

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

OPPENHEIMER & CO INC

CIK: **728848** | IRS No.: **132798343** | State of Incorpor.: **DE** | Fiscal Year End: **0430**
Type: **10-Q** | Act: **34** | File No.: **001-08181** | Film No.: **94516565**
SIC: **6211** Security brokers, dealers & flotation companies

Business Address
*OPPENHEIMER TOWER
WORLD FINANCIAL CENTER
NEW YORK NY 10281
2126677300*

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 January 31, 1994

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 2-72720

OPPENHEIMER & CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE

13-2798343

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

OPPENHEIMER TOWER
WORLD FINANCIAL CENTER, NEW YORK, NEW YORK
(Address of principal executive offices)

10281
(Zip Code)

(212) 667-7000

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 X No _____

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands)
(Unaudited)

Item 1.

ASSETS

April 30, January 31,

	1993	1994
Cash	\$ 7,055	\$ 21,158
Cash and securities segregated pursuant to Federal Regulations	1,702	1,923
Deposits paid for securities borrowed	860,267	946,093
Receivable from brokers and dealers	102,873	124,918
Receivable from customers	595,412	761,702
Securities in trading and investment accounts - at market value	299,571	801,601
Securities purchased under agreements to resell	1,523,318	1,419,232
Exchange memberships at cost (market value \$6,515 and \$8,093, respectively)	3,084	3,379
Furniture, fixtures and leasehold improvements - at cost less accumulated depreciation and amortization of \$34,986 and \$37,764, respectively	13,870	14,729
Other assets	69,342	69,642
 TOTAL ASSETS	 \$3,476,494	 \$4,164,377

The accompanying notes are an integral part of these statements.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Continued)
 (In thousands, except per share data)
 (Unaudited)

LIABILITIES AND SHAREHOLDER'S EQUITY

	April 30, 1993	January 31, 1994
Short term borrowings	\$ 158,865	\$ 197,272
Drafts payable	15,630	26,220
Securities sold under agreements to repurchase	1,660,921	1,468,653
Deposits received for securities loaned	645,038	868,600
Payable to brokers and dealers	57,093	139,909
Payable to customers	385,826	303,014
Securities sold but not yet purchased - at market value	166,880	678,380
Accrued employee compensation and benefits	61,557	99,012
Other liabilities and accrued expenses	60,412	84,303
	3,212,222	3,865,363
COMMITMENTS AND CONTINGENCIES (Note 3)		
LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS	55,652	53,696
SHAREHOLDER'S EQUITY		
Preferred stock, par value \$.10 per share; 200,000 shares authorized; none issued	-	-
Common stock, par value \$.10 per share; 200,000 shares authorized; 100,000 shares issued and outstanding	10	10
Additional paid-in capital	92,660	92,660
Retained earnings	115,950	152,648
TOTAL SHAREHOLDER'S EQUITY	208,620	245,318
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$3,476,494	\$4,164,377

The accompanying notes are an integral part of these statements.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (In thousands)
 (Unaudited)

Three Months Ended		Nine Months Ended	
January 31,		January 31,	
1993	1994	1993	1994

REVENUES

Commissions	\$ 46,081	\$ 56,549	\$120,033	\$160,897
Trading and investments	27,866	43,734	82,303	141,231
Investment banking	20,029	37,606	64,961	107,838
Investment management fees	8,713	13,947	15,262	25,572
Interest and dividends	67,269	38,518	192,446	107,382
Other	4,002	4,584	10,561	11,089
 TOTAL REVENUES	 173,960	 194,938	 485,566	 554,009

EXPENSES

Employee compensation and benefits	74,589	101,077	202,949	289,705
Occupancy and equipment	11,586	13,869	35,037	38,153
Data processing and communications	8,013	9,711	23,257	27,202
Brokerage, exchange and clearance fees	4,597	5,337	13,396	16,436
Interest	51,763	31,459	155,465	85,327
Other	10,505	15,078	30,973	40,508
 TOTAL EXPENSES	 161,053	 176,531	 461,077	 497,331

INCOME BEFORE INCOME TAXES AND CUMULATIVE
EFFECT OF CHANGE IN ACCOUNTING FOR
INCOME TAXES

12,907	18,407	24,489	56,678
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INCOME TAX EXPENSE

4,560	5,737	9,360	22,346
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INCOME BEFORE CUMULATIVE EFFECT OF
CHANGE IN ACCOUNTING FOR INCOME TAXES

8,347	12,670	15,129	34,332
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CUMULATIVE EFFECT ON PRIOR YEARS OF
CHANGE IN ACCOUNTING FOR INCOME
TAXES (BENEFIT)

-	-	-	(2,366)
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NET INCOME

\$ 8,347	\$ 12,670	\$ 15,129	\$ 36,698
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The accompanying notes are an integral part of these statements.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

