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PIPER JAFFRAY COMPANIES
Form 10-Q
August 04, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended June 30, 2017

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. 001-31720

PIPER JAFFRAY COMPANIES

(Exact Name of Registrant as specified in its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation or Organization)

800 Nicollet Mall, Suite 1000

Minneapolis, Minnesota

(Address of Principal Executive Offices)

30-0168701

(IRS Employer Identification No.)

55402

(Zip Code)

(612) 303-6000

(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. 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No þ

As of July 26, 2017, the registrant had 15,114,175 shares of Common Stock outstanding.

Piper Jaffray Companies
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Piper Jaffray Companies

Consolidated Statements of Financial Condition

| | June 30, 2017 | December 31, 2016 |
|--|------------------|----------------------|
| | (Unaudited) | |
| (Amounts in thousands, except share data) | | |
| Assets | | |
| Cash and cash equivalents | \$26,170 | \$41,359 |
| Cash and cash equivalents segregated for regulatory purposes | 17,065 | 29,015 |
| Receivables: | | |
| Customers | 31,394 | 31,917 |
| Brokers, dealers and clearing organizations | 187,435 | 212,730 |
| Securities purchased under agreements to resell | 148,892 | 159,697 |
| Financial instruments and other inventory positions owned | 530,335 | 464,610 |
| Financial instruments and other inventory positions owned and pledged as collateral | 414,156 | 594,361 |
| Total financial instruments and other inventory positions owned | 944,491 | 1,058,971 |
| Fixed assets (net of accumulated depreciation and amortization of \$59,365 and \$58,308, respectively) | 24,826 | 25,343 |
| Goodwill | 196,218 | 196,218 |
| Intangible assets (net of accumulated amortization of \$77,661 and \$70,017, respectively) | 29,590 | 37,234 |
| Investments | 164,161 | 168,057 |
| Other assets | 161,091 | 164,962 |
| Total assets | \$1,931,333 | \$2,125,503 |
| Liabilities and Shareholders' Equity | | |
| Short-term financing | \$330,423 | \$418,832 |
| Senior notes | 125,000 | 175,000 |
| Payables: | | |
| Customers | 28,258 | 29,352 |
| Brokers, dealers and clearing organizations | 42,867 | 40,842 |
| Securities sold under agreements to repurchase | 10,795 | 15,046 |
| Financial instruments and other inventory positions sold, but not yet purchased | 330,317 | 299,357 |
| Accrued compensation | 187,823 | 288,255 |
| Other liabilities and accrued expenses | 41,111 | 42,553 |
| Total liabilities | 1,096,594 | 1,309,237 |
| Shareholders' equity: | | |
| Common stock, \$0.01 par value: | | |
| Shares authorized: 100,000,000 at June 30, 2017 and December 31, 2016; | | |
| Shares issued: 19,511,708 at June 30, 2017 and 19,535,307 at December 31, 2016; | | |
| Shares outstanding: 12,873,251 at June 30, 2017 and 12,391,970 at December 31, 2016 | 195 | 195 |
| Additional paid-in capital | 784,160 | 788,927 |
| Retained earnings | 281,553 | 257,188 |
| | (274,729) | (284,461) |

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Less common stock held in treasury, at cost: 6,638,457 at June 30, 2017 and 7,143,337 shares at December 31, 2016

| | | | | |
|--------------------------------------|---------|---|---------|---|
| Accumulated other comprehensive loss | (1,604 |) | (2,599 |) |
| Total common shareholders' equity | 789,575 | | 759,250 | |

| | | | | |
|--------------------------|--------|--|--------|--|
| Noncontrolling interests | 45,164 | | 57,016 | |
|--------------------------|--------|--|--------|--|

| | | | | |
|----------------------------|---------|--|---------|--|
| Total shareholders' equity | 834,739 | | 816,266 | |
|----------------------------|---------|--|---------|--|

| | | | | |
|--|-------------|--|-------------|--|
| Total liabilities and shareholders' equity | \$1,931,333 | | \$2,125,503 | |
|--|-------------|--|-------------|--|

See Notes to the Consolidated Financial Statements

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Piper Jaffray Companies

Consolidated Statements of Operations

(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|-----------------------|----------|------------------|-----------|
| | June 30, | | June 30, | |
| (Amounts in thousands, except per share data) | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | |
| Investment banking | \$138,528 | \$97,414 | \$270,778 | \$201,352 |
| Institutional brokerage | 37,074 | 48,185 | 76,210 | 80,234 |
| Asset management | 15,186 | 14,595 | 31,193 | 28,443 |
| Interest | 7,766 | 7,922 | 15,485 | 16,751 |
| Investment income | 5,453 | 8,276 | 15,828 | 9,213 |
| Total revenues | 204,007 | | | |