

LPL Investment Holdings Inc.
Form 10-Q
May 14, 2009

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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 March 31, 2009

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: 000-52609

LPL Investment Holdings Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-3717839
(I.R.S. Employer Identification No.)

One Beacon Street, Floor 22
Boston MA 02108
(617) 423-3644

(Address including zip code, and telephone number, including area code, of principal executive offices)

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

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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 ☐

Accelerated
filer ☐

Non-accelerated
filer ☒

Smaller reporting
company ☐

(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 Exchange Act). ☐ Yes ☒ No

The number of shares of Common Stock, par value \$0.001 per share, outstanding as of March 31, 2009 was 93,957,966.90.

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Where You Can Find More Information

We are required to file annual, quarterly and current reports and other information required by the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission, or SEC. You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's internet site at <http://www.sec.gov>.

When we use the terms "LPLIH", "we", "us", "our", and the "Company" we mean LPL Investment Holdings Inc., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, as well as any predecessor entities, unless the context otherwise indicates.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other sections includes forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may", "might", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "intend" or "continue", the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include expectations as to our future financial performance, which in some cases may be based on our growth strategies and anticipated trends in our business. These statements are 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 the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined in Part I, Item 1A "Risk Factors" in our 2008 Annual Report on Form 10-K filed with the SEC.

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 are under no duty to update any of these forward-looking statements after the date of this filing to conform our prior forward-looking statements to actual results or revised expectations.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)

(Dollars in thousands, except par value)

	March 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 319,394	\$ 219,239
Cash and securities segregated under federal and other regulations	330,968	341,575
Receivables from:		
Clients, net of allowance of \$836 at March 31, 2009 and \$972 at December 31, 2008	241,700	295,797
Product sponsors, broker-dealers and clearing organizations	168,260	231,400
Others, net of allowances of \$4,339 at March 31, 2009 and \$4,076 at December 31, 2008	107,772	93,771
Securities owned:		
Marketable securities at market value	9,940	10,911
Other securities at amortized cost	11,511	10,793
Securities borrowed	965	604
Fixed assets, net of accumulated depreciation and amortization of \$201,593 at March 31, 2009 and \$185,537 at December 31, 2008	146,470	161,760
Goodwill	1,293,366	1,293,366
Intangible assets, net of accumulated amortization of \$116,533 at March 31, 2009 and \$106,563 at December 31, 2008	644,733	654,703
Other assets	69,828	67,860
Total assets	\$3,344,907	\$ 3,381,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Revolving line of credit	90,000	90,000
Drafts payable	156,515	154,431
Payable to clients	407,770	463,011
Payable to broker-dealers and clearing organizations	25,283	21,734
Accrued commissions and advisory fees payable	100,615	100,327
Accounts payable and accrued liabilities	151,080	157,540
Income taxes payable	23,927	12,281
Interest rate swaps	23,990	25,417
Securities sold but not yet purchased at market value	2,177	3,910
Senior credit facilities and subordinated notes	1,375,541	1,377,647
Deferred income taxes net	180,165	185,169
Total liabilities	2,537,063	2,591,467
STOCKHOLDERS' EQUITY:		
Common stock, \$.001 par value; 200,000,000 shares authorized; 93,957,967 shares issued and outstanding at March 31, 2009 of which 7,423,973 are restricted, and 93,967,967 shares issued and outstanding	87	87

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at December 31, 2008 of which 7,423,973 are restricted (See Note 10)

Additional paid-in capital	672,142	670,897
Stockholder loans	(480)	(936)
Accumulated other comprehensive loss	(14,464)	(15,498)
Retained earnings	150,559	135,762
Total stockholders' equity	807,844	790,312

Total liabilities and stockholders' equity	\$3,344,907	\$ 3,381,779
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See notes to condensed consolidated financial statements.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(Dollars in thousands)

