

GAMCO INVESTORS, INC. ET AL
Form 10-Q
August 07, 2012

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 June 30, 2012
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. 001-14761

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

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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 July 31, 2012
Class A Common Stock, .001 par value	6,609,863
Class B Common Stock, .001 par value	20,020,730

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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		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Revenues				
Investment advisory and incentive fees	\$ 67,210	\$ 69,252	\$ 134,993	\$ 132,163
Distribution fees and other income	11,006	11,588	22,629	21,933
Institutional research services	2,808	4,241	5,151	7,890
Total revenues	81,024	85,081	162,773	161,986
Expenses				
Compensation	32,921	34,365	67,475	67,782
Management fee	2,615	3,626	6,799	6,739
Distribution costs	10,012	9,588	20,189	23,017
Other operating expenses	5,109	7,005	10,931	13,191
Total expenses	50,657	54,584	105,394	110,729 (a)
Operating income	30,367	30,497	57,379	51,257
Other income (expense)				
Net gain/(loss) from investments	(4,171)	3,669	9,707	12,409
Interest and dividend income	1,782	1,861	3,018	3,797
Interest expense	(4,429)	(3,403)	(8,833)	(6,270)
Total other income (expense), net	(6,818)	2,127	3,892	9,936
Income before income taxes	23,549	32,624	61,271	61,193
Income tax provision	8,686	11,945	22,442	22,233
Net income	14,863	20,679	38,829	38,960
Net income/(loss) attributable to noncontrolling interests				
	(242)	32	(112)	670
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$ 15,105	\$ 20,647	\$ 38,941	\$ 38,290
Net income attributable to GAMCO Investors, Inc.'s shareholders per share:				
Basic	\$ 0.58	\$ 0.77	\$ 1.48	\$ 1.43

Diluted	\$ 0.57	\$ 0.77	\$ 1.47	\$ 1.42
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Weighted average shares
outstanding:

Basic	26,258	26,665	26,338	26,783
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Diluted	26,426	26,733	26,501	26,872
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Dividends declared:	\$ 0.29	\$ 0.04	\$ 0.33	\$ 0.07
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(a) 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 COMPREHENSIVE INCOME
UNAUDITED

(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net income	\$14,863	\$20,679	\$38,829	\$38,960
Other comprehensive income/(loss), net of tax:				
Foreign currency translation	22	(1)	5	23
Net unrealized gains/(losses) on securities available for sale	(2,579)	(1,550)	878	937
Other comprehensive income/(loss)	(2,557)	(1,551)	883	960
Comprehensive income	12,306	19,128	39,712	39,920
Less: Comprehensive income/(loss) attributable to noncontrolling interests	242	(32)	112	(670)
Comprehensive income attributable to GAMCO Investors, Inc.	\$12,548	\$19,096	\$39,824	\$39,250

See accompanying notes.

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

(Dollars in thousands, except per share data)

	June 30, 2012	December 31, 2011	June 30, 2011
ASSETS			
Cash and cash equivalents	\$324,440	\$276,340	\$260,839
Investments in securities	249,630	238,333	298,425
Investments in sponsored registered investment companies	59,561	59,214	64,880
Investments in partnerships	102,119	100,893	98,598
Receivable from brokers	41,513	20,913	35,968
Investment advisory fees receivable	26,026	32,156	25,746
Income tax receivable	402	39	238
Other assets	23,039	28,861	25,964
Total assets	\$826,730	\$756,749	\$810,658
LIABILITIES AND EQUITY			
Payable to brokers	\$20,113	\$10,770	\$2,950
Income taxes payable and deferred tax liabilities	12,846	15,296	21,622
Capital lease obligation	5,013	5,072	5,126
Compensation payable	28,985	17,695	29,484
Securities sold, not yet purchased	7,010	5,488	10,244
Mandatorily redeemable noncontrolling interests	1,352	1,386	1,478
Accrued expenses and other liabilities	29,641	24,441	34,620
Sub-total	104,960	80,148	105,524
5.5% Senior notes (due May 15, 2013)	99,000	99,000	99,000
5.875% Senior notes (due June 1, 2021)	100,000	100,000	100,000
Zero coupon subordinated debentures, Face value: \$86.3 million at June 30, 2012 and December 31, 2011 and \$86.4 million at June 30, 2011 (due December 31, 2015)	66,598	64,119	61,814
Total liabilities	370,558	343,267	366,338
Redeemable noncontrolling interests	26,162	6,071	35,519
Commitments and contingencies (Note J)			
Equity			
GAMCO Investors, Inc. stockholders' equity			
Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued and outstanding			
Class A Common Stock, \$0.001 par value; 100,000,000 shares authorized; 13,781,213, 13,627,397 and 13,569,703 issued, respectively; 6,609,863, 6,684,149 and 6,647,212 outstanding, respectively	13	13	13

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

24,000,000 shares issued; 20,020,730, 20,070,746 and 20,142,640 shares			
outstanding, respectively	20	20	20
Additional paid-in capital	266,231	264,409	263,371
Retained earnings	439,292	409,191	406,666
Accumulated other comprehensive income	23,403	22,520	26,349
Treasury stock, at cost (7,171,350, 6,943,248 and 6,922,491 shares, respectively)	(302,300)	(292,181)	(291,287)
Total GAMCO Investors, Inc. stockholders' equity	426,659	403,972	405,132
Noncontrolling interests	3,351	3,439	3,669
Total equity	430,010	407,411	408,801
Total liabilities and equity	\$826,730	\$756,749	\$810,658

See accompanying notes.

