

GAMCO INVESTORS, INC. ET AL
Form 10-Q
May 09, 2011

SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File No. 1-106

GAMCO INVESTORS, INC.
(Exact name of Registrant as specified in its charter)

New York
(State of other jurisdiction
of incorporation or
organization)

13-4007862
(I.R.S. Employer
Identification No.)

One Corporate Center, Rye,
NY
(Address of principle
executive offices)

10580-1422
(Zip Code)

(914) 921-3700

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yesx Noo

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yeso Noo

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practical date.

Class	Outstanding at April 30, 2011
Class A Common Stock, .001 par value	6,860,757
Class B Common Stock, .001 par value	20,190,140

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GAMCO INVESTORS, INC. AND SUBSIDIARIES

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- Three months ended March 31, 2011 and 2010

Condensed Consolidated Statements of Financial Condition:

- March 31, 2011
- December 31, 2010
- March 31, 2010

Condensed Consolidated Statements of Equity and Comprehensive Income:

- Three months ended March 31, 2011 and 2010

Condensed Consolidated Statements of Cash Flows:

- Three months ended March 31, 2011 and 2010

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GAMCO INVESTORS, INC. AND SUBSIDIARIES		
CONDENSED CONSOLIDATED STATEMENTS OF INCOME		
UNAUDITED		
(Dollars in thousands, except per share data)		
	Three Months Ended	
	March 31,	
	2011	2010
Revenues		
Investment advisory and incentive fees	\$ 62,911	\$ 49,342
Institutional research services	3,649	3,424
Distribution fees and other income	10,345	7,232
Total revenues	76,905	59,998
Expenses		
Compensation	33,417	26,213
Management fee	3,113	2,448
Distribution costs	13,429	7,031
Other operating expenses	6,186	4,936
Total expenses (a)	56,145	40,628
Operating income	20,760	19,370
Other income (expense)		
Net gain from investments	8,740	5,232
Interest and dividend income	1,936	815
Interest and other expense	(2,867)	(3,292)
Total other income (expense), net	7,809	2,755
Income before income taxes	28,569	22,125
Income tax provision	10,288	8,294
Net income	18,281	13,831
Net income attributable to noncontrolling interests	638	105
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$ 17,643	\$ 13,726
Net income attributable to GAMCO Investors, Inc.'s shareholders per share:		
Basic	\$ 0.66	\$ 0.50
Diluted	\$ 0.65	\$ 0.50
Weighted average shares outstanding:		
Basic	26,901	27,184
Diluted	27,008	28,148

Dividends declared:	\$	0.03	\$	0.03
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(a) First quarter 2011 includes \$5.6 million in costs directly related to the launch of a new closed-end fund.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
UNAUDITED

(Dollars in thousands, except per share data)

	March 31, 2011	December 31, 2010	March 31, 2010
ASSETS			
Cash and cash equivalents, including restricted cash of \$0, \$0 and \$62,265, respectively	\$ 164,671	\$ 169,601	\$ 411,365
Investments in securities	345,616	305,486	177,001
Investments in partnerships	94,584	82,871	70,744
Receivable from brokers	43,308	46,621	25,368
Investment advisory fees receivable	24,992	44,660	18,858
Income tax receivable and deferred tax assets	302	325	-
Other assets	24,030	23,172	21,289
Total assets	\$ 697,503	\$ 672,736	\$ 724,625
LIABILITIES AND EQUITY			
Payable to brokers	\$ 7,998	\$ 1,554	\$ 4,394
Income taxes payable and deferred tax liabilities	25,035	23,225	7,548
Capital lease obligation	5,151	5,182	5,239
Compensation payable	22,883	23,771	21,335
Securities sold, not yet purchased	15,550	19,299	9,063
Mandatorily redeemable noncontrolling interests	1,466	1,444	1,636
Accrued expenses and other liabilities	28,351	23,089	23,333
Sub-total	106,434	97,564	72,548
5.5% Senior notes (due May 15, 2013)	99,000	99,000	99,000
6% Convertible note (due August 14, 2011; repaid September 30, 2010)	-	-	39,873
6.5% Convertible note (due October 2, 2018; repaid October 13, 2010)	-	-	60,000
Zero coupon subordinated debentures, Face value: \$86.4 million (due December 31, 2015)	60,697	59,580	-
Total liabilities	266,131	256,144	271,421
Redeemable noncontrolling interests	28,884	26,984	1,464
Commitments and contingencies (Note J)			
Equity			
GAMCO Investors, Inc. stockholders' equity			

