

GAMCO INVESTORS, INC. ET AL
Form 10-Q
November 08, 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 September 30, 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).

Yesx 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 October 31, 2011
Class A Common Stock, .001 par value	6,666,654
Class B Common Stock, .001 par value	20,106,746

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GAMCO INVESTORS, INC. AND SUBSIDIARIES

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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		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues				
Investment advisory and incentive fees	\$65,244	\$50,249	\$197,407	\$149,862
Institutional research services	3,421	4,005	11,311	11,953
Distribution fees and other income	11,486	8,189	33,419	23,125
Total revenues	80,151	62,443	242,137	184,940
Expenses				
Compensation	32,010	26,661	99,792	78,745
Management fee	1,387	3,540	8,126	7,368
Distribution costs	11,091	7,710	34,108	21,840
Other operating expenses	5,002	5,023	18,193	15,528
Total expenses (a)	49,490	42,934	160,219	123,481
Operating income	30,661	19,509	81,918	61,459
Other income (expense)				
Net gain/(loss) from investments	(16,152)	13,916	(3,743)	11,351
Interest and dividend income	1,823	2,012	5,620	3,916
Interest expense	(4,418)	(3,295)	(10,688)	(9,993)
Total other income (expense), net	(18,747)	12,633	(8,811)	5,274
Income before income taxes	11,914	32,142	73,107	66,733
Income tax provision	4,745	11,686	26,978	24,381
Net income	7,169	20,456	46,129	42,352
Net income/(loss) attributable to noncontrolling interests	(530)	350	140	471
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$7,699	\$20,106	\$45,989	\$41,881
Net income attributable to GAMCO Investors, Inc.'s shareholders				
per share:				
Basic	\$0.29	\$0.75	\$1.72	\$1.55
Diluted	\$0.29	\$0.73	\$1.72	\$1.53
Weighted average shares outstanding:				
Basic	26,496	26,828	26,686	26,996
Diluted	26,576	28,364	26,772	27,818
Dividends declared:	\$0.04	\$0.93	\$0.11	\$0.99

(a) Nine months ended September 30, 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)

	September 30, 2011	December 31, 2010	September 30, 2010
ASSETS			
Cash and cash equivalents, including restricted cash of \$0, \$0 and \$62,308, respectively	\$ 335,656	\$ 169,601	\$ 294,271
Investments in securities	270,323	305,486	228,210
Investments in partnerships	98,286	82,871	79,244
Receivable from brokers	67,064	46,621	62,209
Investment advisory fees receivable	23,451	44,660	17,145
Income tax receivable and deferred tax assets	227	325	-
Other assets	25,883	23,172	21,140
Total assets	\$ 820,890	\$ 672,736	\$ 702,219
LIABILITIES AND EQUITY			
Payable to brokers	\$ 15,590	\$ 1,554	\$ 4,151
Income taxes payable and deferred tax liabilities	21,235	23,225	4,533
Capital lease obligation	5,100	5,182	5,197
Compensation payable	31,559	23,771	23,575
Securities sold, not yet purchased	6,743	19,299	18,446
Mandatorily redeemable noncontrolling interests	1,490	1,444	1,367
Accrued expenses and other liabilities	31,450	23,089	25,436
Sub-total	113,167	97,564	82,705
5.5% Senior notes (due May 15, 2013)	99,000	99,000	99,000
5.875% Senior notes (due June 1, 2021)	100,000	-	-
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)	62,973	59,580	-
Total liabilities	375,140	256,144	241,705
Redeemable noncontrolling interests	38,050	26,984	15,994
Commitments and contingencies (Note J)			
Equity			
GAMCO Investors, Inc. stockholders' equity			
Class A Common Stock, \$0.001 par value; 100,000,000 shares authorized;			
13,600,897, 13,255,503 and 13,202,489 issued, respectively;			
6,666,654,			
6,763,221 and 6,970,410 outstanding, respectively			
	13	13	13
Class B Common Stock, \$0.001 par value; 100,000,000 shares authorized;			

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24,000,000 shares issued; 20,106,746, 20,290,140 and 20,292,104 shares

outstanding, respectively	20	20	20
Additional paid-in capital	264,028	262,108	255,860
Retained earnings	413,295	370,272	425,383
Accumulated comprehensive income	18,425	25,389	19,306
Treasury stock, at cost (6,934,243, 6,492,282 and 6,232,079 shares, respectively)	(291,781)	(271,773)	(259,442)
Total GAMCO Investors, Inc. stockholders' equity	404,000	386,029	441,140
Noncontrolling interests	3,700	3,579	3,380
Total equity	407,700	389,608	444,520
Total liabilities and equity	\$820,890	\$672,736	\$702,219

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES									
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME									
UNAUDITED									
(In thousands)									
For the Nine Months Ended September 30, 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	-	-	-	-	-	-	-	(2,340)	-
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	17,490	-
Deconsolidation of Partnership	-	-	-	-	-	-	-	(4,103)	-
Net income	121	-	-	45,989	-	-	46,110	19	46,129
Net unrealized losses on securities available for sale, net of income tax benefit (\$4,093)	-	-	-	-	(6,969)	-	(6,969)	-	(6,969)
Foreign currency translation	-	-	-	-	5	-	5	-	5
Dividends declared (\$0.11 per share)	-	-	-	(2,966)	-	-	(2,966)	-	-
Stock based compensation expense	-	-	1,920	-	-	-	1,920	-	-
Purchase of treasury stock	-	-	-	-	-	(20,008)	(20,008)	-	-
Balance at September 30, 2011	\$ 3,700	\$ 33	\$ 264,028	\$ 413,295	\$ 18,425	\$ (291,781)	\$ 407,700	\$ 38,050	\$ 39,165

Comprehensive income attributable	
to noncontrolling interest	(140)
Total comprehensive income attributable to GAMCO Investors, Inc.	\$ 39,025

See
accompanying
notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME
UNAUDITED
(In thousands)

For the Nine Months Ended September 30, 2010

GAMCO Investors, Inc. shareholders

	Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Income	Treasury Stock	Total	Redeemable Noncontrolling Interests	Comprehensive 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	-	-	-	-	-	-	-	14,700	-
Dividends paid to noncontrolling interests	(829)	-	-	-	-	-	(829)	-	-
Net income	166	-	-	41,881	-	-	42,047	305	42,352
Net unrealized gains on securities available for sale, net of income tax (\$129)	-	-	-	-	220	-	220	-	220
Foreign currency translation	-	-	-	-	-	-	-	-	-