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

For the six months ended June 30, 2012

GAMCO Investors, Inc. stockholders

Accumulated

	Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Treasury Stock	Total	Redeemable Noncontrolling Interests
Balance at December 31, 2011	\$ 3,439	\$ 33	\$ 264,409	\$ 409,191	\$ 22,520	\$(292,181)	\$ 407,411	\$ 6,071
Redemptions of redeemable noncontrolling interests	-	-	-	-	-	-	-	(393)
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	20,508
Net income (loss)	(88)	-	-	38,941	-	-	38,853	(24)
Net unrealized gains on securities available for sale, net of income tax (\$515)	-	-	-	-	878	-	878	-
Foreign currency translation	-	-	-	-	5	-	5	-
Dividends declared (\$0.33 per share)	-	-	-	(8,840)	-	-	(8,840)	-
Stock based compensation expense	-	-	1,740	-	-	-	1,740	-
Exercise of stock options including tax benefit	-	-	82	-	-	-	82	-
Purchase of treasury stock	-	-	-	-	-	(10,119)	(10,119)	-
Balance at June 30, 2012	\$ 3,351	\$ 33	\$ 266,231	\$ 439,292	\$ 23,403	\$(302,300)	\$ 430,010	\$ 26,162

See accompanying
notes.

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

For the six months ended June 30, 2011

GAMCO Investors, Inc. stockholders

Accumulated

	Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Treasury Stock	Total	Redeemable Noncontrolling Interests
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	-	-	-	-	-	-	-	12,897
Deconsolidation of Partnership	-	-	-	-	-	-	-	(4,103)
Net income	90	-	-	38,290	-	-	38,380	580
Net unrealized gains on securities available for sale, net of income tax (\$550)	-	-	-	-	937	-	937	-
Foreign currency translation	-	-	-	-	23	-	23	-
Dividends declared (\$0.07 per share)	-	-	-	(1,896)	-	-	(1,896)	-
Stock based compensation expense	-	-	1,263	-	-	-	1,263	-
Purchase of treasury stock	-	-	-	-	-	(19,514)	(19,514)	-
Balance at June 30, 2011	\$ 3,669	\$33	\$ 263,371	\$406,666	\$ 26,349	\$(291,287)	\$408,801	\$ 35,519

See accompanying
notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

	Six Months Ended	
	June 30,	
	2012	2011
Operating activities		
Net income	\$38,829	\$38,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net gains from partnerships	(2,651)	(3,094)
Depreciation and amortization	359	456
Stock based compensation expense	1,740	1,263
Deferred income taxes	1,434	1,220
Tax benefit from exercise of stock options	24	-
Foreign currency translation	5	23
Other-than-temporary loss on available for sale securities	20	-
Fair value of donated securities	181	56
Gains on sales of available for sale securities	(408)	(584)
Accretion of zero coupon debentures	2,497	2,234
Loss on extinguishment of debt	1	-
(Increase) decrease in assets:		
Investments in trading securities	(10,137)	(70,979)
Investments in partnerships:		
Contributions to partnerships	(25,743)	(10,683)
Distributions from partnerships	27,168	3,226
Receivable from brokers	(20,601)	4,966
Investment advisory fees receivable	6,131	19,044
Income tax receivable and deferred tax assets	(362)	87
Other assets	5,466	(2,312)
Increase (decrease) in liabilities:		
Payable to brokers	9,343	1,396
Income taxes payable and deferred tax liabilities	(4,401)	(3,108)
Compensation payable	11,289	5,710
Mandatorily redeemable noncontrolling interests	(34)	35
Accrued expenses and other liabilities	4,988	12,776
Total adjustments	6,309	(38,268)
Net cash provided by operating activities	\$45,138	\$692

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED (continued)
(In thousands)

	Six Months Ended	
	June 30,	
	2012	2011
Investing activities		
Purchases of available for sale securities	\$ (8)	\$ (4,370)
Proceeds from sales of available for sale securities	780	5,685
Return of capital on available for sale securities	842	777
Net cash provided by investing activities	1,614	2,092
Financing activities		
Contributions from redeemable noncontrolling interests	20,508	12,897
Redemptions of redeemable noncontrolling interests	(393)	(839)
Issuance of 5.875% Senior notes due June 1, 2021	-	100,000
Issuance costs on the 5.875% Senior notes due June 1, 2021	-	(934)
Proceeds from exercise of stock options	58	-
Repurchase of zero coupon subordinated debentures	(18)	-
Dividends paid	(8,685)	(1,896)
Purchase of treasury stock	(10,119)	(19,514)
Net cash provided by financing activities	1,351	89,714
Effect of exchange rates on cash and cash equivalents	(3)	(9)
Net increase in cash and cash equivalents	48,100	92,489
Cash and cash equivalents at beginning of period	276,340	169,601
Decrease in cash from deconsolidation of partnership	-	(1,251)
Cash and cash equivalents at end of period	\$ 324,440	\$ 260,839
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 4,979	\$ 3,267
Cash paid for taxes	\$ 25,479	\$ 23,433

Non-cash activity:

- On January 1, 2011, GAMCO Investors, Inc. was no longer deemed to have control over a certain partnership which resulted in the deconsolidation

of that partnership and decreases of approximately \$1,251 of cash and cash equivalents, \$2,852 of net assets and \$4,103 of noncontrolling interests.