For the Nine Months

Ended January 31,
1993 1994

Cash flows from operating activities:

Net income	\$	15,129	\$	36,698
Adjustments to reconcile net income to net cash used for operating activities:				
Non-cash charges (credits) included in net income:				
Deferred income taxes		(3,373)		(1,846)
Depreciation and amortization		2,445		2,778
Amortization of original issue discount and deferred issuance costs on subordinated debt		293		137
Decreases (increases) in assets:				
Cash and securities segregated pursuant to Federal Regulations		(2,054)		(221)
Deposits paid for securities borrowed		376,269		(85,826)
Receivable from brokers and dealers		101,586		(22,045)
Receivable from customers		(78,645)		(166,290)
Securities in trading and investment accounts		2,002,051		(502,030)
Securities purchased under agreements to resell		1,044,997		104,086
Other assets		(19,140)		1,618
Increases (decreases) in liabilities:				
Drafts payable		10,698		10,590
Securities sold under agreements to repurchase		(1,423,742)		(192,268)
Deposits received for securities loaned		(239,996)		223,562
Payable to brokers and dealers		(22,907)		82,816
Payable to customers		(32,331)		(82,812)
Securities sold but not yet purchased		(1,854,648)		511,500
Accrued employee compensation and benefits		(14,430)		37,455
Other liabilities and accrued expenses		11,352		23,891
 NET CASH USED FOR OPERATING ACTIVITIES		 (126,446)		 (18,207)

Cash flows from investing activities:

Purchases of:				
Exchange memberships		0		(295)
Furniture, fixtures and leasehold improvements		(1,610)		(3,637)
 NET CASH USED FOR INVESTING ACTIVITIES		 (1,610)		 (3,932)

The accompanying notes are an integral part of these statements.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)
(Unaudited)

	For the Nine Months Ended January 31,	
	1993	1994
Cash flows from financing activities:		
Short term borrowings	\$136,335	\$ 38,407
Additions to account executive subordinated indebtedness	230	94
Payments on account executive subordinated indebtedness	(1,292)	(985)
Partial redemption of 12 3/4% Debentures due 2002	-	(1,274)
Dividends paid on common stock	(10,500)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	124,773	36,242
NET INCREASE (DECREASE) IN CASH	(3,283)	14,103
Cash, beginning of year	10,604	7,055
CASH, January 31,	\$ 7,321	\$ 21,158

SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	\$189,276	\$ 81,736
Net payments made to an affiliate under a tax sharing agreement	(2,886)	23,653

The accompanying notes are an integral part of these statements.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Oppenheimer & Co., Inc. and its wholly-owned subsidiaries, (collectively the "Company"). The consolidated financial statements should be read in conjunction with the Company's annual report (Form 10-K) for the year ended April 30, 1993. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations for all periods presented have been made. The notes to the consolidated financial statements are only those, which in the opinion of management, are necessary to update the annual report. The nature of the Company's business is such that the results of operations for any interim period are not indicative of results of operations for a full year.

NOTE 2. SECURITIES IN TRADING AND INVESTMENT ACCOUNTS AND SECURITIES SOLD BUT NOT YET PURCHASED

The positions consist of the following securities:

	Market Value (In thousands)	
	April 30, 1993	January 31, 1994
Securities in Trading and Investment Accounts:		
U.S. Government Obligations	\$166,613	\$507,266
State and Municipal Bonds	43,990	97,514
Corporate Bonds	46,243	87,850
Corporate Stock	42,614	107,086
Options	111	1,885
	\$299,571	\$801,601
Securities Sold But Not Yet Purchased:		
U.S. Government Obligations	\$113,250	\$552,914
State and Municipal Bonds	1,215	14,790
Corporate Bonds	4,309	57,545
Corporate Stock	47,530	52,843
Options	576	288
	\$166,880	\$678,380

NOTE 3. COMMITMENTS AND CONTINGENCIES

The Company has satisfied collateral requirements with clearing corporations and others at January 31, 1994 by obtaining letters of credit in the amount of \$96,857,265, which are secured by firm-owned securities (market value \$122,891,642), and unsecured letters of credit in the amount of \$34,433,000. PAGE8

OPPENHEIMER & CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4. INCOME TAXES

Effective May 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes". The adoption of SFAS 109 changed the Company's method of accounting for income taxes from the deferred approach (APB 11) to an asset and liability approach. The asset and liability approach requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of other assets and liabilities. Deferred tax assets are required to be reduced by a valuation allowance to the extent that, based on the weight of available evidence, it is more likely than not the deferred tax assets will not be realized. The Company has reflected a benefit of \$2,366,000 in the quarter ended July 31, 1993 from the adoption of SFAS 109, representing the cumulative effect on prior years of a change in accounting for income taxes.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

