

MONEYGRAM INTERNATIONAL INC
Form 10-Q
August 06, 2014
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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, 2014

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)

Delaware
(State or other jurisdiction of
incorporation or organization)
2828 N. Harwood St., 15th Floor
Dallas, Texas
(Address of principal executive offices)
(214) 999-7552
(Registrant's telephone number, including area code)

16-1690064
(I.R.S. Employer
Identification No.)
75201
(Zip 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 4, 2014, 54,603,629 shares of common stock, \$0.01 par value, were outstanding.

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PART I. FINANCIAL INFORMATION
 ITEM 1. FINANCIAL STATEMENTS
 MONEYGRAM INTERNATIONAL, INC.
 CONSOLIDATED BALANCE SHEETS
 UNAUDITED

(Amounts in millions, except share data)	June 30, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	\$—	\$—
Cash and cash equivalents (substantially restricted)	2,046.5	2,228.5
Receivables, net (substantially restricted)	941.8	767.7
Interest-bearing investments (substantially restricted)	994.8	1,011.6
Available-for-sale investments (substantially restricted)	40.2	48.1
Property and equipment, net	140.0	134.8
Goodwill	434.9	435.2
Other assets	186.3	161.0
Total assets	\$4,784.5	\$4,786.9
LIABILITIES		
Payment service obligations	\$3,674.2	\$3,737.1
Debt	968.3	842.9
Pension and other postretirement benefits	94.3	98.4
Accounts payable and other liabilities	189.7	185.5
Total liabilities	4,926.5	4,863.9
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
STOCKHOLDERS' DEFICIT		
Participating Convertible Preferred Stock - Series D, \$0.01 par value, 200,000 shares authorized, 71,282 and 109,239 issued at June 30, 2014 and December 31, 2013, respectively	183.9	281.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 58,823,567 and 62,263,963 shares issued at June 30, 2014 and December 31, 2013, respectively	0.6	0.6
Additional paid-in capital	985.0	1,011.8
Retained loss	(1,152.1)	(1,214.4)
Accumulated other comprehensive loss	(37.8)	(33.0)
Treasury stock: 4,219,994 and 4,300,782 shares at June 30, 2014 and December 31, 2013, respectively	(121.6)	(123.9)
Total stockholders' deficit	(142.0)	(77.0)
Total liabilities and stockholders' deficit	\$4,784.5	\$4,786.9

See Notes to Consolidated Financial Statements

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MONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

(Amounts in millions, except per share data)	Three Months		Six Months Ended	
	Ended June 30, 2014	2013	June 30, 2014	2013
REVENUE				
Fee and other revenue	\$368.8	\$361.6	\$736.5	\$699.3
Investment revenue	3.6	3.5	10.8	6.3
Total revenue	372.4	365.1	747.3	705.6
OPERATING EXPENSES				
Fee and other commissions expense	171.6	169.6	342.5	323.9
Investment commissions expense	0.1	0.1	0.2	0.2
Total commissions expense	171.7	169.7	342.7	324.1
Compensation and benefits	75.0	66.4	144.7	131.9
Transaction and operations support	77.3	62.4	148.6	113.9
Occupancy, equipment and supplies	13.7	11.9	26.5	24.9
Depreciation and amortization	13.6	12.2	26.7	24.0
Total operating expenses	351.3	322.6	689.2	618.8
OPERATING INCOME	21.1	42.5	58.1	86.8
OTHER (INCOME) EXPENSE				
Securities settlements	(22.4)	—	(22.4)	—
Interest expense	11.4	9.9	21.1	27.3
Debt extinguishment costs	—	—	—	45.3
Total other (income) expense	(11.0)			