- For the six months ended June 30, 2012 and June 30, 2011, the Company accrued restricted stock award dividends of \$106 and \$17, respectively.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012

(Unaudited)

A. Significant Accounting Policies

Basis of Presentation

Unless we have indicated otherwise, or the context otherwise requires, references in this report to “GAMCO Investors, Inc.,” “GAMCO,” “the Company,” “GBL,” “we,” “us” and “our” or similar terms are to GAMCO Investors, Inc., its predecessor and its subsidiaries.

The unaudited interim condensed consolidated financial statements of GAMCO included herein have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP in the United States for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of GAMCO for the interim periods presented and are not necessarily indicative of a full year’s results.

The condensed consolidated financial statements include the accounts of GAMCO and its subsidiaries, including our new broker-dealer, G.distributors, LLC, a wholly-owned subsidiary of GAMCO, which became the distributor for the Gabelli/GAMCO family of funds on August 1, 2011. Intercompany accounts and transactions are eliminated.

These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 from which the accompanying condensed consolidated financial statements were derived.

Beginning with the period ended March 31, 2012 the Company has now separately disclosed the amount of investments in sponsored registered investment companies as a new line item in the condensed consolidated statements of financial condition. These amounts were previously included within investments in securities in the condensed consolidated statements of financial condition.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported on the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Developments

In May 2011, the Financial Accounting Standards Board (“FASB”) issued guidance on fair value measurement which expands existing disclosure requirements for fair value measurements and makes other amendments. The guidance requires, for level 3 fair value measurements, (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation processes in place, and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs. Additionally, the guidance requires disclosure of the level in the fair value hierarchy of items that are not measured at fair value in the statement of financial condition but whose fair value must be disclosed and clarifies that the valuation premise and highest and best use concepts are not relevant to financial assets or liabilities. The guidance

is effective for interim and annual periods beginning after December 15, 2011. The Company adopted this guidance on January 1, 2012 and has reflected the new disclosures in the condensed consolidated financial statements.

In June 2011, the FASB issued guidance which revises the manner in which entities present comprehensive income in their financial statements. The new guidance requires entities to report comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used currently, and the second statement would include components of other comprehensive income ("OCI"). The guidance does not change the items that must be reported in OCI. In December 2011, the FASB indefinitely deferred a portion of the guidance that would have required entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which the net income is presented and the statement in which other comprehensive income is presented. The guidance is effective for fiscal years beginning after December 15, 2011, and for interim periods within those fiscal years. The Company adopted the guidance on January 1, 2012 and opted for the two separate but consecutive statements approach. Accordingly, the Company now presents the condensed consolidated statements of comprehensive income immediately following the condensed consolidated statements of income.

In December 2011, the FASB issued guidance which creates new disclosure requirements about the nature of an entity's right of offset and related arrangements associated with its financial instruments and derivative instruments. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. The new disclosures are designed to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. The Company is currently evaluating the impact that the application of this guidance will have on its disclosures.

In July 2012, the FASB issued guidance allowing companies to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company determines, on the basis of qualitative factors, that the fair value of such asset is not more likely than not impaired, it would not need to calculate the fair value of such asset. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare the value with its carrying amount and record an impairment charge, if any. To perform the qualitative assessment, a company must identify and evaluate events and circumstances that could affect the significant inputs used to determine the fair value of an indefinite-lived intangible asset. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The application of this guidance is not expected to be material to the condensed consolidated financial statements.

B. Investment in Securities

Investments in securities at June 30, 2012, December 31, 2011 and June 30, 2011 consisted of the following:

	June 30, 2012		December 31, 2011		June 30, 2011	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
(In thousands)						
Trading securities:						
Government obligations	\$50,119	\$50,139	\$42,124	\$42,126	\$7,924	\$7,925
Common stocks	154,470	162,883	153,294	159,314	238,689	251,118
Mutual funds	1,086	1,406	1,084	1,307	1,081	1,501
Other investments	323	374	466	399	459	487
Total trading securities	205,998	214,802	196,968	203,146	248,153	261,031
Available for sale securities:						
Common stocks	15,934	32,815	16,487	33,282	16,780	35,296
Mutual funds	1,361	2,013	1,362	1,905	1,362	2,098
Total available for sale securities	17,295	34,828	17,849	35,187	18,142	37,394
Total investments in securities	\$223,293	\$249,630	\$214,817	\$238,333	\$266,295	\$298,425

Securities sold, not yet purchased at June 30, 2012, December 31, 2011 and June 30, 2011 consisted of the following:

	June 30, 2012		December 31, 2011		June 30, 2011	
	Proceeds	Fair Value	Proceeds	Fair Value	Proceeds	Fair Value
(In thousands)						
Trading securities:						
Common stocks	\$6,194	\$6,687	\$5,271	\$5,415	\$9,416	\$10,238
Other	12	323	49	73	1	6

Total securities sold, not yet purchased	\$6,206	\$7,010	\$5,320	\$5,488	\$9,417	\$10,244
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Investments in sponsored registered investment companies at June 30, 2012, December 31, 2011 and June 30, 2011 consisted of the following:

	June 30, 2012		December 31, 2011		June 30, 2011	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
(In thousands)						
Trading securities:						
Mutual funds	\$19	\$19	\$15	\$18	\$15	\$24
Total trading securities	19	19	15	18	15	24
Available for sale securities:						
Closed-end funds	36,266	56,171	37,104	55,855	38,588	60,900
Mutual funds	2,198	3,371	2,213	3,341	2,249	3,956
Total available for sale securities	38,464	59,542	39,317	59,196	40,837	64,856
Total investments in sponsored registered investment companies	\$38,483	\$59,561	\$39,332	\$59,214	\$40,852	\$64,880

Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date. Investments in United States Treasury Bills and Notes with maturities of greater than three months at the time of purchase are classified as investments in securities, and those with maturities of three months or less at the time of purchase are classified as cash equivalents. A substantial portion of investments in securities is held for resale in anticipation of short-term market movements and therefore is classified as trading securities. Trading securities are stated at fair value, with any unrealized gains or losses reported in current period earnings. Available for sale ("AFS") investments are stated at fair value, with any unrealized gains or losses, net of taxes, reported as a component of equity except for losses deemed to be other than temporary which are recorded as unrealized losses in the condensed consolidated statements of income.

The Company recognizes all derivatives as either assets or liabilities measured at fair value and includes them in either investments in securities or securities sold, not yet purchased on the condensed consolidated statements of financial condition. From time to time, the Company and/or the partnerships and offshore funds that the Company consolidates will enter into hedging transactions to manage their exposure to foreign currencies and equity prices related to their proprietary investments. For the three and six months ended June 30, 2012, the Company had derivative transactions in equity derivatives which resulted in net gains of \$15,000 and net losses of \$14,000, respectively. For the three and six months ended June 30, 2011, the Company had no derivative transactions. At June 30, 2011, the Company did not hold any derivatives. At June 30, 2012 and December 31, 2011, we held derivative contracts on 4.7 million equity shares and 142,000 equity shares, respectively, and the fair value was (\$72,000) and \$24,000, respectively; these are included in investments in securities in the condensed consolidated statements of financial condition. These transactions are not designated as hedges for accounting purposes, and therefore changes in fair values of these derivatives are included in net gain/(loss) from investments in the condensed consolidated statements of income.

The following is a summary of the cost, gross unrealized gains, gross unrealized losses and fair value of available for sale investments as of June 30, 2012, December 31, 2011 and June 30, 2011:

June 30, 2012				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Common stocks	\$ 15,934	\$ 16,881	\$ -	\$ 32,815
Closed-end Funds	36,266	19,905	-	56,171
Mutual funds	3,559	1,825	-	5,384
Total available for sale securities	\$ 55,759	\$ 38,611	\$ -	\$ 94,370

December 31, 2011				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Common stocks	\$ 16,487	\$ 16,795	\$ -	\$ 33,282
Closed-end Funds	37,104	18,779	(28)	55,855
Mutual funds	3,575	1,671	-	5,246
Total available for sale securities	\$ 57,166	\$ 37,245	\$ (28)	\$ 94,383

June 30, 2011				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Common stocks	\$ 16,780	\$ 18,516	\$ -	\$ 35,296
Closed-end Funds	38,588	22,312	-	60,900
Mutual funds	3,611	2,443	-	6,054
Total available for sale securities	\$ 58,979	\$ 43,271	\$ -	\$ 102,250

Unrealized changes to fair value, net of taxes, for the three months ended June 30, 2012 and June 30, 2011 of \$2.6 million and \$1.6 million in losses, respectively, have been included in other comprehensive income, a component of equity, at June 30, 2012 and June 30, 2011. Return of capital on available for sale securities was \$0.3 million and \$0.2 million for the three months ended June 30, 2012 and June 30, 2011, respectively. Proceeds from sales of investments available for sale were approximately \$0.3 million and \$5.6 million for the three month periods ended June 30, 2012 and June 30, 2011, respectively. For the three months ended June 30, 2012 and June 30, 2011, gross gains on the sale of investments available for sale amounted to \$0.1 million and \$0.5 million, respectively, and were reclassified from other comprehensive income into the condensed consolidated statements of income. There were no losses on the sale of investments available for sale for the three months ended June 30, 2012 or June 30, 2011. Unrealized changes to fair value, net of taxes, for the six months ended June 30, 2012 and June 30, 2011 of \$0.9 million and \$0.9 million in gains, respectively, have been included in other comprehensive income, a component of equity, at June 30, 2012 and June 30, 2011. Return of capital on available for sale securities was \$0.8 million and

\$0.8 million for the six months ended June 30, 2012 and June 30, 2011, respectively. Proceeds from sales of investments available for sale were approximately \$0.8 million and \$5.7 million for the six month periods ended June 30, 2012 and June 30, 2011, respectively. For the six months ended June 30, 2012 and June 30, 2011, gross gains on the sale of investments available for sale amounted to \$0.4 million and \$0.6 million, respectively, and were reclassified from other comprehensive income into the condensed consolidated statements of income. There were no losses on the sale of investments available for sale for the six months ended June 30, 2012 or June 30, 2011. The basis on which the cost of a security sold is determined is specific identification.

