

GAMCO INVESTORS, INC. ET AL
Form 10-K
March 12, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

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 number 1-14761

GAMCO Investors, Inc.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or
organization) 13-4007862
(I.R.S. Employer
Identification No.)

One Corporate Center, Rye,
NY 10580-1422
(Address of principal
executive offices) (Zip Code)

Registrant's telephone number, including area code (914) 921-5100
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act
Yes o No x.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act Yes o No x.

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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 Yes x No o.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K o.

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	<input type="radio"/>	Accelerated filer	<input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting	<input type="radio"/>
(Do not check if a smaller reporting company)		company	<input type="radio"/>

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

The aggregate market value of the class A common stock held by non-affiliates of the registrant as of June 30, 2008 (the last business day of the Registrant's most recently completed second fiscal quarter) was \$366,282,100.

As of March 1, 2009, 7,383,415 shares of class A common stock and 20,378,699 shares of class B common stock were outstanding. 20,028,500 shares of class B common stock were held by GGCP, Inc.

DOCUMENTS INCORPORATED BY REFERENCE: The definitive proxy statement for the 2009 Annual Meeting of Shareholders.

GAMCO Investors, Inc.

Annual Report on Form 10-K For the Fiscal Year Ended December 31, 2008

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Computation of Ratios of Earnings to Fixed
Charges

Subsidiaries of GAMCO Investors, Inc.

Consent of Independent Registered Public
Accounting Firm

Certifications

Exhibit 31.1

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Exhibit 32.1

Exhibit 32.2

PART I

Forward-Looking Statements

Our disclosure and analysis in this report and in documents that are incorporated by reference contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results.

Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation: the adverse effect from a decline in the securities markets; a decline in the performance of our products; a general downturn in the economy; changes in government policy or regulation; changes in our ability to attract or retain key employees; and unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations. We also direct your attention to any more specific discussions of risk contained in Item 1A below and in our other public filings or in documents incorporated by reference here or in prior filings or reports.

We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

ITEM 1: BUSINESS

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

2008 Selected Dynamics

Since our initial public offering in February 1999, GBL’s class A common stock has generated a 76% total return (including dividends) for its shareholders through December 31, 2008 versus a total negative return of 13% (including dividends) for the S&P 500 Index during the same period. Our class A common stock, which is traded on the New York Stock Exchange under the symbol “GBL”, ended the year at a closing market price of \$27.32.

During 2008, we returned \$95.6 million of our earnings to shareholders through dividends and our stock buyback program. We paid \$56.2 million, or \$2.02 per share, in dividends to our common shareholders and purchased 896,525 million shares at \$39.4 million, for an investment of \$43.93 per share.

In March, Gabelli Funds, LLC (“Funds Advisor”) assumed the role of investment advisor to the AXA Enterprise Mergers and Acquisitions Fund, a fund that has been sub-advised by GAMCO Asset Management Inc. (“GAMCO”), an affiliate, since the fund’s inception on February 28, 2001. The portfolio management team, which has managed the fund since inception, remained the same.

In May, Nicholas F. Galluccio was named as the President and CEO of Teton Advisors, Inc. (“Teton”), a subsidiary of GAMCO, effective July 1. GAMCO is finalizing the distribution of its shares held in Teton to shareholders of

GAMCO in March of 2009. Teton is the adviser to seven open-end mutual funds under the GAMCO Westwood brand. Mr. Galluccio was with Trust Company of the West for 25 years, where he served as the Group Managing Director, U.S. Equities and Senior Portfolio Manager.

In July, Jeffrey M. Farber joined us as Executive Vice President Finance/Corporate Development and Chief Financial Officer. Mr. Farber will help us expand our business both internally and through acquisitions and lift-outs. He was previously with Bear Stearns, most recently as Senior Vice President – Finance and Controller; and prior to that with Deloitte & Touche as an audit partner.

In October, GBL privately placed a \$60 million convertible promissory note with Cascade Investment, L.L.C. (“Cascade”). The ten-year note pays interest at 6.5% and provides Cascade with certain put rights and an escrow agreement. The note is convertible into GBL class A common stock at \$70 per share.

In October, Virgil Chan joined GAMCO to manage our Asia operations from Hong Kong and will oversee all management functions in Asia. Mr. Chan has held a number of positions in investment banking and private equity, most recently with Symphony Capital Partners (formerly Schroder Capital Partners) in Singapore. He received his MBA from the Fellows Program at the MIT of the Sloan School of Management and holds an undergraduate degree from Washington University in St. Louis. A U.S. citizen, Mr. Chan is a Hong Kong Permanent Resident.

During November, the Bjurman, Barry Micro-Cap Growth Fund selected Teton, a subsidiary of GBL, as the interim investment adviser. Shareholders of the fund are in the process of voting to merge the fund into our GAMCO Westwood Mighty MitesSM Fund.

GBL formed a research and portfolio team to focus on the clean-technology and alternative-energy sector, with the future possibility of launching an investment fund. "Gabelli Green", led by John Segrich, will focus on investment opportunities in existing companies whose core operations are within wind, solar, emission controls and energy efficiency, nuclear, water and waste, energy storage, bio fuels, and all aspects of carbon capture, storage and trading. Gabelli Green broadens our platform joining other global teams that focus on Digital, Food of All Nations, Healthcare & Wellness, and Productivity Enhancers.

GAMCO Equity Fund was awarded Standard & Poor's AAA Rating for the fifth consecutive year and is one of only four S&P AAA rated funds out of the 95 fund Mainstream Equities Group. The Standard & Poor's AAA rating is a widely acknowledged measure of excellence, awarded only when, in S&P's words: “The fund demonstrates the highest standards of quality based on its investment process and management's consistency of performance as compared to funds with similar objectives.”

Our liquid balance sheet, coupled with investment grade credit ratings from both Moody's and Standard & Poor's, provides access to financial markets and the flexibility to opportunistically add operating resources to our firm, repurchase our stock and consider strategic initiatives. As a result of GBL's shelf registration in the third quarter 2006, we have the right to issue any combination of senior and subordinate debt securities, convertible debt securities and equity securities (including common and preferred securities) up to a total amount of \$520 million.

Our