

COWEN GROUP, INC.  
Form 10-Q  
May 08, 2013

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 March 31, 2013

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: 001-34516

Cowen Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

27-0423711

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

599 Lexington Avenue

10022

New York, New York

(Zip Code)

(Address of Principal Executive Offices)

(646) 562-1000

(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, or a smaller reporting company. See 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 company <input type="radio"/>
		(Do not check if a 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of May 6, 2013 there were 116,058,284 shares of the registrant's common stock outstanding.

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### Special Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q (including in “Management's Discussion and Analysis of Financial Condition and Results of Operations”) that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking terms such as “may,” “might,” “will,” “would,” “could,” “should,” “expect,” “plan,” “anticipate,” “believe,” “predict,” “project,” “possible,” “potential,” “intend,” “seek” or “continue,” the negative of these terms and other comparable terminology or similar expressions. In addition, our management may make forward-looking statements to analysts, representatives of the media and others. These forward-looking statements represent only the Company's beliefs regarding future events (many of which, by their nature, are inherently uncertain and beyond our control) and are predictions only, based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. In particular, you should consider the risks contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations.

Unaudited Condensed Consolidated Financial Statements are presented for the three months ended March 31, 2013, and 2012. The Consolidated Financial Statements as of December 31, 2012 were audited.

## PART I. FINANCIAL INFORMATION

## Item 1. Unaudited Condensed Consolidated Financial Statements

Cowen Group, Inc.

Condensed Consolidated Statements of Financial Condition

(dollars in thousands, except share and per share data)

(unaudited)

	As of March 31, 2013	As of December 31, 2012
Assets		
Cash and cash equivalents	\$36,951	\$83,538
Cash collateral pledged	10,905	9,160
Securities owned, at fair value	472,798	624,127
Securities borrowed	459,719	408,096
Other investments	80,452	84,930
Receivable from brokers	53,310	71,306
Fees receivable, net of allowance	36,581	34,707
Due from related parties	20,045	21,022
Fixed assets, net of accumulated depreciation and amortization of \$31,443 and \$30,003, respectively	31,525	32,202
Goodwill	36,207	28,545
Intangible assets, net of accumulated amortization of \$23,790 and \$22,945, respectively	14,915	12,984
Other assets	23,538	16,278
Consolidated Funds		
Cash and cash equivalents	3,820	3,559
Securities owned, at fair value	—	3,525
Other investments, at fair value	193,497	204,205
Other assets	6,699	292
Total Assets	\$1,480,962	\$1,638,476
Liabilities and Stockholders' Equity		
Liabilities		
Securities sold, not yet purchased, at fair value	\$228,833	\$177,937
Securities sold under agreement to repurchase	29,241	165,945
Securities loaned	459,336	410,441
Payable to brokers	88,706	188,788
Compensation payable	14,898	45,752
Short-term borrowings and other debt	5,379	4,132
Fees payable	3,448	5,277
Due to related parties	618	662
Accounts payable, accrued expenses and other liabilities	60,239	55,425
Consolidated Funds		
Capital withdrawals payable	5,782	2,891
Accounts payable, accrued expenses and other liabilities	302	414
Total Liabilities	896,782	1,057,664
Commitments and Contingencies (Note 13)		
Redeemable non-controlling interests	81,031	85,703
Stockholders' equity		
Preferred stock, par value \$0.01 per share; 10,000,000 shares authorized, no shares issued and outstanding	—	—

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Class A common stock, par value \$0.01 per share: 250,000,000 shares authorized, 127,426,493 shares issued and 115,651,799 outstanding as of March 31, 2013 and 123,740,112 shares issued and 112,447,892 outstanding as of December 31, 2012, respectively (including 336,895 and 336,895 restricted shares, respectively)	1,160	1,135
Class B common stock, par value \$0.01 per share: 250,000,000 authorized, no shares issued and outstanding	—	—
Additional paid-in capital	724,235	713,211
(Accumulated deficit) retained earnings	(190,441	) (187,865 )
Accumulated other comprehensive income (loss)	335	356
Less: Class A common stock held in treasury, at cost, 11,447,516 and 11,292,220 shares as of March 31, 2013 and December 31, 2012, respectively.	(32,140	) (31,728 )
Total Stockholders' Equity	503,149	495,109
Total Liabilities and Stockholders' Equity	\$1,480,962	\$1,638,476

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

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Cowen Group, Inc.  
 Condensed Consolidated Statements of Operations  
 (dollars in thousands, except per share data)  
 (unaudited)

	Three Months Ended March 31,	
	2013	2012
Revenues		
Investment banking	\$ 17,166	\$ 15,630
Brokerage	26,600	24,013
Management fees	9,493	9,717
Incentive income	2,611	691
Interest and dividends	9,321	5,372
Reimbursement from affiliates	1,485	1,045
Other revenues	478	867
Consolidated Funds		
Interest and dividends	#160;	Signature

Mr. Sudhir V. Valia  
 Director  
 Name/Title

SUN PHARMA GLOBAL, INC.

/s/ Harin Mehta  
 Signature

Mr. Harin Mehta  
 Director  
 Name/Title

ALKALOIDA CHEMICAL COMPANY  
 EXCLUSIVE GROUP LIMITED.

/s/ Harin Mehta  
 Signature

Mr. Harin Mehta  
 Director  
 Name/Title

SUN PHARMACEUTICAL INDUSTRIES, INC.

/s/ Jitendra Doshi  
Signature

Mr. Jitendra Doshi  
Executive Director  
Name/Title

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