	Three Months Ended March 31,	
	2009	2008
REVENUES:		
Commissions	\$ 347,220	\$ 420,645
Advisory fees	163,905	216,277
Asset-based fees	62,654	88,607
Transaction and other fees	61,338	58,477
Interest income	5,456	9,060
Other	2,467	5,581
 Total revenues	 643,040	 798,647
EXPENSES:		
Commissions and advisory fees	434,702	547,469
Compensation and benefits	66,978	92,709
Depreciation and amortization	27,395	23,622
Promotional	12,642	27,182
Occupancy and equipment	12,445	14,800
Communications and data processing	9,186	10,169
Professional services	8,366	11,097
Brokerage, clearing and exchange	7,829	5,862
Regulatory fees and expenses	5,474	5,952
Travel and entertainment	1,758	4,319
Other	3,393	4,238
 Total noninterest expenses	 590,168	 747,419
Interest expense from senior credit facilities, subordinated notes and revolving line of credit	25,941	30,167
Interest expense from brokerage operations	62	514
Loss on equity investment	84	248
 Total expenses	 616,255	 778,348
 INCOME BEFORE PROVISION FOR INCOME TAXES	 26,785	 20,299
PROVISION FOR INCOME TAXES	11,988	8,634
 NET INCOME	 \$ 14,797	 \$ 11,665

See notes to condensed consolidated financial statements.

Table of Contents**LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****(UNAUDITED)****(Dollars in thousands)**

		Common Stock	Additional Paid-In Capital	Stockholder Loans	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
BALANCE	December 31, 2007	\$ 86	\$ 664,568	\$ (1,242)	\$ (6,512)	\$ 90,266	\$ 747,166
Comprehensive income:							
	Net income					11,665	11,665
	Unrealized loss on interest rate swaps, net of tax benefit of \$4,893				(7,769)		(7,769)
	Total comprehensive income						3,896
	Exercise of stock options		325				325
	Tax benefit from stock options exercised		432				432
	Interest accrued on stockholder loans			(14)			(14)
	Share-based compensation		815				815
	Issuance of 143,884 shares of common stock		4,000				4,000
	Repurchase of 121,370 shares of common stock		(3,374)				(3,374)
BALANCE	March 31, 2008	\$ 86	\$ 666,766	\$ (1,256)	\$ (14,281)	\$ 101,931	\$ 753,246
BALANCE	December 31, 2008	\$ 87	\$ 670,897	\$ (936)	\$ (15,498)	\$ 135,762	\$ 790,312
Comprehensive income:							
	Net income					14,797	14,797
	Unrealized gain on interest rate swaps, net of tax expense of \$393				1,034		1,034
	Total comprehensive income						15,831
	Repayment of stockholder loans, net of accrued interest			456			456
	Share-based compensation		1,426				1,426
	Repurchase of 10,000 shares of common stock		(181)				(181)
BALANCE	March 31, 2009	\$ 87	\$ 672,142	\$ (480)	\$ (14,464)	\$ 150,559	\$ 807,844

See notes to condensed consolidated financial statements.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(Dollars in thousands)

	Three Months Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 14,797	\$ 11,665
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash items:		
Benefits received from retention plans		3,573
Depreciation and amortization	27,395	23,622
Amortization of debt issuance costs	936	935
Gain on disposal of fixed assets	(14)	
Share-based compensation	1,426	815
Provision for bad debts	672	949
Deferred income tax provision	(5,397)	(7,155)
Loss on equity investment	84	248
Other	431	512
Changes in operating assets and liabilities:		
Cash and securities segregated under federal and other regulations	10,607	4,595
Receivables from clients	54,234	23,191
Receivables from product sponsors, broker-dealers and clearing organizations	63,140	36,361
Receivables from others	(14,810)	4,526
Securities owned	553	(4,440)
Securities borrowed	(361)	(2,012)
Other assets	(2,988)	(416)
Drafts payable	2,084	27,275
Payable to clients	(55,241)	(24,860)
Payables to broker-dealers and clearing organizations	3,549	14,472
Accrued commissions and advisory fees payable	288	10,863
Accounts payable and accrued liabilities	(7,413)	34,235
Income taxes payable/receivable	11,646	2,113
Securities sold but not yet purchased	(1,733)	(5,800)
Net cash provided by operating activities	103,885	155,267

See notes to condensed consolidated financial statements.

