

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

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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
<b>Revenues</b>				
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
<b>Expenses</b>				
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
<b>Other income (expense)</b>				
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
<b>Net income/(loss) attributable to noncontrolling interests</b>				
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$ 15,105	\$ 20,647	\$ 38,941	\$ 38,290
<b>Net income attributable to GAMCO Investors, Inc.'s shareholders per share:</b>				
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
<b>ASSETS</b>			
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
<b>Total assets</b>	<b>\$826,730</b>	<b>\$756,749</b>	<b>\$810,658</b>
<b>LIABILITIES AND EQUITY</b>			
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
<b>Sub-total</b>	<b>104,960</b>	<b>80,148</b>	<b>105,524</b>
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
<b>Total liabilities</b>	<b>370,558</b>	<b>343,267</b>	<b>366,338</b>
Redeemable noncontrolling interests	26,162	6,071	35,519
Commitments and contingencies (Note J)			
<b>Equity</b>			
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								