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Class A Common Stock, \$0.001 par value; 100,000,000 shares authorized;

13,526,203, 13,255,503 and 13,119,776 issued, respectively; 6,872,333,

6,763,221 and 7,131,297

outstanding, respectively

13

13

13

Class B Common Stock, \$0.001 par value; 100,000,000 shares authorized;

24,000,000 shares issued; 20,190,140, 20,290,140 and 20,292,917 shares

outstanding, respectively

20

20

20

Additional paid-in capital

262,686

262,108

252,987

Retained earnings

387,101

370,272

423,374

Accumulated comprehensive income

27,900

25,389

20,871

Treasury stock, at cost (6,653,870, 6,492,282 and 5,988,479 shares, respectively)

(278,870)

(271,773)

(249,604)

Total GAMCO Investors, Inc.

stockholders' equity

398,850

386,029

447,661

Noncontrolling interests

3,638

3,579

4,079

Total equity

402,488

389,608

451,740

Total liabilities and equity

\$ 697,503

\$ 672,736

\$ 724,625

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES									
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME									
UNAUDITED									
(In thousands)									
For the three months ended March 31, 2011									
GAMCO Investors, Inc. shareholders									
	Noncontrolling	Common	Additional	Retained	Accumulated	Treasury		Redeemable	Comprehensive
	Interests	Stock	Paid-in	Earnings	Income	Stock	Total	Interests	Income
			Capital						
Balance at December 31, 2010	\$ 3,579	\$ 33	\$ 262,108	\$ 370,272	\$ 25,389	\$ (271,773)	\$ 389,608	\$ 26,984	\$ -
Redemptions of redeemable noncontrolling interests	-	-	-	-	-	-	-	(839)	-
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	6,263	-
Deconsolidation of Partnership	-	-	-	-	-	-	-	(4,103)	-
Net income	59	-	-	17,643	-	-	17,702	579	18,281
Net unrealized gains on securities available for sale, net of income tax (\$1,460)	-	-	-	-	2,487	-	2,487	-	2,487
Foreign currency translation	-	-	-	-	24	-	24	-	24
Dividends declared (\$0.03 per share)	-	-	-	(814)	-	-	(814)	-	-
Stock based compensation expense	-	-	578	-	-	-	578	-	-
Purchase of treasury stock	-	-	-	-	-	(7,097)	(7,097)	-	-
Balance at March 31, 2011	\$ 3,638	\$ 33	\$ 262,686	\$ 387,101	\$ 27,900	\$ (278,870)	\$ 402,488	\$ 28,884	\$ 20,792
Comprehensive income attributable									

to noncontrolling interest	(638)
Total comprehensive income attributable to GAMCO Investors, Inc.	\$ 20,154
See accompanying notes.	

GAMCO INVESTORS, INC. AND SUBSIDIARIES									
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME									
UNAUDITED									
(In thousands)									
For the three months ended March 31, 2010									
GAMCO Investors, Inc. shareholders									
	Noncontrolling	Common	Additional	Retained	Accumulated	Treasury		Redeemable	
	Interests	Stock	Paid-in	Earnings	Comprehensive	Stock	Total	Interests	Comprehensive
			Capital		Income				Income
Balance at December 31, 2009	\$ 4,043	\$ 33	\$ 251,591	\$ 410,473	\$ 19,088	\$ (241,567)	\$ 443,661	\$ 1,464	\$ -
Redemptions of redeemable noncontrolling interests	-	-	-	-	-	-	-	(475)	-
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	406	-
Net income	36	-	-	13,726	-	-	13,762	69	13,831
Net unrealized gains on securities available for sale, net of income tax (\$1,067)	-	-	-	-	1,816	-	1,816	-	1,816
Foreign currency translation	-	-	-	-	(33)	-	(33)	-	(33)
Dividends declared (\$0.03 per share)	-	-	-	(825)	-	-	(825)	-	-
Stock based compensation expense	-	-	1,383	-	-	-	1,383	-	-
Exercise of stock options including tax benefit	-	-	13	-	-	-	13	-	-
Purchase of treasury stock	-	-	-	-	-	(8,037)	(8,037)	-	-
Balance at March 31, 2010	\$ 4,079	\$ 33	\$ 252,987	\$ 423,374	\$ 20,871	\$ (249,604)	\$ 451,740	\$ 1,464	\$ 15,614

Comprehensive income attributable to noncontrolling interest	(105)
Total comprehensive income	