Table of Contents**LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)****(UNAUDITED)****(Dollars in thousands)**

	Three Months Ended March 31,	
	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,235)	(18,453)
Proceeds from the disposal of fixed assets	67	
Purchase of other securities classified as held-to-maturity	(2,237)	(507)
Proceeds from maturity of other securities classified as held-to-maturity	1,500	1,000
Net cash used in investing activities	(1,905)	(17,960)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayment of revolving line of credit		(40,000)
Repayment of senior credit facilities	(2,106)	(2,106)
Excess tax benefit associated with stock options exercised		432
Repayment of stockholder loans	462	
Proceeds from stock options exercised		325
Issuance of common stock		4,000
Repurchase of common stock	(181)	(3,374)
Net cash used in financing activities	(1,825)	(40,723)
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,155	96,584
CASH AND CASH EQUIVALENTS Beginning of period	219,239	188,003
CASH AND CASH EQUIVALENTS End of period	319,394	\$284,587
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 11,221	\$ 16,079
Income taxes paid	5,758	\$ 15,703
NONCASH DISCLOSURES:		
Increase in unrealized gain (loss) on interest rate swaps, net of tax expense (benefit) of \$393 and \$(4,893) for the three months ended March 31, 2009 and 2008	\$ 1,034	\$ (7,769)
Capital expenditures purchased through short-term credit	\$ 953	\$ 2,361

See notes to condensed consolidated financial statements.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ORGANIZATION AND DESCRIPTION OF THE COMPANY

LPL Investment Holdings Inc. ("LPLIH"), a Delaware holding corporation, together with its consolidated subsidiaries (collectively, the "Company") is a provider of technology, brokerage and investment advisory services supporting a broad range of independent financial advisors, registered investment advisors and financial institutions (collectively "customers"), in the United States of America. Through its proprietary technology, custody and clearing platforms, the Company provides access to diversified financial products and services enabling its customers to offer independent financial advice and brokerage services to retail investors (their "clients").

2. BASIS OF PRESENTATION

Quarterly Reporting The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. The Company's results for any interim period are not necessarily indicative of results for a full year or any other interim period.

The unaudited condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2008, contained in the Company's Annual Report on Form 10-K as filed with the SEC.

Consolidation These unaudited condensed consolidated financial statements include the accounts of LPLIH and its subsidiaries. Intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not exercise control and is not the primary beneficiary are accounted for using the equity method.

Use of Estimates The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates estimates, including those related to revenue and related expense recognition, asset impairment, valuation of accounts receivable, contingencies and litigation, and valuation and recognition of share-based payments. These accounting policies are stated in the notes to the audited consolidated financial statements for the year ended December 31, 2008, contained in the Annual Report on Form 10-K as filed with the SEC. These estimates are based on the information that is currently available and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions.

Reclassifications Certain reclassifications were made to previously reported amounts in the condensed consolidated financial statements and notes thereto to make them consistent with the current period presentation. The Company has reclassified \$0.25 million of other expenses in 2008, more appropriately as loss on equity investment, to conform to the 2009 presentation.

Fair Value of Financial Instruments The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value, with

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

the exception of its indebtedness. The Company carries its indebtedness at amortized cost, in accordance with GAAP. As of March 31, 2009, these carrying amounts and fair values were approximately \$1,466 million and \$1,202 million, respectively. As of December 31, 2008, these carrying amounts and fair values were approximately \$1,468 million and \$1,057 million, respectively. See Note 4 for additional detail regarding the Company's fair value measurements.

Recently Issued Accounting Pronouncements With the exception of the items discussed below, there have been no recent accounting pronouncements or changes in accounting pronouncements during the three months ended March 31, 2009, as compared to the recent accounting pronouncements described in the Company's 2008 Annual Report on Form 10-K, that are of significance, or potential significance, to the Company.

In April 2009, the Financial Accounting Standards Board ("FASB") issued three Staff Positions ("FSPs") intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP FAS 157-4"), provides guidance on determining fair value when market activity has decreased. FSP FAS 107-1 and Accounting Principles Board No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, enhances consistency in financial reporting by increasing the frequency of fair value disclosures. FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP FAS 115-2"), provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on debt securities. These FSPs shall be effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company does not expect the adoption of these FSPs to have a material effect on its financial statements.

3. RESTRUCTURING

On December 29, 2008, the Company committed to and implemented an organizational restructuring plan intended to reduce the cost structure and improve operating efficiencies, which resulted in a reduction in its overall workforce. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS 146"), the Company has recorded restructuring charges consisting of employee severance and other personnel-related expenses, which have been accrued in accounts payable and accrued liabilities within the accompanying condensed consolidated statements of financial condition. The Company expects to complete all the activities associated with the restructuring by March 31, 2010, a substantial portion of which will be paid by June 30, 2009.