Investments classified as available for sale that are in an unrealized loss position for which other-than-temporary impairment has not been recognized consisted of the following:

	June 30, 2012			December 31, 2011			June 30, 2011		
	Unrealized		Fair	Unrealized		Fair	Unrealized		Fair
	Cost	Losses	Value	Cost	Losses	Value	Cost	Losses	Value
(in thousands)									
Mutual Funds	\$-	\$ -	\$-	\$101	\$ (28)	\$73	\$-	\$ -	\$-

At December 31, 2011, there was one holding in a loss position which was not deemed to be other-than-temporarily impaired due to the length of time that it had been in a loss position and because it passed scrutiny in our evaluation of issuer-specific and industry-specific considerations. In this specific instance, the investment at December 31, 2011 was a closed-end fund with diversified holdings across multiple companies and across multiple industries. The one holding was impaired for seven consecutive months. The value of this holding at December 31, 2011 was \$0.1 million.

At June 30, 2012 and June 30, 2011, there were no available for sale holdings in loss positions.

For the three and six months ended June 30, 2012, there was \$20,000 of losses on available for sale securities deemed to be other than temporary.

C. Investments in Partnerships, Offshore Funds and Variable Interest Entities

The Company is general partner or co-general partner of various sponsored limited partnerships and the investment manager of various sponsored offshore funds, and has investments in these totaling \$88.0 million, \$86.9 million and \$78.3 million at June 30, 2012, December 31, 2011 and June 30, 2011, respectively, whose underlying assets consist primarily of marketable securities (the “affiliated entities”). We also have investments in unaffiliated partnerships, offshore funds and other entities of \$14.1 million, \$14.0 million and \$20.3 million at June 30, 2012, December 31, 2011 and June 30, 2011, respectively (the “unaffiliated entities”). We evaluate each entity for the appropriate accounting treatment and disclosure. Certain of the affiliated entities are consolidated. In addition, our statement of financial condition caption “Investments in partnerships” includes those investments, in both affiliated and unaffiliated entities, which the Company accounts for under the equity method of accounting, as well as certain investments that the feeder funds hold that are carried at fair value, as described in Note D. The Company reflects the equity in earnings of these equity method investees and the change in fair value of the consolidated feeder funds under the caption “Net gain/(loss) from investments” on the condensed consolidated statements of income.

The following table highlights the number of entities that we consolidate as well as under which accounting guidance they are consolidated, including consolidated feeder funds (“CFFs”), which retain their specialized investment company accounting, partnerships and offshore funds.

Entities consolidated at	CFFs		Partnerships		Offshore Funds		Total	
	VIEs	VOEs	VIEs	VOEs	VIEs	VOEs	VIEs	VOEs
December 31, 2010	1	2	-	2	1	-	2	4

Additional consolidated entities	-	-	-	-	-	1	-	1
Deconsolidated entities	-	-	-	(1)	-	-	-	(1)
Entities consolidated at June 30, 2011	1	2	-	1	1	1	2	4
Additional consolidated entities	-	-	-	-	-	-	-	-
Deconsolidated entities	-	-	-	-	(1)	-	(1)	-
Entities consolidated at December 31, 2011	1	2	-	1	-	1	1	4
Additional consolidated entities	-	-	-	-	-	-	-	-
Deconsolidated entities	-	-	-	-	-	-	-	-
Entities consolidated at June 30, 2012	1	2	-	1	-	1	1	4

On January 1, 2011, upon analysis of several factors, including the additional contribution of capital from unrelated third parties into a partnership that we consolidated for the year ended and as of December 31, 2010, we determined that the Company was no longer deemed to control one particular partnership, resulting in the deconsolidation of this partnership, effective January 1, 2011. The deconsolidation did not result in the recognition of any gain or loss. The Company continues to serve as the general partner and earn fees for this role, and it also maintains an investment in the deconsolidated partnership which is included in investments in partnerships on the condensed consolidated statements of financial condition and is accounted for under the equity method (which approximates fair value).

The following table includes the net impact by line item on the condensed consolidated statements of financial condition for each category of entity consolidated (in thousands):

June 30, 2012					
	Prior to				As Reported
	Consolidation	CFFs	Partnerships	Offshore Funds	
Assets					
Cash and cash equivalents	\$ 323,560	\$ -	\$ 880	\$ -	\$ 324,440
Investments in securities	223,198	-	6,993	19,439	249,630
Investments in sponsored registered investment companies	59,561	-	-	-	59,561
Investments in partnerships	109,055	1,237	(8,173)	-	102,119
Receivable from brokers	25,337	-	573	15,603	41,513
Investment advisory fees receivable	26,028	(1)	(1)	-	26,026
Other assets	23,226	9	-	206	23,441
Total assets	\$ 789,965	\$ 1,245	\$ 272	\$ 35,248	\$ 826,730
Liabilities and equity					
Securities sold, not yet purchased	\$ 6,788	\$ -	\$ -	\$ 222	\$ 7,010
Accrued expenses and other liabilities	87,569	56	20	10,305	97,950
Total debt	265,598	-	-	-	265,598
Redeemable noncontrolling interests	-	1,189	252	24,721	26,162
Total equity	430,010	-	-	-	430,010
Total liabilities and equity	\$ 789,965	\$ 1,245	\$ 272	\$ 35,248	\$ 826,730

