

MONEYGRAM INTERNATIONAL INC

Form 10-Q

August 09, 2012

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UNITED STATES
SECURITIES AND 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**

**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: 001-31950

MONEYGRAM INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

16-1690064
(I.R.S. Employer
Identification No.)

2828 N. Harwood St., 15th Floor

Dallas, Texas
(Address of principal executive offices)

75201
(Zip Code)

(214) 999-7552
(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 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 (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 Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 6, 2012, 57,856,925 shares of common stock, \$0.01 par value, were outstanding.

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<i>(Amounts in thousands, except share data)</i>	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$	\$
Cash and cash equivalents (substantially restricted)	2,548,257	2,572,174
Receivables, net (substantially restricted)	1,266,882	1,220,065
Short-term investments (substantially restricted)	524,055	522,024
Available-for-sale investments (substantially restricted)	85,281	102,771
Property and equipment	117,032	116,341
Goodwill	428,691	428,691
Other assets	214,864	213,512
 Total assets	 \$ 5,185,062	 \$ 5,175,578
LIABILITIES		
Payment service obligations	\$ 4,155,880	\$ 4,205,375
Debt	810,365	810,888
Pension and other postretirement benefits	116,353	120,252
Accounts payable and other liabilities	218,567	149,261
 Total liabilities	 5,301,165	 5,285,776
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
STOCKHOLDERS DEFICIT		
Participating Convertible Preferred Stock - Series D, \$0.01 par value, 200,000 shares authorized, 109,239 issued at June 30, 2012 and December 31, 2011, respectively	281,898	281,898
Common Stock, \$0.01 par value, 162,500,000 shares authorized, 62,263,963 shares issued at June 30, 2012 and December 31, 2011, respectively	623	623
Additional paid-in capital	994,076	989,188
Retained loss	(1,231,304)	(1,216,543)
Accumulated other comprehensive loss	(34,657)	(38,028)
Treasury stock: 4,407,038 and 4,429,184 shares at June 30, 2012 and December 31, 2011, respectively	(126,739)	(127,336)
 Total stockholders deficit	 (116,103)	 (110,198)
 Total liabilities and stockholders deficit	 \$ 5,185,062	 \$ 5,175,578

See Notes to Consolidated Financial Statements

Table of Contents**MONEYGRAM INTERNATIONAL, INC.****CONSOLIDATED STATEMENTS OF (LOSS) INCOME****UNAUDITED**

<i>(Amounts in thousands, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
REVENUE				
Fee and other revenue	\$ 326,706	\$ 304,074	\$ 641,624	\$ 594,083
Investment revenue	3,436	5,879	6,613	9,894
Total revenue	330,142	309,953	648,237	603,977
EXPENSES				
Fee and other commissions expense	146,673	135,561	288,588	264,621
Investment commissions expense	103	111	180	251
Total commissions expense	146,776	135,672	288,768	264,872
Compensation and benefits	59,030	57,913	118,094	117,208
Transaction and operations support	98,008	58,594	156,222	109,003
Occupancy, equipment and supplies	12,142	11,637	24,353	23,390
Depreciation and amortization	11,053	11,879	21,736	23,545
Total operating expenses	327,009	275,695	609,173	538,018
OPERATING INCOME	3,133	34,258	39,064	65,959
Other (income) expense				
Net securities gains		(32,816)		(32,816)
Interest expense	17,637	22,873	35,520	43,486
Other	347	14,856	347	14,856
Total other expenses, net	17,984	4,913	35,867	25,526
(Loss) income before income taxes	(14,851)	29,345	3,197	40,433
Income tax expense (benefit)	10,205	2,941	17,984	(16)
NET (LOSS) INCOME	\$ (25,056)	\$ 26,404	\$ (14,787)	\$ 40,449
LOSS PER COMMON SHARE				
Basic and diluted	\$ (0.35)	\$ (10.97)	\$ (0.21)	\$ (18.10)
Net loss available to common stockholders:				
Net (loss) income as reported	\$ (25,056)	\$ 26,404	\$ (14,787)	\$ 40,449
Accrued dividends on mezzanine equity				(30,934)
Accretion on mezzanine equity		(77,465)		(80,023)
Additional consideration issued in connection with conversion of mezzanine equity		(366,797)		(366,797)
Cash dividends paid on mezzanine equity		(20,477)		(20,477)
Net loss available to common stockholders	\$ (25,056)	\$ (438,335)	\$ (14,787)	\$ (457,782)

Weighted-average outstanding common shares and equivalents used in computing earnings per share

Basic and diluted	71,502	39,959	71,496	25,288
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See Notes to Consolidated Financial Statements

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MONEYGRAM INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

UNAUDITED

<i>(Amounts in thousands)</i>	Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
NET (LOSS) INCOME	\$ (25,056)	\$ 26,404	\$ (14,787)	\$ 40,449
OTHER COMPREHENSIVE (LOSS) INCOME				
Net unrealized gains on available-for-sale securities:				
Net holding gains arising during the period, net of tax expense of \$53 and \$0 for the three months ended June 30, 2012 and 2011, respectively and \$585 and \$0 for the six months ended June 30, 2012 and 2011, respectively	434	3,083	1,408	5,028
Reclassification adjustment for net realized losses included in net income, net of tax benefit of \$0 for the three and six months ended June 30, 2012 and 2011, respectively		4		4
	434	3,087	1,408	5,032
Pension and postretirement benefit plans:				
Reclassification of prior service credit recorded to net income, net of tax expense of \$56 and \$57 for the three months ended June 30, 2012 and 2011, respectively, and \$113 and \$114 for the six months ended June 30, 2012 and 2011, respectively	(93)	(92)	(185)	(185)
Reclassification of net actuarial loss recorded to net income, net of tax benefit of \$595 and \$620, for the three months ended June 30, 2012 and 2011, respectively, and \$1,191 and \$1,242 for the six months ended June 30, 2012 and 2011, respectively	972	1,012	1,944	