



Trending [Photos: Luxury Home](#) [Divity springs back](#) [\\$11K coffee](#) [Farm-to-market](#) [Business Models](#)

**Most Popular** [News Alerts](#) [Mobile Apps](#)

[News](#) [Blogs](#) [Multimedia](#) [Lists](#) [Small Business](#) [People & Society](#) [Special Features](#) [Real Estate](#) [Health Care](#)

[Today's News](#) [Yesterday's News](#) [Morning10](#) [Crain's/Ipsos](#) [Opinion](#) [Industry News](#) [This Week's Crain's](#)

[Home](#) > [Industry News](#) > [Finance](#) >

»Get the free Morning10 e-newsletter

# Receiver sues AlphaMetrix brass for \$19 million

15 1 11 3 0 1

By [Lynne Marek](#) April 09, 2014

A federal receiver appointed to dismantle the failed futures [investment fund](#) administrator AlphaMetrix Group LLC sued the company's top officers, alleging they used Chicago-based AlphaMetrix as their "personal piggy bank."

The complaint filed in U.S. District Court for [Northern Illinois](#) on April 7 against five AlphaMetrix officials, including CEO Aleks Kins, seeks more than \$19 million, the bulk of which is money owed to the company's trading adviser partners and creditors.

The **company's collapse** is one in a string of futures industry firm failures, including the MF Global Inc. and [Peregrine Financial Group](#) Inc. debacles, that have wracked the industry over the past several years, raising questions about whether there is adequate **oversight** of the futures market.

Chicago-based CME Group Inc., which operates the largest futures exchange in the world, also acts as a regulator of the industry, as does the Chicago-based National Futures Association, both supplementing oversight by the [Commodity Futures Trading Commission](#). The NFA, which had direct oversight of AlphaMetrix, and CME hired AlphaMetrix in late 2012 to build a software system that would allow the regulators to better monitor the industry. That same year, CME board member Dennis Chookaszian **loaned money to the company**.

The receiver, Barnes & Thornburg attorney Deborah Thorne, alleges in the lawsuit that "self-dealing" by Mr. Kins, inappropriate [company loans](#) to most of the officers and mismanagement led to the company's collapse last year. The officers named as defendants also include Chief Risk Officer Charley Penna, Chief Operating Officer David Young, Chief Strategic Officer Geoff Marcus and Chief Financial Officer George Brown.

"In clear breach of their duty of loyalty, the defendants used (AlphaMetrix) and/or allowed others to use (the company) as their own personal piggy bank, taking out [personal loans](#) from (AlphaMetrix) and having it pay personal expenses at the same time (it) was teetering on the brink of insolvency," the Chicago-based receiver said in the court filing.

Kaye Scholer attorney Jonathan Green, who is representing Mr. Young, refuted the allegations.

"David Young was a diligent executive who faithfully discharged his obligations as an officer of Alphametrix every day he worked there," said Mr. Green, who is based in New York. "Any suggestion to the contrary is completely unsupported by the facts, as we will demonstrate in defending this lawsuit."

Attorneys for the other officers didn't respond to requests for comment or couldn't be reached for comment today.

Now-defunct AlphaMetrix monitored and processed investments by customers in pooled commodity trading accounts. The company began to unravel last year when it was unable to make

## Today's Headlines 4/14/2014

Nuveen Investments selling to TIAA-CREF in \$6.25 billion deal

Lawsuit: CME gave high-frequency traders peek at market

What's the best bad idea to fix Chicago's pensions?

Lupe Fiasco relies on these six creatives to shape his success

Oak Street is back: A shopper's guide

Why rents are rising on the North Side

[View All of Today's News Headlines](#)

> [Browse Crain's complete Topics Pages](#)

Crain's Live Search

For best results, please place quotation marks around terms with more than one word, e.g. "Rahm Emanuel"

ADVERTISING

**Geithner and Paulson: Reflections on Financial Crises**  
Join now and attend this event for FREE  
May 28 / 5:00 p.m. / Auditorium Theatre  
Register at [thechicagocouncil.org/TresSec](#)

THE CHICAGO COUNCIL ON GLOBAL AFFAIRS

## Social Network Activity

Everyone Friends Me

Recent user activity on [chicagobusiness.com](#):

- Karen K. shared on LinkedIn: **City gets unexpected windfall from pension property tax hike** less than an hour ago
- Karen K. shared on LinkedIn: **City gets unexpected windfall from pension property tax hike** less than an hour ago
- Lawrence S. shared: **Chicago-based Ultimate league signs ESPN deal** less than an hour ago
- LEON W. shared:

## Today's Features

«3 of 6»



### Photos: An oasis dries up

The Des Plaines Oasis, which spanned the Jane Addams Memorial Tollway for 55 years, is closed. But you can still visit the rest stop on its last weekend in operation. [Click here.](#)

payments to creditors, specifically San Francisco-based White Oak Global Advisors LLC, and to follow through on rebates owed to asset managers making investments for customer accounts.

Among AlphaMetrix's alleged missteps were spending more than \$5 million on a new technology system that one of the officers called a "failure," and extravagant costs for AlphaMetrix investor summits in Miami, Fla., and Monaco where investors would meet advisers. Mr. Marcus was in charge of the conferences, the suit said.

