

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)
_____)

CONSENT ORDER OF CENSURE

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

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

WHEREAS, Polite and Company and Philip Lee Polite (the "Respondents") on November 19, 2003, executed a certain Stipulation To Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondents have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and the Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondents have acknowledged that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact 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;

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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 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.) The suitability information for several customers was not properly updated;
 - h.) The new account forms for several customers were incomplete;
 - i.) Customer statements were not filed in timely manner;
 - j.) The branch office located at 975 North Henderson, Galesburg, was unreported.
6. That records and disclosures contained in Paragraph 5 are required records and disclosures for broker/dealers in the State of Illinois;

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7. That Respondents were the subject of previous audits and deficiencies were made known to Respondents at the time of said previous audits;
8. 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;
9. 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;

WHEREAS, the Respondents have acknowledged and agree to comply with the undertakings of Addendum A, incorporated herein by reference;

WHEREAS, the Respondents have acknowledged and agree to pay to the Department \$5,000.00 as reimbursement of the cost of the investigation. Said reimbursement shall be deposited to the Securities Audit and Enforcement Fund.

WHEREAS, the Respondents will deliver a certified check or money order in the amount of \$5,000.00 within ten (10) days of the entry of the Order. The check shall be payable to the secretary of State, Securities Audit and Enforcement Fund.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Philip Lee Polite shall be censored
2. The Respondents shall comply with the undertakings of Addendum A, incorporated herein by reference.
3. The Respondent is subject to and shall pay costs of the investigation in the amount of \$5,000.00, and that

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Respondents will deliver a certified check or money order within ten (10) days of the entry of the Order. The check shall be payable to the Secretary of State, Securities Audit and Enforcement Fund.

4. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This 26th day of November, 2003.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12(D) of the Illinois Securities Law of 1953 [815 ILCS 5] (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 this Order, shall be guilty of a Class 4 felony.

Attorney for the Secretary of State
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Hearing Officer:
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