December 31, 2011					
	Prior to				As Reported
	Consolidation	CFFs	Partnerships	Offshore Funds	
Assets					
Cash and cash equivalents	\$ 259,531	\$ 15,000	\$ 1,809	\$ -	\$ 276,340
Investments in securities	225,599	-	6,211	6,523	238,333
Investments in sponsored registered investment companies	59,197	-	17	-	59,214
Investments in partnerships	107,981	933	(8,021)	-	100,893
Receivable from brokers	17,593	-	270	3,050	20,913
	32,157	1	(2)	-	32,156

Investment advisory fees
receivable

Other assets	43,889	(14,989)	-	-	28,900
Total assets	\$ 745,947	\$ 945	\$ 284	\$ 9,573	\$ 756,749
Liabilities and equity					
Securities sold, not yet purchased	\$ 5,488	\$ -	\$ -	\$ -	\$ 5,488
Accrued expenses and other liabilities	69,929	51	28	4,652	74,660
Total debt	263,119	-	-	-	263,119
Redeemable noncontrolling interests	-	894	256	4,921	6,071
Total equity	407,411	-	-	-	407,411
Total liabilities and equity	\$ 745,947	\$ 945	\$ 284	\$ 9,573	\$ 756,749

June 30, 2011

Prior to

	Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Assets					
Cash and cash equivalents	\$ 260,740	\$ -	\$ 98	\$ 1	\$ 260,839
Investments in securities	218,330	-	7,048	73,047	298,425
Investments in sponsored registered investment companies	64,858	-	22	-	64,880
Investments in partnerships	160,435	1,158	(8,892)	(54,103)	98,598
Receivable from brokers	11,155	-	1,932	22,881	35,968
Investment advisory fees receivable	25,801	19	(1)	(73)	25,746
Other assets	26,134	11	-	57	26,202
Total assets	\$ 767,453	\$ 1,188	\$ 207	\$ 41,810	\$ 810,658
Liabilities and equity					
Securities sold, not yet purchased	\$ 2,910	\$ -	\$ -	\$ 7,334	\$ 10,244
Accrued expenses and other liabilities	94,928	117	31	204	95,280
Total debt	260,814	-	-	-	260,814
Redeemable noncontrolling interests	-	1,071	176	34,272	35,519
Total equity	408,801	-	-	-	408,801
Total liabilities and equity	\$ 767,453	\$ 1,188	\$ 207	\$ 41,810	\$ 810,658

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The following table includes the net impact by line item on the condensed consolidated statements of income for each category of entity consolidated (in thousands):

Three Months Ended June 30, 2012					
	Prior to			Offshore Funds	As Reported
	Consolidation	CFFs	Partnerships		
Total revenues	\$80,703	\$(1)	\$ -	\$322	\$81,024
Total expenses	50,649	25	8	(25)	50,657
Operating income	30,054	(26)	(8)	347	30,367
Total other income (expense), net	(6,361)	12	(6)	(463)	(6,818)
Income before income taxes	23,693	(14)	(14)	(116)	23,549
Income tax provision	8,686	-	-	-	8,686
Net income	15,007	(14)	(14)	(116)	14,863
Net loss attributable to noncontrolling interests	(98)	(14)	(14)	(116)	(242)
Net income attributable to GAMCO	\$15,105	\$-	\$ -	\$-	\$15,105
Three Months Ended June 30, 2011					
	Prior to			Offshore Funds	As Reported
	Consolidation	CFFs	Partnerships		
Total revenues	\$85,152	\$-	\$ -	\$(71)	\$85,081
Total expenses	54,432	28	8	116	54,584
Operating income	30,720	(28)	(8)	(187)	30,497
Total other income, net	1,903	(72)	(160)	456	2,127
Income before income taxes	32,623	(100)	(168)	269	32,624
Income tax provision	11,945	-	-	-	11,945
Net income	20,678	(100)	(168)	269	20,679
Net income/(loss) attributable to noncontrolling interests	31	(100)	(168)	269	32
Net income attributable to GAMCO	\$20,647	\$-	\$ -	\$-	\$20,647
Six Months Ended June 30, 2012					
	Prior to			Offshore Funds	As Reported
	Consolidation	CFFs	Partnerships		
Total revenues	\$163,282	\$(2)	\$(1)	\$(506)	\$162,773
Total expenses	105,170	48	19	157	105,394
Operating income	58,112	(50)	(20)	(663)	57,379
Total other income, net	3,183	97	17	595	3,892
Income before income taxes	61,295	47	(3)	(68)	61,271
Income tax provision	22,442	-	-	-	22,442
Net income	38,853	47	(3)	(68)	38,829
Net income/(loss) attributable to noncontrolling interests	(88)	47	(3)	(68)	(112)
Net income attributable to GAMCO	\$38,941	\$-	\$ -	\$-	\$38,941

Six Months Ended June 30, 2011

	Prior to				As Reported
	Consolidation	CFFs	Partnerships	Offshore Funds	
Total revenues	\$162,120	\$(4)	\$(1)	\$(129)	\$161,986
Total expenses	110,406	59	23	241	110,729
Operating income	51,714	(63)	(24)	(370)	51,257
Total other income, net	8,899	179	(64)	922	9,936
Income before income taxes	60,613	116	(88)	552	61,193
Income tax provision	22,233	-	-	-	22,233
Net income	38,380	116	(88)	552	38,960
Net income/(loss) attributable to noncontrolling interests	90	116	(88)	552	670
Net income attributable to GAMCO	\$38,290	\$-	\$-	\$-	\$38,290