Table of Contents**LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

The following table summarizes the Company's restructuring accrual activity for the three months ending March 31, 2009 (in thousands):

	Severance and Benefits Accrued
Balance at December 31, 2008	\$ 14,533
Adjustments(1)	(327)
Payments	(10,161)
Balance at March 31, 2009	\$ 4,045

(1)

Adjustments represent changes in the Company's estimates for the cost of providing post employment benefits to employees impacted by its restructuring activities.

4. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's fair value measurements are evaluated within the fair value hierarchy prescribed by SFAS 157, based on the nature of inputs used to determine the fair value at the measurement date. At March 31, 2009, the Company had the following financial assets and liabilities that are measured at fair value on a recurring basis:

Cash Equivalents The Company's cash equivalents include money market funds, which are short term in nature with readily determinable values derived from active markets.

Cash and Securities Segregated Under Federal and Other Regulations The Company's segregated accounts contain U.S. treasury securities that are short term in nature with readily determinable values derived from quoted prices in active markets.

Securities Owned and Securities Sold But Not Yet Purchased The Company's marketable securities consist of house account model portfolios for the purpose of benchmarking the performance of its fee

Table of Contents**LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

based advisory platforms, and temporary positions resulting from the processing of client transactions. The Company's marketable securities are comprised as follows:

Money market and U.S. Treasury investments Money market funds and U.S. treasury securities are short term in nature with readily determinable values derived from quoted prices in active markets.

Equity securities Equity securities include investments in common and preferred stock that are actively traded with values that are typically based on last sale or bid values in active markets.

Mutual funds Mutual funds have active markets and are priced based on net asset values.

Variable annuities Variable annuities have readily determinable values derived from quoted prices in active markets.

Debt securities Debt securities represent bonds that are valued using a matrix system or market driven pricing models that derive their inputs from similar assets in active markets.

Certificates of deposit Certificates of deposit are timed investments that are valued based on third-party quotations of similar assets in active markets.

Other Assets The Company's other assets include deferred compensation assets that are invested in money market funds and mutual funds which are actively traded and valued based on quoted market prices in active markets.

Interest Rate Swaps The Company's interest rate swaps are not traded on a market exchange; therefore, the fair values are determined using externally developed valuation models which include assumptions about the London Interbank Offered Rate ("LIBOR") yield curve at interim reporting dates as well as counterparty credit risk and the Company's own non-performance risk.

The Company has segregated all recurring fair value measurements into the most appropriate level within the fair value hierarchy in the tables below, based on an evaluation of inputs used to determine the fair value at March 31, 2009 and December 31, 2008 (in thousands):

	Level 1	Level 2	Level 3	Fair Value Measurements
At March 31, 2009:				
Assets				
Cash equivalents	\$ 165,438	\$	\$	\$ 165,438
Cash and securities segregated under federal and other regulations	328,006			328,006
Securities owned	9,295	645		9,940
Other assets(1)	8,015			8,015
Total assets at fair value	\$ 510,754	\$ 645	\$	\$ 511,399
Liabilities				
Securities sold but not yet purchased	\$ 2,095	\$ 82	\$	\$ 2,177

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Interest rate swaps		23,990		23,990
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Total liabilities at fair value	\$ 2,095	\$24,072	\$	\$ 26,167
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(1) Other assets recorded at fair value on a recurring basis include deferred compensation plan assets.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	Level 1	Level 2	Level 3	Fair Value Measurements
At December 31, 2008:				
Assets				
Cash equivalents	\$56,122	\$	\$	\$ 56,122
Securities owned	10,301	610		10,911
Other assets(1)	6,965			6,965
Total assets at fair value	\$73,388	\$ 610	\$	\$ 73,998
Liabilities				
Securities sold but not yet purchased	\$ 3,672	\$ 238	\$	\$ 3,910
Interest rate swaps		25,417		25,417
Total liabilities at fair value	\$ 3,672	\$25,655	\$	\$ 29,327

-
- (1) Other assets recorded at fair value on a recurring basis include deferred compensation plan assets.

5. INTANGIBLE ASSETS

The components of intangible assets as of March 31, 2009 and December 31, 2008 are as follows (in thousands):

	Gross carrying value	Accumulated amortization	Net carrying value
At March 31, 2009:			
Definite-lived intangible assets:			
Advisor relationships	\$482,397	\$ (78,177)	\$404,220
Product sponsor relationships	233,663	(36,385)	197,278
Trust client relationships	2,630		