1. Changes in Financial Condition

The Company believes that it has sufficient resources to meet all present and anticipated future capital needs of its business operations. The majority of the Company's assets and liabilities are highly liquid and/or short-term in nature. Customer transactions are collateralized by marketable securities and the Company may demand payment of all of the outstanding balances at any time. Receivables and payables with other brokers and dealers represent either current open transactions which usually settle within a few days or stock borrow and stock loan transactions which normally can be closed within a few days. A significant amount of leverage is inherent in the financing of the Company's assets. These funds are usually available to the Company on an overnight basis from commercial banks and other institutions through collateralized and uncollateralized loans. In addition to borrowings from banks on an overnight basis, a substantial amount of financing is done utilizing repurchase agreements and letters of credit. These repurchase agreements primarily represent financing arrangements secured by U.S. Government Obligations on an overnight or term basis. Funding needs are determined in proportion to the amount and mix of assets. Sources of funds utilized in addition to short-term overnight borrowings are represented by

subordinated debentures issued by the Company, drafts payable, deferred payments, funds left on deposit with the Company by customers and by the Company's own capital.

As a registered broker-dealer and a member of the New York Stock Exchange, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule, which specifies Uniform Minimum Net Capital Requirements for all its registrants, and is designed to measure the general financial integrity and liquidity, and to control the expansion of a broker-dealer business. At January 31, 1994, the Company's net capital under the Uniform Net Capital Rule was \$115,789,367 and the amount in excess of 2%, 4% and 5% of Aggregate Debit Items were \$97,017,916, \$78,246,465 and \$68,860,740, respectively.

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

2. Results of Operations

Quarter Ended January 31, 1994 as Compared to Quarter Ended January 31, 1993.

The Company reported income before taxes of \$18,407,000 for the three months ended January 31, 1994 as compared to income before taxes of \$12,907,000 for the comparable period in 1993.

Revenues for the three months ended January 31, 1994 were \$194,938,000 as compared to \$173,960,000, for the three months ended January 31, 1993, reflecting an increase of 12%. Trading and investment income increased 57% as a result of increased profits in equity and fixed income trading. Investment banking revenues increased 88% resulting from increased revenues in underwriting and corporate finance. Investment management fees increased 60% principally as a result of increased assets subject to management fees and increased profitability of accounts under incentive arrangements. Net interest and dividend income decreased 54%. Interest and dividend income decreased 43% as a result of lower levels of activity in the trading and financing of U.S. Government Obligations. Interest expense decreased 39% also as a result of lower levels of U.S. Government Obligations activity.

Total expenses for the three months ended January 31, 1994 increased 10% from the same period in 1993. Employee compensation increased 36% as a result of increased account executive compensation and increased incentive compensation costs, both related to increased revenues. Interest expense decreased 39% as discussed above. The remaining expenses increased 27% as a result of increased cost levels.

OPPENHEIMER & CO., INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

2. Results of Operations

Nine Months Ended January 31, 1994 as Compared to Nine Months Ended
January 31, 1993

The Company reported income before taxes of \$56,678,000 for the nine months ended January 31, 1994 as compared to income before taxes of \$24,489,000 for the comparable period in 1993.

Revenues for the nine months ended January 31, 1994 were \$554,009,000 as compared to \$485,566,000, for the nine months ended January 31, 1993, reflecting an increase of 14%. Trading and investment income increased 72% as a result of increased profits in equity and fixed income trading. Investment banking revenues increased 66% resulting from increased revenues in underwriting and corporate finance. Investment management fees increased 68% principally as a result of increased assets subject to management fees and increased profitability of accounts under incentive arrangements. Net interest and dividend income decreased 40%. Interest and dividend income decreased 44% as a result of lower levels of activity in the trading and financing of U.S. Government Obligations. Interest expense decreased 45% also as a result of lower levels of U.S. Government Obligations activity.

Total expenses for the nine months ended January 31, 1994 increased 8% from the same period in 1993. Employee compensation increased 43% as a result of increased account executive compensation and increased incentive compensation costs, both related to increased revenues. Interest expense decreased 45% as discussed above. The remaining expenses increased 19% as a result of increased cost levels.

OPPENHEIMER & CO., INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- a. Exhibits: None
- b. Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OPPENHEIMER & CO., INC.

Date: March 15, 1994

By: /s/ Stephen Robert
Stephen Robert
Chairman of the Board and
Chief Executive Officer

Date: March 15, 1994

By: /s/ Dennis E. Feeney
Dennis E. Feeney
Controller

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OPPENHEIMER & CO., INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OPPENHEIMER & CO., INC.

Date: March 15, 1994

By:
Stephen Robert
Chairman of the Board and
Chief Executive Officer

Date: March 15, 1994

By:
Dennis E. Feeney
Controller

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