

## BARRON'S

[Home](#)**Savvy Bank Insider Buys Again**

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Tables: [Buyers](#) | [Sellers](#)

A RECENT EARNINGS disappointment may have cooled some investors' interest in Cullen/Frost Bankers (CFR). However, one director, who has a history of making timely purchases, is betting big on the financial-services holding company's stock.

On April 23, director Carlos Alvarez purchased 50,000 shares for \$2.2 million, an average of \$44.43 a share. He now owns 252,000 shares directly, and 1,203 deferred stock units, less than 1% of Cullen/Frost's shares outstanding.

Alvarez has been one of the few buyers at Cullen/Frost, which has a long history of insider selling. His last purchase of 100,000 shares for \$5 million in November was the largest insider buy at the company in more than five years. Aside from a small purchase by another director, he is also the only insider to buy the stock in that time.

According to Thomson Reuters, Alvarez's track record of buying is also encouraging. Historically, Cullen/Frost shares have gained an average of 13% in the six months following his eight prior stock purchases.

Alvarez, who has been a director at Cullen/Frost since 2001, is also the founder of Gambrinus Co., a San Antonio, Texas-based beer brewer, of which he remains chairman and CEO. Alvarez's company became the U.S. importer for Corona in the 1980s, making it into the country's best-selling imported beer.

A spokeswoman for Cullen/Frost told Barrons.com that the company does not comment on directors' activities.

San Antonio-based Cullen/Frost has weathered the recession better than most stocks. In the last 12 months, its shares have lost 17.2%, while the Dow Jones U.S. Banks Index tumbled 58.9%.

Still, Cullen/Frost's performance in the most recent three months has slightly lagged its peers. While the Index rallied 19.2%, the stock gained 11.7%.

On Tuesday the stock gained 72 cents to close at \$47.03. While it has recovered from a six-year low of \$35.40 reached last month, it is still well below its September 52-week intraday high of \$73.

The stock also sports an impressive 3.7% dividend yield.

Alvarez's purchase came a day after Cullen/Frost reported first-quarter earnings below analysts' expectations, as it nearly doubled provisions for possible loan losses.

Still, SunTrust Robinson Humphrey analyst Jennifer Demba reiterated her Buy rating and \$53 price target for the company. "We believe Cullen/Frost is a uniquely positioned bank with a large capital base, liquid balance sheet, a substantial fee income stream and an excellent deposit franchise," she wrote in a research note following the earnings announcement.

On average, analysts have a Hold rating or the equivalent on Cullen/Frost, with a 12-month target price of \$48.40.

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF
SHARES IN TRANS. RANGE OF VALUES	TRANSACTIONS DATES			
Cullen Frost Bankers 44.43	Apr. 23, 2009	C. Alvarez	D	\$2,221,430 50,000
Prospect Capital 8.01	Apr. 22, 2009	J. Barry	CEO	400,735 50,000
Huntington Bancshares (Md) 3.44	Apr. 22, 2009	D. Casto	D	172,220 50,000
Manhattan Associates 16.00	Apr. 24, 2009	P. Sinisgalli	CEO	160,000 10,000
Genzyme 51.95	Apr. 23, 2009	D. Meeker	O	103,906 2,000
Huntington Bancshares (Md) 3.45-3.50	Apr. 22, 2009	M. Endres	D	86,750 25,000
Blackrock Defined Opportunity Credit Tr 10.10	Apr. 24, 2009	J. Keenan	OE	75,750 7,500
Huntington Bancshares (Md) 3.31	Apr. 22, 2009	W. Lhota	D	66,200 20,000
Hancock Fabrics 1.03	Apr. 24, 2009	J. Aggers	CEO	51,430 50,000
Compass Diversified Holdings 8.2-80.42	Apr. 23, 2009	H. Edwards	OS	48,470 5,800

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN
TRANS. RANGE OF VALUES	TRANSACTIONS DATES			
Sandridge Energy 7.46	Apr. 23, 2009	T. Ward	CEO	\$22,380,000 3,000,000
Blackrock (New) 138.82-141.45	Apr. 22, 2009	R. Kapito	P	13,997,455 100,000
Westamerica Bancorporation 50.41-52.12	Apr. 22-23, 2009	D. Payne	CEO	9,887,345 195,000
Blackrock (New) 144.53-147.56	Apr. 24, 2009	L. Fink	CEO	7,253,099 50,000
Valmont Industries 62.83	Apr. 24, 2009	M. Bay	CEO	5,000,326 79,585
Star Scientific 4.50	Apr. 24, 2009	P. Perito	P	4,500,000 1,000,000
Brinker International 19.69	Apr. 22, 2009	D. Brooks	CEO	3,322,688 168,750
Children's Place Retail Stores 28.33	Apr. 22, 2009	S. Silverstein	DO	2,832,610 100,000
Yum Brands 34.62	Apr. 24, 2009	C. Campbell	GC	2,596,500 75,000
Adtran 21.00	Apr. 24, 2009	T. Stanton	CEO	2,100,000 100,000

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Author	All Authors
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Subject	All Subjects
Industry	All Industries
Region	United States
Language	English
Results Found	213
Timestamp	17 July 2018 17:22