

Providian Insiders Build Record Of Well-Timed Stock Purchases

By TONY COOKE

Dow Jones Newswires

WASHINGTON—Analysts of insider trends like to bet on proven winners, and executives and directors at **Providian Financial Corp.** are on a yearlong winning streak.

Nine company insiders bought \$4.7 million worth of Providian Financial stock since mid-May 2002, and none of them bought shares above the current price at the time, according to data from financial research firm Washington Service.



INSIDE TRACK

This month, two insiders bought 243,000 shares, including director J. David Grissom, who has a long winning streak of his own. "David Grissom is a guy that, going back to '97, has been really good at timing his purchases," said Carr Bettis, a portfolio manager for Pinnacle Investment Advisors and an associate professor of finance at Arizona State University.

Mr. Bettis, who manages two funds that hold Providian shares, said Mr. Grissom has reported 18 buying decisions since 1997. Of those 18 buying decisions, 17 took place more than three months ago, and of those 17, every one was followed by a rise in the Providian stock price three months later.

Mr. Grissom's 18th buying decision took place last week, when he bought 240,000 shares for an average price of \$8.10 each. So far, the winning streak is intact; in 4 p.m. New York Stock Exchange composite trading, Providian was at \$8.49.

Michael Painchaud, research director for Market Profile Theorems, said the financial-services industry has a "sector bias" toward insider buying. That is, more financial-industry insiders buy their companies' shares than insiders in other industries, making individual purchases less predictive.

At Providian, however, insiders have a history of being effective buyers and sellers, Mr. Painchaud said. For example, a wave of insider selling in 2001 resulted in "a beautiful sell signal in September of '01 at \$40" a share, Mr. Painchaud said.

In 2001, insiders sold stock as shares peaked above \$50. In 2002 and 2003 through last week, no insiders sold shares, according to data from Washington Service.

Mr. Grissom, in fact, sold 57,500 shares in July 2001 for more than \$49 a share after acquiring the shares through options exercises. Six months later, the stock traded down 91%, according to data from Thomson Financial.

Providian, a San Francisco provider of credit cards, suffered from its overaggressive marketing to customers with poor credit, and the stock fell below \$3 a share in the final months of 2001. The company said it would take steps to improve liquidity and seek more credit-worthy customers.

"We continue to make very good progress in terms of reducing our credit losses," said Alan Elias, Providian's senior vice president of corporate communications.