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**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**V.**

**BELAL K. FARUKI and  
NEURAL MARKETS, LLC,**

**Defendants,**

**And**

**EVOLUTION QUANTITATIVE 1X FUND  
and EVOLUTION QUANTITATIVE 1X, LLC,  
Relief Defendants.**

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) **CASE NO. 11 C 05406**  
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) **HON. RONALD A. GUZMAN**  
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) **MAGISTRATE JUDGE COLE**  
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**JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF  
AS TO DEFENDANTS BELAL K. FARUKI AND NEURAL MARKETS, LLC,  
AND AS TO RELIEF DEFENDANTS EVOLUTION QUANTITATIVE  
1X, LLC AND EVOLUTION QUANTITATIVE 1X FUND**

Plaintiff, U.S. Securities and Exchange Commission (“SEC”) filed a second amended complaint (“Complaint”) in this matter, and Defendants Belal K. Faruki and Neural Markets, LLC (collectively, “Defendants”) and Relief Defendants Evolution Quantitative 1X, LLC and Evolution Quantitative 1X Fund (“Relief Defendants”) having entered general appearances, consented to the Court’s jurisdiction over them and the subject matter of this action; consented to the entry of this Judgment of Permanent Injunction and Other Relief as to Defendants Belal K. Faruki and Neural Markets, LLC and as to Relief Defendants Evolution Quantitative 1X, LLC and Evolution Quantitative 1X Fund (“Judgment”) without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law, as

provided by Rule 52 of the Federal Rules of Civil Procedure; and waived any right to appeal from this Judgment. The Court having jurisdiction over the parties and the subject matter hereof, and being fully advised in the premises, hereby states:

**I.**

**IT IS ORDERED, ADJUDGED AND DECREED** that Defendants and their respective agents, servants, employees, attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Judgment by personal service or otherwise, are permanently restrained and enjoined from, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, employing any device, scheme or artifice to defraud, in violation of Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

**II.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendants and their respective agents, servants, employees, attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Judgment by personal service or otherwise, are permanently restrained and enjoined from, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(2) and 77q(a)(3)].

**III.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendants and their respective agents, servants, employees, attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Judgment by personal service or otherwise, are permanently restrained and enjoined from, violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**IV.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendants and their respective agents, servants, employees, attorneys, and persons in active concert or participation with any of them who receive actual notice of this Judgment by personal service or otherwise, and each of them are permanently restrained and enjoined, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, from knowingly, willfully, recklessly, or negligently from engaging in any act, practice or course of business which is fraudulent, deceptive, or

manipulative including, but not limited to, making untrue statements of a material fact and/or omitting to state a material fact necessary to make statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in a pooled investment vehicle; in violation of Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(4)] and Rule 206-4(8) [17 C.F.R. § 275.206.4(8)] thereunder.

V.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendants and Relief Defendants shall pay disgorgement of any ill-gotten gains and prejudgment interest on those amounts, which amounts shall be determined by the Court upon motion of the SEC. Prejudgment interest shall be calculated from September 28, 2010, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Upon motion of the SEC, the Court shall determine whether a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] is appropriate and, if so, the amount of the penalty to be imposed against Defendants. In connection with the SEC's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendants and Relief Defendants will be precluded from arguing that Defendants did not violate the securities laws as alleged in the SEC's complaint; (b) Defendants and Relief Defendants may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and

documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the SEC's motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

**VI.**

**IT IS FURTHER ORDERED** that Defendants' and Relief Defendants' Consent is incorporated herein with the same force and effect as if fully set forth herein, and that they shall comply with all of the undertakings and agreements set forth therein.

**VII.**

**RECORDS PRESERVATION**

**IT IS FURTHER ORDERED** that Defendants and Relief Defendants, including all their respective agents, servants, employees, attorneys, and persons in active concert or participation with any of them, are hereby restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible or indecipherable in any manner, any of the books, records, documents, correspondence, ledgers, accounts, statements, files and other property of or pertaining to the Defendants, Relief Defendants, or any entities owned, managed, or controlled by the Defendants or Relief Defendants or any matters described in the complaint filed by the SEC in this action, however maintained and wherever located, until further order of this Court.

**VIII.**

**ASSET FREEZE ORDER**

**IT IS FURTHER ORDERED** that all orders entered by the Court freezing the assets of any party, including Defendants, shall remain in full force and effect until further order of this

Court. Defendants' and Relief Defendants' Motion to Lift Asset Freeze Order [dkt. no. 40] is hereby denied without prejudice.

**IX.**  
**NOTICE OF THIS ORDER**

**IT IS FURTHER ORDERED** that notice of this Order may be accomplished by delivery of a copy of the Order by first class mail, overnight delivery, facsimile, electronic mail, or personally by agents or employees of the SEC, to the Defendants and Relief Defendants, and to any bank, savings and loan institution, credit union, financial institution, transfer agent, broker-dealer, investment company, title company, commodity trading company, storage company, or any other person, partnership, corporation, or legal entity that may be subject to any provision of this Order.

**X.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the SEC is expressly authorized to engage in continued discovery regarding any unresolved issue in this case with respect to the Defendants and Relief Defendants, including, but not limited to, discovery for the purposes of determining the amount of ill-gotten gains and civil penalties, if any.

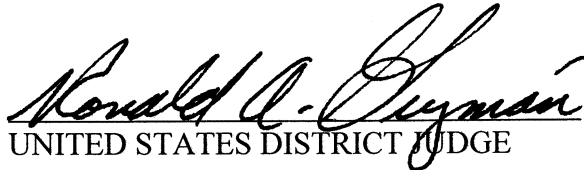
**XI.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the Court shall retain jurisdiction of this matter for all lawful purposes, including, but not limited to, the determination at subsequent hearing of the amounts of disgorgement, prejudgment interest and civil penalties, and the enforcement of this Judgment.

**XII.**

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is hereby directed to enter this Judgment.

SO ORDERED:

  
UNITED STATES DISTRICT JUDGE

Dated: 4/11/, 2012