

GAMCO INVESTORS, INC. ET AL  
Form 10-Q  
August 05, 2010

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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, 2010  
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) 921-5100

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

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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, 2010
Class A Common Stock, .001 par value	6,982,351
Class B Common Stock, .001 par value	20,292,263

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INDEX

GAMCO INVESTORS, INC. AND SUBSIDIARIES

PART I. FINANCIAL  
INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income:

- Three months ended June 30, 2010 and 2009

- Six months ended June 30, 2010 and 2009

Condensed Consolidated Statements of Financial Condition:

- June 30, 2010

- December 31, 2009

- June 30, 2009

Condensed Consolidated Statements of Equity and Comprehensive Income:

- Six months ended June 30, 2010 and 2009

Condensed Consolidated Statements of Cash Flows:

- Six months ended June 30, 2010 and 2009

Notes to Unaudited Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk (Included in Item 2)

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 6. Exhibits

SIGNATURES

**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,	
	2010	2009	2010	2009
<b>Revenues</b>				
Investment advisory and incentive fees	\$ 50,271	\$ 35,989	\$ 99,613	\$ 71,188
Institutional research services	4,524	3,949	7,948	7,599
Distribution fees and other income	7,704	5,233	14,936	9,743
<b>Total revenues</b>	<b>62,499</b>	<b>45,171</b>	<b>122,497</b>	<b>88,530</b>
<b>Expenses</b>				
Compensation	25,871	19,681	52,084	40,466
Management fee	1,380	2,304	3,828	3,653
Distribution costs	7,099	5,583	14,130	11,005
Other operating expenses	5,569	4,942	10,505	9,243
<b>Total expenses</b>	<b>39,919</b>	<b>32,510</b>	<b>80,547</b>	<b>64,367</b>
<b>Operating income</b>	<b>22,580</b>	<b>12,661</b>	<b>41,950</b>	<b>24,163</b>
<b>Other income (expense)</b>				
Net gain/(loss) from investments	(7,797 )	10,730	(2,565 )	13,322
Interest and dividend income	1,089	801	1,904	2,079
Interest expense	(3,406 )	(3,435 )	(6,698 )	(6,669 )
<b>Total other income (expense), net</b>	<b>(10,114 )</b>	<b>8,096</b>	<b>(7,359 )</b>	<b>8,732</b>
<b>Income before income taxes</b>	<b>12,466</b>	<b>20,757</b>	<b>34,591</b>	<b>32,895</b>
<b>Income tax provision</b>	<b>4,401</b>	<b>7,133</b>	<b>12,695</b>	<b>11,121</b>
<b>Net income</b>	<b>8,065</b>	<b>13,624</b>	<b>21,896</b>	<b>21,774</b>
<b>Net income/(loss) attributable to noncontrolling interests</b>	<b>16</b>	<b>308</b>	<b>121</b>	<b>246</b>
<b>Net income attributable to GAMCO Investors, Inc.'s shareholders</b>	<b>\$ 8,049</b>	<b>\$ 13,316</b>	<b>\$ 21,775</b>	<b>\$ 21,528</b>
<b>Net income attributable to GAMCO Investors, Inc.'s shareholders per share:</b>				
<b>Basic</b>	<b>\$ 0.30</b>	<b>\$ 0.49</b>	<b>\$ 0.80</b>	<b>\$ 0.79</b>
<b>Diluted</b>	<b>\$ 0.30</b>	<b>\$ 0.48</b>	<b>\$ 0.80</b>	<b>\$ 0.78</b>
<b>Weighted average shares outstanding:</b>				
<b>Basic</b>	<b>26,979</b>	<b>27,384</b>	<b>27,081</b>	<b>27,381</b>
<b>Diluted</b>	<b>27,219</b>	<b>27,508</b>	<b>27,306</b>	<b>27,446</b>
<b>Dividends declared:</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>

See accompanying notes.

3

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

(Dollars in thousands, except per share data)

	June 30, 2010	December 31, 2009	June 30, 2009
<b>ASSETS</b>			
Cash and cash equivalents, including restricted cash of \$62,287, \$62,258 and \$42,215, respectively	\$ 321,029	\$ 400,528	\$ 452,545
Investments in securities, including restricted securities of \$0, \$0 and \$19,998, respectively	213,079	157,403	162,128
Investments in partnerships	74,107	62,655	59,996
Receivable from brokers	54,548	30,072	15,226
Investment advisory fees receivable	16,844	35,685	12,791
Income tax receivable and deferred tax assets	3,436	-	9,303
Other assets	20,445	21,466	18,035
<b>Total assets</b>	<b>\$ 703,488</b>	<b>\$ 707,809</b>	<b>\$ 730,024</b>
<b>LIABILITIES AND EQUITY</b>			
Payable to brokers	\$ 3,351	\$ 395	\$ 4,914
Income taxes payable and deferred tax liabilities	-	8,523	-
Capital lease obligation	5,219	5,265	5,296
Compensation payable	18,613	13,302	13,539
Securities sold, not yet purchased	13,652	9,569	7,037
Mandatorily redeemable noncontrolling interests	1,632	1,622	1,518
Accrued expenses and other liabilities	28,146	25,157	22,698
<b>Sub-total</b>	<b>70,613</b>	<b>63,833</b>	<b>55,002</b>
5.5% Senior notes (due May 15, 2013)	99,000	99,000	99,000
6% Convertible note (due August 14, 2011)	19,948	39,851	39,808
6.5% Convertible note (due October 2, 2018)	60,000	60,000	60,000
<b>Total liabilities</b>	<b>249,561</b>	<b>262,684</b>	<b>253,810</b>
Redeemable noncontrolling interests	7,773	1,464	1,326
Commitments and contingencies (Note J)			
<b>Equity</b>			
GAMCO Investors, Inc. stockholders' equity			
Class A Common Stock, \$0.001 par value; 100,000,000			
shares authorized; 13,203,330, 13,120,276 and 13,101,808			
issued, respectively; 6,984,351, 7,311,997 and 7,446,529			
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;			
20,292,263, 20,292,917 and 20,301,435			
shares			
outstanding, respectively	20	20	20
Additional paid-in capital	254,444	251,591	248,606
Retained earnings	430,605	410,473	433,324
Accumulated comprehensive income	15,960	19,088	23,844
Treasury stock, at cost (6,218,979, 5,808,279 and 5,655,279			
shares, respectively)	(258,956 )	(241,567 )	