Variable Interest Entities

We also have sponsored a number of investment vehicles where we are the general partner or investment manager. These vehicles are variable interest entities (“VIEs”), and we are not the primary beneficiary because we do not absorb a majority of the entities’ expected losses or expected returns. The Company has not provided any financial or other support to these entities. The total assets of these entities at June 30, 2012, December 31, 2011 and June 30, 2011 were \$80.0 million, \$73.7 million and \$23.5 million, respectively. Our maximum exposure to loss as a result of our involvement with the VIEs is limited to the investment in one VIE and the deferred carried interest that we have in another. On June 30, 2012 and December 31, 2011, we had an investment in one of the VIE offshore funds of approximately \$8.1 million and \$5.0 million, respectively, which was included in investments in partnerships on the condensed consolidated statements of financial condition. On June 30, 2012, December 31, 2011 and June 30, 2011, we had a deferred carried interest in one of the VIE offshore funds of approximately \$43,000, \$47,000 and \$49,000, respectively, which was included in investments in partnerships on the condensed consolidated statements of financial condition. Additionally, as the general partner or investment manager to these VIEs the Company earns fees in relation to these roles, which given a decline in AUMs of the VIEs would result in lower fee revenues earned by the Company which would be reflected on the condensed consolidated statements of income, condensed consolidated statements of financial condition and condensed consolidated statements of cash flows.

Prior to January 1, 2011, we were consolidating two VIEs since we had determined that we were the primary beneficiary of each because we had equity interests and absorbed a majority of each entity's expected losses; therefore they were consolidated in the financial statements. Effective October 1, 2011, we deconsolidated one of the VIEs upon analysis of several factors, including the redemption of \$49.2 million of proprietary capital from this VIE by which, we determined that the Company was no longer deemed to be the primary beneficiary of the VIE. The deconsolidation did not result in the recognition of any gain or loss. The Company has not provided any financial support to these VIEs but does continue to serve as the investment manager and earn fees for this role, and it also maintains an investment in the deconsolidated VIE, which is included in investments in partnerships on the condensed consolidated statements of financial condition and is accounted for under the equity method (which approximates fair value). The assets of these VIEs may only be used to satisfy obligations of the VIEs. The following table presents the balances related to these VIEs that are consolidated and were included on the condensed consolidated statements of financial condition as well as GAMCO's net interest in these VIEs. Only one VIE is consolidated at June 30, 2012 and December 31, 2011 and two at June 30, 2011:

	June 30, 2012	December 31, 2011	June 30, 2011
(In thousands)			
Cash and cash equivalents	\$ -	\$ 15,000	\$ 1
Investments in securities	-	-	73,047
Investments in partnerships	21,831	1,433	1,576
Receivable from brokers	-	-	22,881
Other assets	-	-	57
Securities sold, not yet purchased	-	-	(7,334)
Accrued expenses and other liabilities	(12)	(15,006)	(327)
Redeemable noncontrolling interests	(669)	(381)	(34,794)
GAMCO's net interests in consolidated VIEs	\$ 21,150	\$ 1,046	\$ 55,107

D. Fair Value

All of the instruments within cash and cash equivalents, investments in securities and securities sold, not yet purchased are measured at fair value. Certain investments in partnerships are also measured at fair value.

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the FASB's guidance on fair value measurement. The levels of the fair value hierarchy and their applicability to the Company are described below:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date. Level 1 assets include cash equivalents, government obligations, open-end mutual funds, closed-end funds and equities.
- Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets

and liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly-quoted intervals. Assets that generally are included in this category may include certain limited partnership interests in private funds in which the valuations for substantially all of the investments within the fund are based upon Level 1 or Level 2 inputs and over the counter derivatives that have inputs to the valuations that can generally be corroborated by observable market data.

- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Assets included in this category generally include equities that trade infrequently and direct private equity investments held within consolidated partnerships.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Investments are transferred into or out of any level at their beginning period values.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized as Level 3.

The valuation process and policies reside with the financial reporting and accounting group which reports to the Chief Financial Officer. The Company uses the “market approach” valuation technique to value its investments in Level 3 investments. The Company’s valuation of the Level 3 investments has been based upon either i) the recent sale prices of the issuer’s equity securities or ii) the net assets, book value or cost basis of the issuer when there is no recent sales prices available.

In the absence of a closing price, an average of the bid and ask price is used. Bid prices reflect the highest price that the market is willing to pay for an asset. Ask prices represent the lowest price that the market is willing to accept for an asset.

Cash equivalents – Cash equivalents primarily consist of an affiliated money market mutual fund which is invested solely in U.S. Treasuries. U.S. Treasury Bills and Notes with maturities of three months or less at the time of purchase are also considered cash equivalents. Cash equivalents are valued using quoted market prices.

Investments in securities and securities sold, not yet purchased – Investments in securities and securities sold, not yet purchased are generally valued based on quoted prices from an exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in Level 1 of the fair value hierarchy. Securities categorized in Level 2 investments are valued using other observable inputs. Nonpublic and infrequently traded investments are included in Level 3 of the fair value hierarchy because significant inputs to measure fair value are unobservable.