The lawsuit also alleges that Mr. Kins used the company as a "full employment opportunity for his family," hiring them to AlphaMetrix posts and outsourcing some AlphaMetrix work to other family members. His father, Juris Kins, and his law firm Davis McGrath were appointed as outside counsel; his mother's company, Northlight Productions, also was retained; his brother Mikus Kins was hired as chief business development officer; and the recruiting firm of his brother John Kins also was retained.

AlphaMetrix also extended \$1.5 million in personal loans to Mr. Kins, Mr. Brown, Mr. Marcus and Mr. Penna, with Mr. Kins' debt totaling \$1.18 million, the lawsuit alleges, noting that the agreements were amended at times to the officers' benefit.

**TRAVEL TO THE CAYMAN ISLANDS**

In addition, Mr. Young, Mr. Brown and Mr. Penna acquiesced to Mr. Kins' use of company money to pay for questionable personal expenses, such as his family's travel to the Cayman Islands, according to the lawsuit.

When the company began to have "serious cash flow problems" early last year, Messrs. Kins, Penna, Young and Brown authorized improper fees to AlphaMetrix accounts and misused funds that were owed to the company's asset manager partners and creditors, the lawsuit alleges.

The receiver is seeking damages of \$10 million owed to commodity fund managers and \$9 million owed to creditors.

After regulators at the National Futures Association became aware of the company's financial problems last year and pushed Mr. Kins to disclose the troubles to customers, investor redemptions accelerated and led to a liquidation of funds in October. The following month, the Commodity [Futures Trading](#) Commission sued AlphaMetrix, alleging the company committed fraud and "misappropriated at least \$2.8 million." That case is pending. The receiver was appointed as a result of that case.

In response to the CFTC lawsuit, also filed in U.S. District Court for Northern Illinois, lawyers for AlphaMetrix, including Juris Kins, **denied wrong-doing**.

15 1 11 3 +1 0 1

SPONSORED BY:

What do you think?

**NOTE:** Crain's Chicago Business has changed commenting platforms. Readers may continue to post comments if logged in using their existing ChicagoBusiness.com credentials. But now, readers may also log in using their social media credentials and elect to share their ChicagoBusiness.com comments with friends on their designated social media pages.

**The commenter section of Crain's Chicago Business is an opportunity for our readers to start a dialog on our content. While we don't require you to use your real name, we do ask that you participate as though you were – that is, keep the conversation civil, stay on topic, avoid profanity, vulgarity and personal attacks, and please don't post commercial or self-promotional material. We will remove comments that violate these standards.**



Post a new comment

**NANCY F.** (Logout)

Follow replies to my comments

See More

ADVERTISING

**The right combination unlocks true potential**  
Turn to Deloitte Growth Enterprise Services to help you make sound decisions and grow.

**Deloitte.**

Most Viewed

Recent Blogs

**Today's Most Viewed Headlines**

- Why rents are rising on the North Side
- Are there too many 5K races in Chicago?
- How Quinn is betting on insurance companies to rescue Illinois' economy
- Why can't anyone make money in hyperlocal news?
- What you may not know about this Next Door neighbor

[View All of Today's News Headlines](#)

ADVERTISING

ADVERTISING

Share to: [More](#)

**1 Comment**

[RSS](#) | [Subscribe](#)



**Guy F.** 4 days ago

More shameful corporate greed.

The damage done by white collar crime is in my opinion equivalent to the violence experienced in the streets of Chicago, it just doesn't appear as harmful but make no mistake about it, it affects each and every one of us.

0

Special Features



**40 Under 40: 2013**

Since launching our annual 40 Under 40 feature in 1989, nearly 1,000 up-and-coming Chicagoans have earned the title. Here is the latest batch of risk-takers and deal-makers.



**Who's Who 2013**

We name the 488 civic, professional and cultural leaders you need to know. Plus: Our Clout Calculator reveals your links to the heavy hitters.



**Crain's Fast Fifty 2013**

This year's rundown includes many familiar names and a few you've probably never heard of. They're all hard-wired for growth.

Useful Links

**Reviews**

- Autoweek
- Chicago Restaurant Reviews

**Partners**

- Crain Publications

**Business Tools**

- Traffic
- Weather
- Big Dates
- Bankruptcies

**Services**

- Classified
- 2014 Book of Lists
- About Us
- Events
- Crain's Events**
- Terms of Site Use
- Cardiac Care

**Advertise with Us**

- Contact Us
- Subscription Center**
- Add Your Event
- Crain's in Social Media
- Giving Guide
- Wealth Management

**Also in Crain's**

- Daily Business News
- This Week's Crain's
- Lists
- People
- Industry News
- Small Business
- Society
- Real Estate

**JOIN THE ULTIMATE  
MIDWEST SHOWCASE**  
APRIL 22-23, 2014 CHICAGO, IL  
**PRESENTED BY MEDCITY NEWS**

[Privacy Policy](#) | [About Us](#) | [Contact Us](#) | [Back to Top](#)  
Copyright © 2014 Crain Communications, Inc.