

LABRANCHE & CO INC
Form 10-Q
May 10, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 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 Number: 001-15251

LABRANCHE & Co INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

13-4064735
(I.R.S. Employer
Identification No.)

33 Whitehall Street, New York, New York 10004
(Address of principal executive offices) (Zip Code)

(212) 425-1144
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 No

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 definition 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 (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the registrant's common stock outstanding as of May 7, 2010 was 42,332,374.

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Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****LaBRANCHE & CO INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(000 s omitted except per share data)****(unaudited)**

	For the Three Months Ended March 31,	
	2010	2009 (1)
REVENUES:		
Net gain (loss) on trading	\$ 27,724	\$ (35,784)
Commissions and other fees	5,337	7,889
Other	1,184	1,974
Total revenues	34,245	(25,921)
Interest expense:		
Debt	2,639	5,664
Inventory financing	5,083	5,636
Total interest expense	7,722	11,300
Revenues, net of interest expense	26,523	(37,221)
EXPENSES:		
Employee compensation and related benefits	11,493	6,050
Exchange, clearing, brokerage and license fees	4,944	4,808
Depreciation and amortization	488	943
Legal and professional fees	920	633
Communications	2,617	2,065
Occupancy	906	693
Early extinguishment of debt	7,192	
Other	1,782	2,794
Total expenses	30,342	17,986
Loss from continuing operations before benefit for income taxes	(3,819)	(55,207)
Benefit for income taxes	(1,549)	(22,103)
Loss from continuing operations	(2,270)	(33,104)

Discontinued operations:

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(Loss) income from operations of discontinued unit	(365)	5,594
(Benefit) provision for income taxes	(4,019)	2,237
Income from discontinued operations	3,654	3,357
Net income (loss)	\$ 1,384	\$ (29,747)
Weighted average common shares outstanding:		
Basic	48,540	58,390
Diluted	48,792	58,390
Basic net income (loss) per common share:		
Continuing operations	\$ (0.05)	\$ (0.57)
Discontinued operations (1)	\$ 0.08	\$ 0.06
Total operations	\$ 0.03	\$ (0.51)
Diluted net income (loss) per common share:		
Continuing operations	\$ (0.05)	\$ (0.57)
Discontinued operations (1)	\$ 0.08	\$ 0.06
Total operations	\$ 0.03	\$ (0.51)

- (1) In accordance with Financial Accounting Standards Board Accounting Standards the results of the DMM business have been reclassified as a discontinued operation for all periods presented.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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	As of	
	March 31, 2010 (unaudited)	December 31, 2009 (audited)
ASSETS		
Cash and cash equivalents	\$ 95,328	\$ 186,737
Cash and securities segregated under federal regulations	1,327	1,727
Receivable from brokers, dealers and clearing organizations	59,685	70,270
Receivable from customers	22,227	42,790
Financial instruments owned, at fair value	2,358,370	3,378,738
Exchange memberships owned, at adjusted cost (fair value of \$6,266 and \$5,529, respectively)	1,221	1,096
Office equipment and leasehold improvements, at cost, less accumulated depreciation and amortization of \$9,253 and \$8,777, respectively	11,282	11,680
Held for sale		32,748
Deferred tax assets	20,315	25,457
Income tax receivable	15,560	12,208
Other assets	10,407	16,712
Total assets	\$ 2,595,722	\$ 3,780,163

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Payable to brokers, dealers and clearing organizations	\$ 398,039	\$ 615,245
Payable to customers	21,133	43,515
Financial instruments sold, but not yet purchased, at fair value	1,877,902	2,568,202
Accrued compensation	5,030	9,431
Accounts payable and other accrued expenses	12,432	17,526
Other liabilities	5	12,945
Income tax payable	1,668	1,968
Held for sale		749
Short-term debt		189,323
Total liabilities	2,316,209	3,458,904

Commitments and contingencies**Stockholders' equity:**

Common stock, \$.01 par value, 200,000,000 shares authorized; 62,425,292 shares issued, 42,926,456 shares outstanding at March 31, 2010 and 62,397,795 shares issued, 51,470,826 shares outstanding at December 31, 2009	624	624
Treasury stock, at cost, 19,498,836 and 10,926,969 shares at March 31, 2010 and December 31, 2009, respectively	(81,325)	(41,569)
Additional paid-in capital	699,944	700,738
Accumulated deficit	(333,207)	(334,591)

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Accumulated other comprehensive loss	(6,523)	(3,943)
Total stockholders' equity	279,513	321,259
Total liabilities and stockholders' equity	\$ 2,595,722	\$ 3,780,163

The accompanying notes are an integral part of these condensed consolidated financial statements.

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LaBRANCHE & CO INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS EQUITY AND COMPREHENSIVE LOSS

(000 s omitted)

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
BALANCES, December 31, 2008	58,197	\$ 620	\$ (16,369)	\$ 702,475	\$ (236,771)	\$ (7,105)	\$ 442,850
Net loss					(97,820)		(97,820)
Other comprehensive income:							
Cumulative translation adjustment, net of taxes						3,162	3,162
Comprehensive loss							(94,658)
Purchase of treasury stock	(7,112)		(25,200)				(25,200)
Issuance of restricted stock, shares for option exercises and related compensation	386	4		(1,737)			(1,733)
BALANCES, December 31, 2009	51,471	\$ 624	\$ (41,569)	\$ 700,738	\$ (334,591)	\$ (3,943)	\$ 321,259
Net income		\$	\$	\$	\$ 1,384	\$	\$ 1,384
Other comprehensive loss:							
Cumulative translation adjustment, net of taxes							