Blotters were not up to date or were incomplete;
  - c.) The advertising file was not properly maintained;
  - d.) The Respondent was utilizing a news letter which was not approved by the NASD;
  - e.) The correspondence file was incomplete;
  - f.) The personnel files were incomplete;
  - g.) Copies of bank checks and statements in files were illegible;
  - h.) The suitability information for several customers was not properly updated;
  - i.) The new account forms for several customers were incomplete;
  - j.) Customer statements were not filed in timely manner;
  - k.) The branch office located at 975 North Henderson, Galesburg, was unreported.

Notice of Hearing

-3-

7. That Section 8.E.1(q) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a broker/dealer/salesperson may be suspended or revoked if the Secretary of State finds that the broker, dealer or salesperson has failed to maintain the books and records required under this Act or rules or regulations promulgated under this Act within a reasonable time after receiving notice of any deficiency;
8. 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 each violation of the Act, as well as the costs of investigation and reasonable expenses;
9. That by virtue of the foregoing, the Respondents are subject to the entry of an Order which revokes their broker/dealer and salesperson registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(q) of the Act as well as a fine in the amount of \$500.

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.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Notice of Hearing  
-4-

---

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State  
Johan Schripsema  
Illinois Securities Department  
900 South Spring Street  
Springfield, Illinois 62704  
Telephone: (217) 524-1688

Hearing Officer:  
Jon K. Ellis  
Attorney at Law  
1035 South Second Street  
Springfield, Illinois 62704