Investments in Partnerships – The Company’s investments include limited partner investments in consolidated feeder funds. The Company considers the net asset value of the master funds held by the consolidated feeder fund to be the best estimate of fair value. Investments in private funds that are redeemable at the measurement date or within the near term, are categorized in Level 2 of the fair value hierarchy. These funds primarily invest in long and short investments in debt and equity securities that are traded in public and over-the-counter exchanges in the United States and are generally classified as Level 1 assets or liabilities in the master funds’ financial statements. We may redeem our investments in these funds monthly with 30 days’ notice.

The following tables present information about the Company’s assets and liabilities by major categories measured at fair value on a recurring basis as of June 30, 2012, December 31, 2011 and June 30, 2011 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

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Assets and Liabilities Measured at Fair Value on a Recurring Basis as of June 30, 2012 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2012
Cash equivalents	\$ 324,156	\$ -	\$ -	\$ 324,156
Investments in partnerships	-	23,704	-	23,704
Investments in securities:				
AFS - Common stocks	32,815	-	-	32,815
AFS - Mutual funds	2,013	-	-	2,013
Trading - Gov't obligations	50,139	-	-	50,139
Trading - Common stocks	161,956	256	671	162,883
Trading - Mutual funds	1,406	-	-	1,406
Trading - Other	23	-	351	374
Total investments in securities	248,352	256	1,022	249,630
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	56,171	-	-	56,171
AFS - Mutual Funds	3,371	-	-	3,371
Trading - Mutual funds	19	-	-	19
Total investments in sponsored registered investment companies	59,561	-	-	59,561
Total investments	307,913	23,960	1,022	332,895
Total assets at fair value	\$ 632,069	\$ 23,960	\$ 1,022	\$ 657,051
Liabilities				
Trading - Common stocks	\$ 6,687	\$ -	\$ -	\$ 6,687
Trading - Other	-	323	-	323
Securities sold, not yet purchased	\$ 6,687	\$ 323	\$ -	\$ 7,010

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2011 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
Cash equivalents	\$ 260,969	\$ -	\$ -	\$ 260,969

Investments in partnerships	-	27,122	-	27,122
Investments in securities:				
AFS - Common stocks	33,282	-	-	33,282
AFS - Mutual funds	1,905	-	-	1,905
Trading - Gov't obligations	42,126	-	-	42,126
Trading - Common stocks	158,623	21	670	159,314
Trading - Mutual funds	1,307	-	-	1,307
Trading - Other	55	60	284	399
Total investments in securities	237,298	81	954	238,333
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	55,855	-	-	55,855
AFS - Mutual Funds	3,341	-	-	3,341
Trading - Mutual funds	18	-	-	18
Total investments in sponsored registered investment companies	59,214	-	-	59,214
Total investments	296,512	27,203	954	324,669
Total assets at fair value	\$ 557,481	\$ 27,203	\$ 954	\$ 585,638
Liabilities				
Trading - Common stocks	\$ 5,415	\$ -	\$ -	\$ 5,415
Trading - Other	-	73	-	73
Securities sold, not yet purchased	\$ 5,415	\$ 73	\$ -	\$ 5,488

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of June 30, 2011 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2011
Cash equivalents	\$ 260,177	\$ -	\$ -	\$ 260,177
Investments in partnerships	-	27,977	-	27,977
Investments in securities:				
AFS - Common stocks	35,296	-	-	35,296
AFS - Mutual funds	2,098	-	-	2,098
Trading - Gov't obligations	7,925	-	-	7,925
Trading - Common stocks	250,524	10	584	251,118
Trading - Mutual funds	1,501	-	-	1,501
Trading - Other	118	-	369	487
Total investments in securities	297,462	10	953	298,425
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	60,900	-	-	60,900
AFS - Mutual Funds	3,956	-	-	3,956
Trading - Mutual funds	24	-	-	24
Total investments in sponsored registered investment companies	64,880	-	-	64,880
Total investments	362,342	27,987	953	391,282
Total assets at fair value	\$ 622,519	\$ 27,987	\$ 953	\$ 651,459
Liabilities				
Trading - Common stocks	\$ 10,238	\$ -	\$ -	\$ 10,238
Trading - Other	6	-	-	6
Securities sold, not yet purchased	\$ 10,244	\$ -	\$ -	\$ 10,244

The following tables present additional information about assets by major categories measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended June 30, 2012 (in thousands)

	Total									
	Unrealized									
	Total Realized and			Gains or (Losses)		Total		Realized		
	Unrealized Gains		Included		and		Transfers			
	March	or	in	and	Unrealized			In	Ending	
	31, 2012	(Losses) in Income	Other	Unrealized				and/or	Balance	
	Beginning	AFS	Comprehensive	Gains or				(Out)	of	
Asset	Balance	Trading	Investments	Income	(Losses)	Purchases	Sales	Level 3	of	Ending
										Balance
Financial instruments owned:										
Trading - Common										
stocks	\$ 647	\$ 24	\$ -	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ 671
Trading -										
Other	278	59	-	-	59	14	-	-	-	351
Total	\$ 925	\$ 83	\$ -	\$ -	\$ 83	\$ 14	\$ -	\$ -	\$ -	\$ 1,022